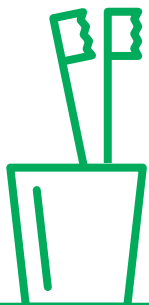
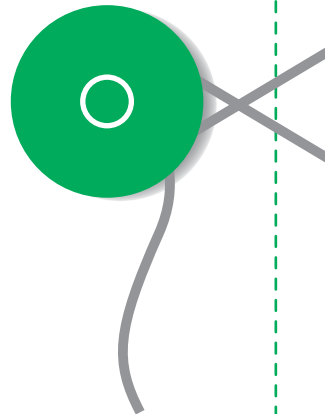


CSR Report 2016



Love today,
Love your life.



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Editorial Policy

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

[Editorial Policy for CSR Report 2016]

- Since 2011, our CSR activities have been systematized in accordance with ISO 26000, an international standard concerning social responsibility. The CSR Report and the CSR website also reflect the above.
- The Report discloses the major CSR issues and their progress in 2015 towards the 2017 Medium-term Objectives corresponding to the Lion's management plan.
- Details of the activities that have especially demonstrated progress are provided as 2015 Highlights.
- At the bottom of the pages on each core subject of ISO26000, the URLs of the CSR website that includes details of the activities are given.
- The URLs of Lion's primary web pages have been made into two-dimensional bar codes (smartphone-friendly website) so that the readers can more easily access to the pages.
- A 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 is provided.

[Reference Guidelines]

- The Environmental Reporting Guidelines (2012) of the Japanese Ministry of the Environment
- G4 Sustainability Reporting Guidelines of the Global Reporting Initiative
- ISO 26000:2010 Guidance on social responsibility issued by the Japanese Standards Association

[Comparative Table with Respective Guidelines]

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

[Coverage]

- Lion Corporation and all domestic consolidated subsidiaries are covered, as a rule.
Overseas group companies are included in the CSR Medium-term Objectives and Achievements on p14-17.

*When the coverage of reported activities and data is different, a description is provided.

[Period Covered]

- January 1 to December 31, 2015
(Some parts of the activities include those of 2016.)

About Lion



Corporate Data

Corporate Name	Lion Corporation
Address	3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan
Foundation Date	October 30, 1891
Capital	¥34,433.72 million (as of December 31, 2015)
Representative	Itsuo Hama, Representative Director/President
Employees	Consolidated: 6,816 Non-consolidated: 2,467 (as of December 31, 2015)
Net Sales	Consolidated: ¥378,659 million Non-consolidated: ¥253,887 million (as of December 2015)
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>

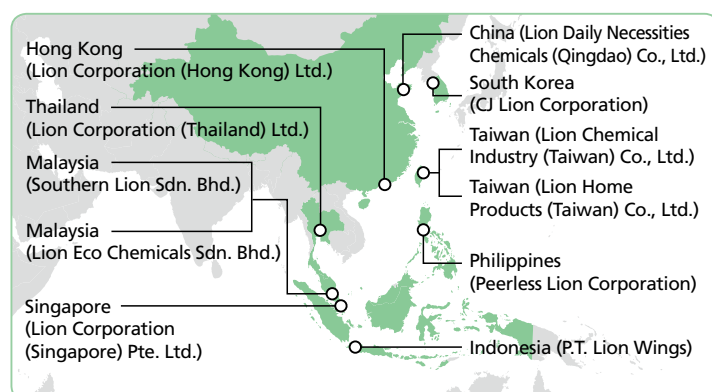
Net Sales Breakdown by Business

Consumer Products Business	¥273,486 million
• Oral Care Products	¥59,414 million
• Beauty Care Products	¥19,885 million
• Fabric Care Products	¥77,985 million
• Living Care Products	¥20,971 million
• Pharmaceutical Products	¥38,754 million
• Other Products	¥56,475 million
Industrial Products Business	¥56,104 million
Overseas Business	¥102,077 million
Other	¥29,166 million
Adjustment*	▲¥82,176 million
Consolidated Net Sales	¥378,659 million

*Intra-segment and inter-segment sales

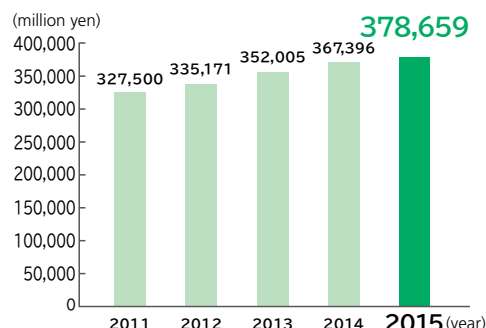
Location of Overseas Group Companies

Overseas sales compared to previous year: **115%** Ratio of Overseas sales (consolidated): **23%**

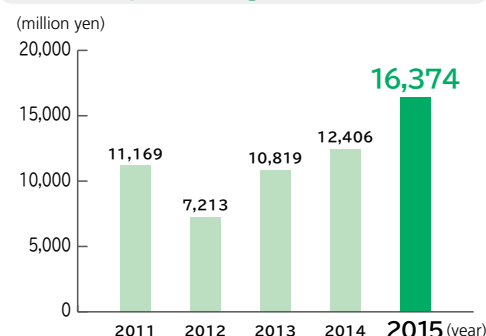


Performance Transition (consolidated)

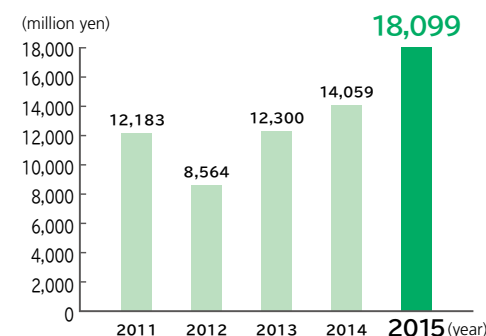
Net Sales



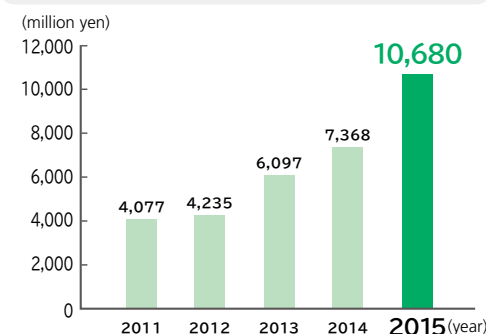
Operating Income



Ordinary Income



Net Income



[IR Library]

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



Main Business Segments



[Product Lineup of Consumer Products Business]

URL <http://www.lion.co.jp/en/company/html/seg002.htm#01>



Oral Care

[Main Products] Toothpastes, toothbrushes, dental rinses and other dental care products, etc.

Lion provides products for advanced oral care to support daily health.



Beauty Care

[Main Products] Shampoos, conditioners, hair-nourishing treatments, hand soaps, body washes, men's cosmetics, antiperspirants and deodorants, etc.

Lion promotes comfort, health and wellbeing through its hair and skin care products.



Fabric Care

[Main Products] Laundry detergents, fabric softeners, bleaches, anti-static agents, etc.

Lion provides safe, reliable products that make clothes not only clean but a pleasure to wear.



Living Care

[Main Products] Dishwashing detergents, household cleaners, cooking-aid products, etc.

Lion offers products that promote clean and comfortable eating and living.





Pharmaceutical

[Main Products] Antipyretic analgesics, antidiarrheals, gastrointestinal medicines, eyedrops, health tonics, insecticides, etc.

Lion offers an abundant lineup of products under quality brands to meet growing self-medication needs.



Wellness Direct

[Main Products] Health food products, functional food products, hair care products, etc.

Lion offers direct-to-consumer sales products that meet a variety of consumer health and beauty needs.



Gift and Special Order

[Main Products] Gifts, novelties, etc.

Lion provides a variety of gift and special order products for its customers.



Pet Supplies (Lion Trading Co., Ltd.)

[Main Products] Sanitary products, pet oral care, body care, pet laundry care and room care products, etc.

Lion helps make the lifestyles of pet owners and their animals more enjoyable through products that promote cleanliness, health and comfort.





Message from the Management



Representative Director,
President and Executive Officer

濱 逸夫



"Lion's DNA to Benefit Society through Business Activities"

The origins of Lion's approach to CSR can be traced to our founding spirit of "Benefitting Society through Business Activities." Since its foundation in 1891, Lion has continued to respond to social issues which have changed with the times over 120 years.

In Japan and other Asian countries, social conditions have been greatly and increasingly changing, including a slowdown in economic growth and an advance in the aging society. Amid such social changes, Lion precisely identifies problems, achieves "changes beyond changes" through business activities, and makes efforts for solving the problems, because we have the DNA to do so.

In its Vision 2020, Lion clearly states that it 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." With the company motto of "Fulfilling a Spirit of Love," Lion is aiming at helping to extend people's healthy life expectancy and realize a sound material-cycle society in which resources are conserved and reused, in our business domains of "Health," "Comfort," and "Environment."

We will make efforts to further improve corporate value as a highly reliable company capable of responding to expectations from all stakeholders. To this end, we develop products and provide services while putting a top priority on customer satisfaction, promotion of environmental conservation activities, and further enhancement of corporate governance systems.



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

In 2015, Lion continued to put on publicizing "preventive dentistry*."

We conducted educational activities for proper self-care and professional care with provision of oral care products including highly functional toothbrushes for self-care, oral health promotion projects for each stage in life conducted by the Lion Foundation for Dental Health, and operation of a dental clinic exclusively for preventive dentistry. Consequently, such activities increased recognition and awareness of "preventive dentistry."

In the functional food labeling system that started in April 2015, as "Lactoferrin" has first been certified in Japan, it became easier to inform people of its high functionality. For industrial products, we have been pushing ahead with structural reform to create new value by establishing a new company through integration and reorganization of chemical products business.

As for the overseas business, products for personal care, such as "Systema," "KODOMO," and "KireiKirei" brands, largely grew with proactive marketing activities, as well as educational activities for preventive dentistry and hand washing in each country.

Under the group-wide philosophy of contributing to the formation of clean, healthy and comfortable living habits not only in Japan but also in Asian countries, we hope to continuously help forming such living habits by conducting educational activities for oral care and hand washing, in addition to providing products.

*The idea that we should focus not on treatment after getting a cavity, but on prevention before it happens.

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

With the goal of achieving a "Low Carbon Society," a "Sound Material-Cycle Society," and "Harmonizing with Nature," Lion formulated the environmental objective "Eco Vision 2020," and has worked on it to attain the targets in 2020, including reductions in CO₂ emissions and water consumption. As for the reduction in CO₂ emissions, aspiring to achieve our target in 2020, which is higher than that of Japan set at COP 21, we have accomplished our target of 2015. Furthermore, we have continued to support our customers' ecological lifestyle by expanding eco products fulfilling "Lion's eco-standards" which were voluntarily established from the viewpoint of product life-cycles. With regard to the reduction in water consumption, we have developed technology to recycle factory effluent, and plan to largely reduce the consumption in and after 2016.

In 2015, Lion started a program to collect used

toothbrushes and recycle them for plant pots and planters, making an alliance with TerraCycle Japan for the first time in Asia. We hope to support activities to reduce environmental impacts in local communities by providing opportunities to recycle things familiar to customers. Lion will contribute to the realization of a sustainable society with development of advanced green technologies and through communication with stakeholders.

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

In 2015, marketing training and a cross-industrial exchange training programs were continuously implemented in order to foster human resources who voluntarily take on challenges and create new values. The "Lion Challenge Cup-Innovation" was also introduced, in which Lion's future is directly proposed to management. In addition, we further enhanced abilities at workplaces by introducing the "L-Compass Award," a commendation program for the purpose of improving organizational learning ability with best practices shared. Meanwhile, we considered creation of an environment to support employees raising children and employees caring for the elderly and backed up diverse ways to work. In 2016, we have started operating this new system.

I continued to hold the presidential sessions at Lion's business offices nationwide in 2015. At the meetings with employees, I proactively shared our Management Vision, and kept discussing specific measures to achieve the vision.

Through "Lidea," a website for lifestyle information established in 2014, we have been providing information that is useful for our customers' daily lives.

We will aim at achieving "Vision 2020" with a cycle in which each of our employees predicts social trends, takes on challenges to pursue new creation, and learns something from the challenges.

Aiming at CSR Management

In order to remain a company that is trusted by society, it is important to integrate CSR within the managerial structure of the company. Hence, we reviewed our management challenges in light of our understanding of the requirements of society as included in the international standard of social responsibility, ISO 26000, and identified CSR material issues. In the on-going "Vision 2020" V-2 period, we set the Group-wide medium-term objectives including those for overseas group companies, and are conducting CSR activities as a whole.

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 make efforts toward CSR management, strongly aware of "Health," "Comfort" and "Environment."



Company Motto/Management Philosophy/ Lion-Group Charter for Corporate Behavior



Company Motto

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



Management Philosophy

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



Lion-Group Charter for Corporate Behavior

Established January 1, 2003 and amended January 1, 2008

We, the Lion Group, shall, in addition to being an economic entity designated to pursue profits through fair competition, act as a social entity that contributes to society at large. We shall respect human rights and conduct ourselves with initiative in a socially responsible manner toward the creation of a sustainable society, observing both the spirit as well as the letter of all applicable laws and international rules and not harming the public interest, both in Japan and abroad, in accordance with the following 10 principles.

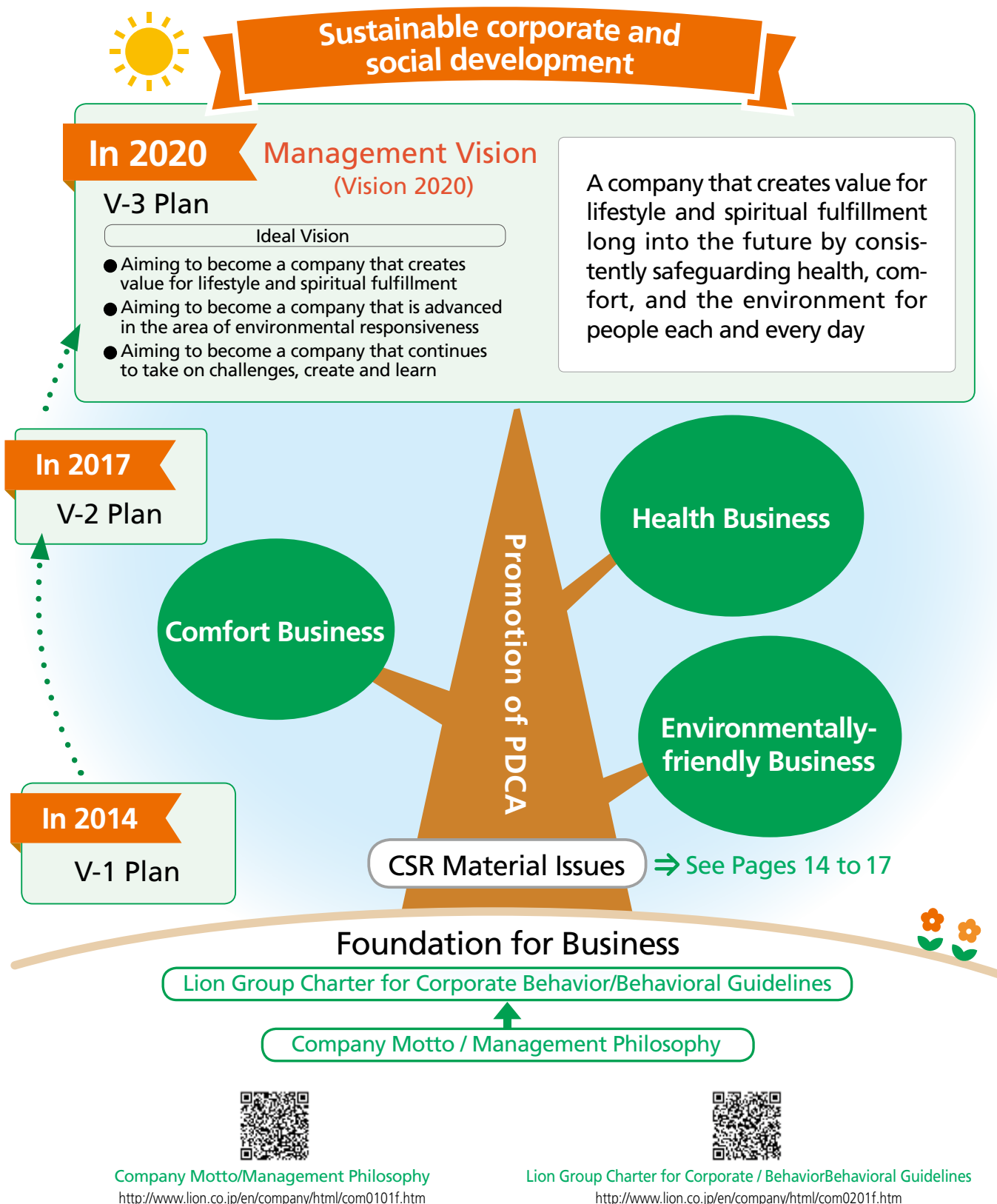
1. **[Principal Mission]** We shall earn the confidence and satisfaction of customers (consumers and users) by providing excellent, safe goods and services useful for their daily lives.
2. **[Compliance with Public Rules]** We shall observe all relevant laws and regulations and engage in fair, transparent and free competition and proper transactions. We shall maintain sound and proper relationships with governmental and political bodies.
3. **[Disclosure]** We, as a socially open company, shall actively engage in communication not only with our shareholders but also with members of society at large and disclose information generally regarding Company management in an appropriate and timely manner.
4. **[Environmental Issues]** We shall play a positive and active role in creating a sustainable society that harmonizes economic development and environmental protection.
5. **[Improvement of Working Environments]** We shall promote fair treatment and respect the diversity, individuality and personalities of our employees. We shall ensure a safe and comfortable workplace to realize the mental and physical well-being of our employees.
6. **[Contribution to Society]** We shall actively contribute to society as good cooperate citizens.
7. **[Opposition to Antisocial Forces]** We shall firmly oppose antisocial entities and organizations threatening the order and security of civil society.
8. **[Contribution in Foreign Countries]** In our overseas operations, we shall not only observe international rules and the laws of relevant foreign countries, but also respect local cultures and customs and contribute to the development of local communities with sincerity and mutual trust.
9. **[Practice of Corporate Ethics]** Top management shall assume responsibility for implementing the spirit of this Charter and shall take the initiative to set a good example and fully inform Lion Group employees of the Charter. Top management shall strive to take in internal and external opinions continuously to promote mutual understanding and the development and implementation of effective internal control systems while enforcing thorough compliance with corporate ethics.
10. **[Resolution of Problems]** Should an incident contrary to the principles of this Charter occur, top management shall publicly clarify its position, taking responsibility to resolve the problem on its own initiative, and strive to investigate the facts, identify the causes of the incident and prevent recurrences. Top management shall fulfill its responsibility to disclose accurate information promptly and explain the situation, and shall resolve the problem in a manner fully understandable to society. After clarifying authority and responsibility for said problem, top management shall impose strict and impartial disciplinary actions upon any liable persons, including the highest level of management.



Lion's CSR

Business Activities Supporting Healthy and Comfortable Society and Environment

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.



Company Motto/Management Philosophy
<http://www.lion.co.jp/en/company/html/com0101f.htm>

Lion Group Charter for Corporate / BehaviorBehavioral Guidelines
<http://www.lion.co.jp/en/company/html/com0201f.htm>



Overview of Lion's Social and Environmental Contribution Activities

Seeking to support people's lives for creating future value for everyone, Lion promotes social and environmental contribution activities, in addition to its business activities.

Business Activities

Supporting people's lives
for creating future value for everyone

Social and Environmental Contribution Activities

In the Health and Comfort Field



(Educational activities for oral health)



(Educational activities for hygienic practices)



Related information is on p48 and 49.

In the Environmental Field



(Water resource conservation activities)



Related information is on p49.

Our Priorities

(Co-existence with communities)

(Involvement of employees)

Management Vision

● In the Health and Comfort Field

While providing products useful for making better living habits, such as oral care products including toothpastes and toothbrushes, as well as cleanliness-related products such as hand soaps, we conduct educational activities for oral health and hygienic practices.

● Our priorities

As it is necessary to co-exist with relevant communities, such as communities where our business facilities are located, in order to continue our business, we work to solve the issues of local communities in cooperation with local residents, local government, and citizens' groups.

In addition, by providing each employee more opportunities to participate in social and environmental contribution activities related to business, we foster human resources who create new values based on a high degree of social and environmental awareness.

● In the Environmental Field

We strive to reduce the environmental load of our products to create a more eco-friendly lifestyle. As our main products, such as laundry detergents, toothpastes, hand soaps, and dishwashing detergents, are deeply related to water through "washing," we also actively conduct water resource conservation activities.



"life. love."

Thoughts Reflected in Corporate Message

The Heart of All We Do

Lion has been a regular part of everyday life for more than 120 years.
In that time, we have seen how ordinary days, one by one, add up to a lifetime.
Moreover, we have come to believe that each new day is the first step into a bright future,
and that living every day positively and to the fullest is the essence of happiness.
That is why we have made it our mission at Lion to contribute to ordinary life, every day,
and reflected this commitment in our corporate slogan.

Corporate message expressing Lion's mission and ideal vision

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

Lion's approach to the "life. love." of consumers

Through products

Lion develops products while desiring to closely support people to lead a healthy and comfortable life through daily activities such as brushing teeth, washing hands, cleaning up, and laundry.



Through social and environmental contribution activities

We hope to contribute to the creation of healthy and comfortable society and environment through educational activities for forming healthy habits such as brushing teeth and washing hands, as well as water resource conservation activities.





History of Lion Group's Business Activities

Oral Hygiene Business

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

Founding (From 1896)

Promoting oral hygiene/
The root of social contribution activities



Lion Toothpowder



Charity coupons printed on the back of packets (The root of Lion's social contribution activities)

Growth (From 1913)

Starting educational activities to instill tooth brushing habits in children



Tooth paste were sold alongside such promotional gifts as picture books, helping to teach tooth brushing from an early age



Lion Dental Clinic for Children

Mass Production (1960s to 1970s)

Expanding the market, and developing world-class products



Completion of the Odawara Plant (Reinforcement of production system)



White & White
(Development of laminated tubes which are easy to use)

Culture of Cleanliness and Environmentally-friendly Business

Education about cleanliness and measures for the global environment

Promotion of awareness of hygiene (1891 to 1940s)

Promoted awareness about washing with detergent



Manual on standard home laundry procedures (Education on laundry procedures)



Lipon
(Japan's first fatty alcohol-based synthetic detergent)



Plant-Derived Lion Laundry Soap
(Japan's first plant-derived soap)

Contribution to improved hygiene in post-war Japan (1950s)

Contributed to eradication of parasites with a neutral detergent for washing vegetables



Lipon F
(Earned the top recommendation of the Japan Food Hygiene Association)

Response to water environment issues (1960s to 1980s)

Responded to the floating bubbles and eutrophication which occurred in rivers as the use of synthetic detergents became popular



Dash



Murin (phosphorus-free)
TOP

Lion's origins lie in laundry soap and toothpaste. Since our founding, we have promoted a culture of cleanliness and oral hygiene by providing useful products and helping to foster good habits.

Building on these strengths, the Lion Group has been focusing on the areas of oral hygiene, cleanliness and environmental friendliness which represent important social issues.

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 products with new functions, and have disseminated accurate information about oral hygiene.

Expansion

(From 1970s onward)

Responding to diversifying oral health issues with more scientific research



Clinica
(For prevention of cavities)



Dentor
(For prevention of pyorrhea)



Dentor Systema series
(For prevention of periodontal disease)

Present

From oral hygiene to systemic health
Promotion of "preventive dentistry"

Clinica Advantage series
(Promotion of "preventive dentistry")

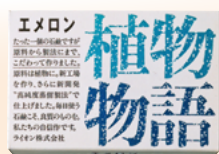


Educational activities for oral health in Asian countries

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 less well formed until the present day. In product development, we are currently tackling global environmental issues beginning with those relating to water.

Response to petroleum resources issues and resource conservation
(1990s)

Expanded a line of products based on plant-derived materials



Shokubutsu-Monogatari
(Plant Story)



Spark

Actions to meet increasing needs for disinfectants that came out of food poisoning cases
(1990s to 2000s)

Launched medicated soaps and developed educational activities for children



Educational activities to make hand washing a habit



KireiKirei Medicated Liquid Hand soap



KireiKirei Medicated Foaming Hand Soap

Present

Response to water resources issues and water use reductions



TOP SUPER NANOX



TOP HYGIA



LOOK Bath Antimold Fogger

Contributing to a clean lifestyle in Asia



Overseas NANOX



The "Beat" brand laundry detergent sold in South Korea



Establishing the Group-wide CSR Management Structure

Setting objectives and managing progress

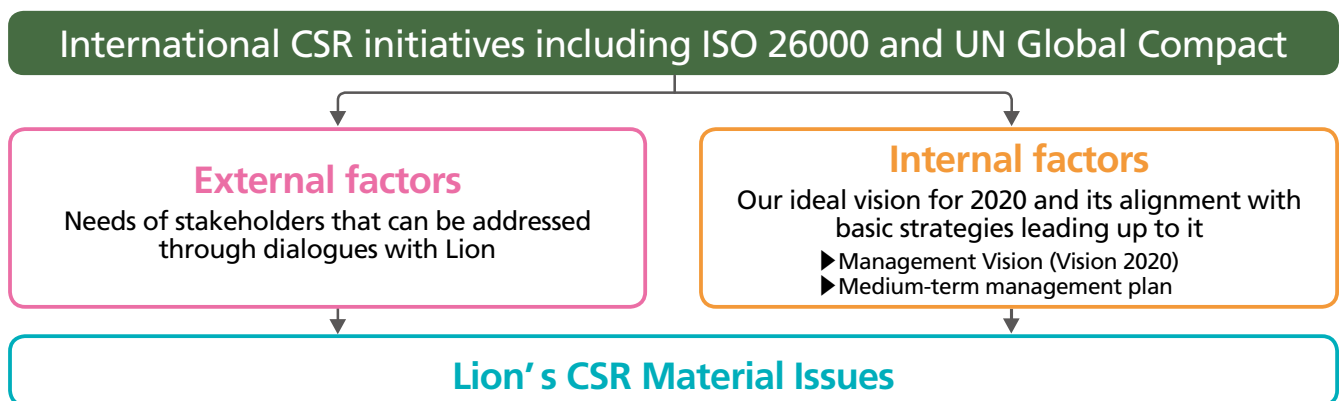
We have promoted our CSR activities based on ISO 26000, the global social responsibility standard, since 2011, and by listening to and incorporating the opinions of third party organizations, we have confirmed and evaluated our achievements in our domestic group.

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.

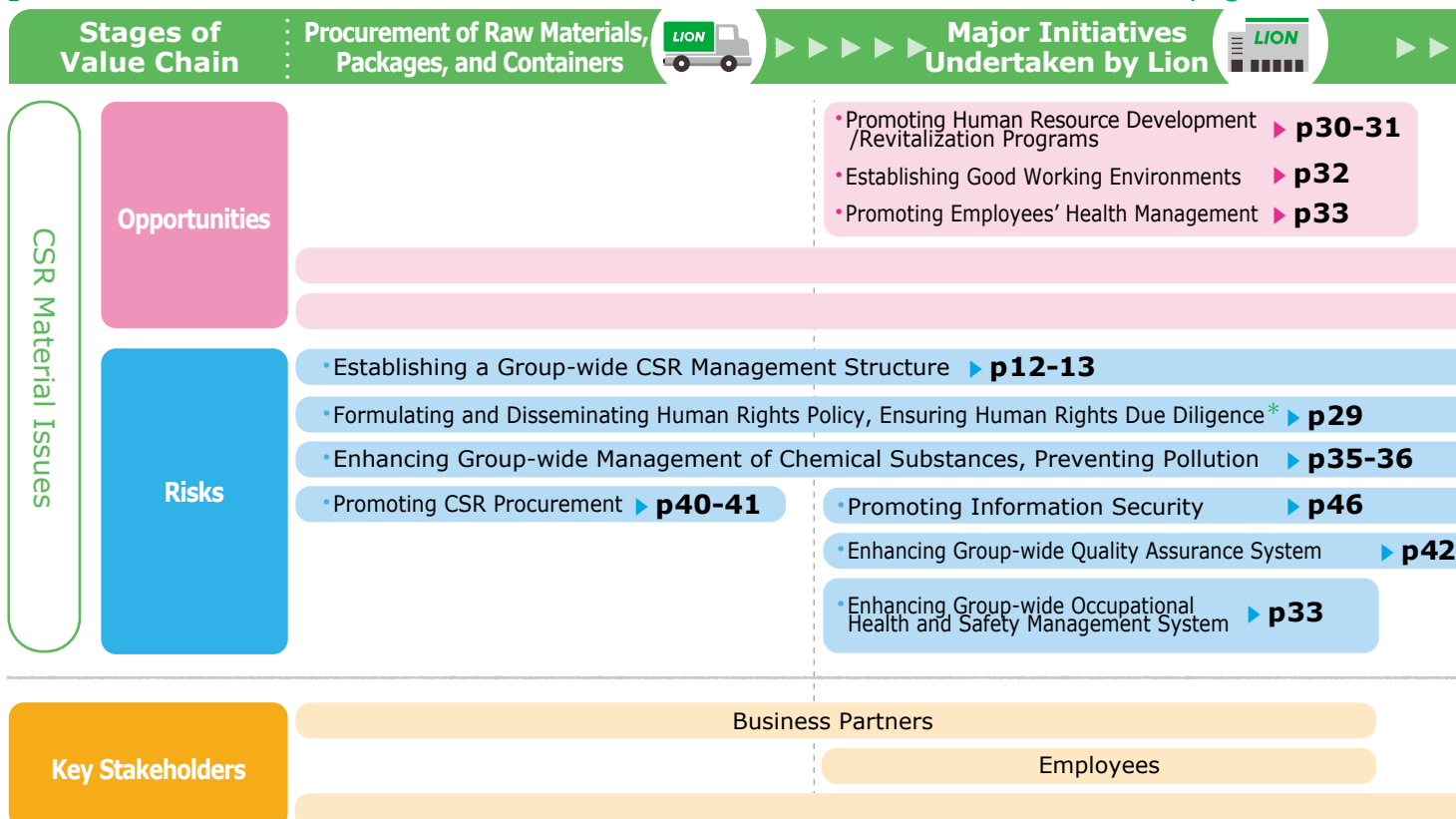
Also, for each of the material issues, we have set a medium-term objective for three years which is consistent with our management plan. In 2015, we conducted improvement activities through PDCA with the aim of achieving V-2 (2015-2017) medium-term objectives.

Considering the confirmation and evaluation of achievements in our overseas group, we identified material issues for the entire group including overseas companies in 2015.

Specific Processes of Identifying Material Issues



Value Chain and Material Issues (Activities in 2015 are described in related pages.)



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

2015 Highlight

01

Lion Group Educational Activities for Oral Health in Japan and Overseas



Aiming to create healthy and comfortable living habits, Lion has been conducting educational activities for oral health focusing on prolonging the "healthy life expectancy" not only in Japan but also at overseas bases in Asia.

Delivered via the Internet, the Oral Health Event of

Tooth Brushing for Children, started in 1932, is held with elementary school children participating from all over Japan and countries and regions in Asia. Overseas group companies have also conducted educational activities in cooperation with respective governments, municipalities and communities.

➔ [Related information](#) p18-23

2015 Highlight

02

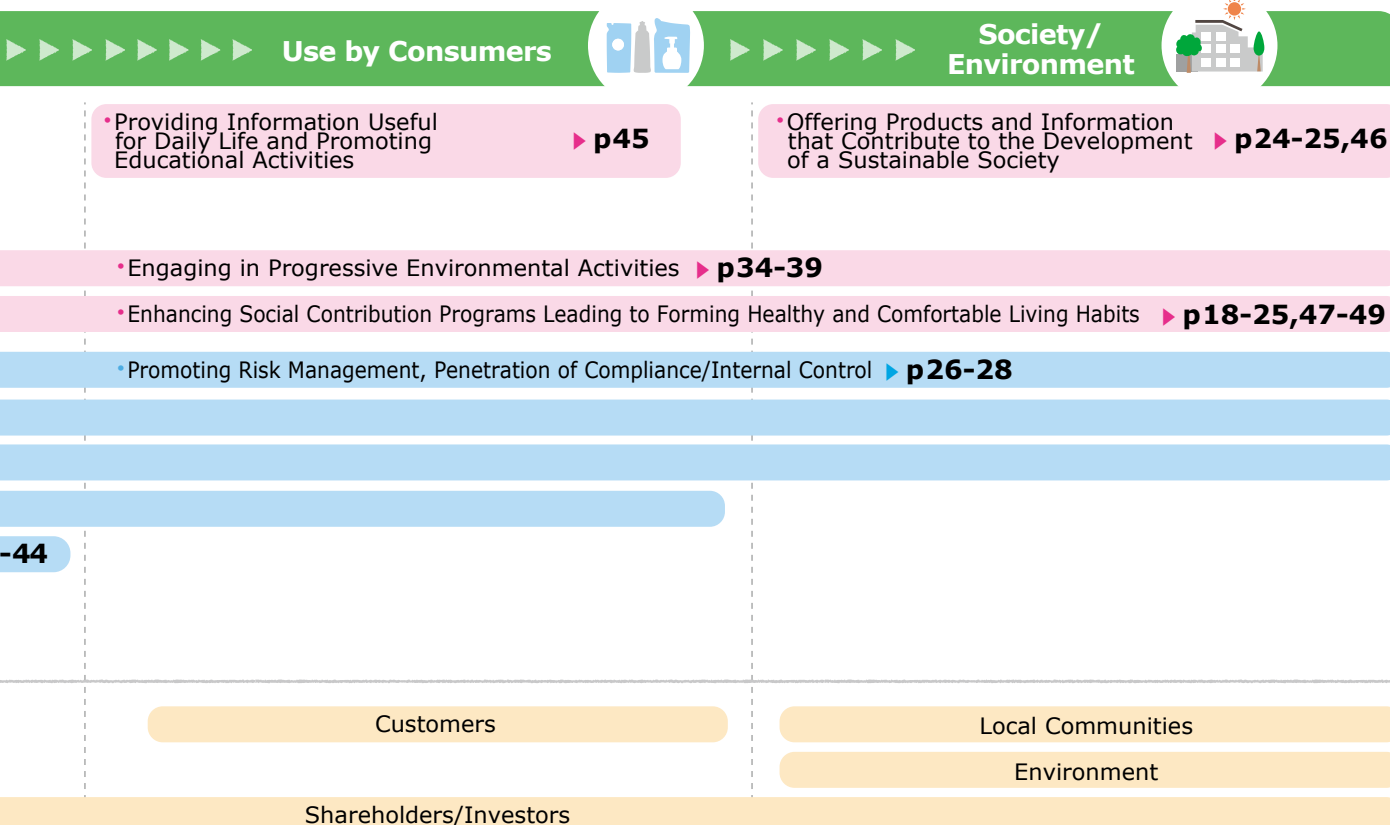
Promotion of Toothbrush Recycling Program



Setting "Realization of an environmentally advanced company" as one of our management objectives, we have made efforts to reduce environmental impacts in business activities. Under this idea, we started a program to collect used toothbrushes and recycle them to other products such as plant pots, in 2015.

By providing consumers with opportunities to recycle their toothbrushes easily, we aim to raise consumers' environmental awareness and improve their dental and oral health by encouraging them to change their toothbrushes once a month.

➔ [Related information](#) p24-25





Objectives of the Medium-Term Management Plan (V-2:2015 to 2017) and Achievements in 2015 in Relation to CSR Material Issues

For CSR material issues identified by Lion, we conducted activities to achieve the 2017 medium-term objectives. In Japan, new personnel measures and various kinds of training through e-learning were conducted, in addition to cross-department committee activities conducted every year. In overseas group companies, taking into account laws, cultures, and customs which vary depending on countries and regions, activities have been promoted based on the situation of each group company.

Core Subjects	Ideal Vision	CSR Material Issues	2017 Medium-term Objectives
 Organizational Governance	Maintaining a Sound Management System that is Continuously Trusted by Society	Establishing the Group-wide CSR Management Structure	Domestic Disseminating the Lion Group Charter for Corporate Behavior as a CSR policy
			Overseas Disseminating policies concerning CSR
			Domestic Managing progress toward objectives
			Overseas Setting objectives and managing progress
		Promoting Risk Management	Domestic Continuously operating Business Continuity Plan (BCP) based on multiphase projections
		Embedding Compliance/Internal Control Systems 16	Domestic Raising awareness of compliance Overseas Enhancing internal control systems
 Human Rights	Establishing a Framework for Respecting Human Rights	Formulating and Disseminating Human Rights Policy 5	Domestic Disseminating the Lion Group Charter for Corporate Behavior as human rights policy
		Ensuring Human Rights Due Diligence* 5	Domestic Promoting self-assessment questionnaire of CSR activities by suppliers and offering its feedback
			Domestic Disseminating information regarding the hotline and strengthen the advice and whistle-blowing framework
			Overseas Setting up and operating internal contacts for reporting and consultations

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

Sustainable Development Goals (SDGs)






The numbers in the column of material issues in the table shown below are numbers of SDGs which Lion hopes to contribute to attain through its business.

We will consider Lion's objectives and KPI toward achievement of each SDG, taking into account our business direction.



Cited from the website of the United Nations Information Centre.

Achievement from 2015	Page of Related Information in CSR Report 2016	URL of Lion Web Page (Websites are all in Japanese)
<ul style="list-style-type: none"> Implementing e-learning on the Lion Group Charter for Corporate Behavior (Twice a year) 	p28	http://www.lion.co.jp/ja/csr/management/compliance/
<ul style="list-style-type: none"> Including policies concerning CSR in Employment Rules and disseminating them through training, posting on the bulletin board, and morning meetings 	—	—
<ul style="list-style-type: none"> Announcing progress through CSR Report (Once a year) 	p14-17	http://www.lion.co.jp/ja/csr/lion_csr/promotion/vision.php
<ul style="list-style-type: none"> Setting objectives [Disclosing the medium-term objectives of V-2 (2015 to 2017) in CSR Report] Announcing progress through CSR Report (Once a year) 	p14-17	http://www.lion.co.jp/ja/csr/lion_csr/promotion/vision.php
<ul style="list-style-type: none"> Confirming and reviewing BCP at Executive Committee (Once a year) Revising "Manual on countermeasures against new types of influenza and other infectious diseases" 	p27	http://www.lion.co.jp/ja/csr/management/risk/
<ul style="list-style-type: none"> Implementing the Compliance Awareness Survey (Once a year. Response rate was 98% in 2015) Providing education programs through e-learning with regard to compliance, sexual harassment, power harassment and insider trading 	p28	http://www.lion.co.jp/ja/csr/management/compliance/
<ul style="list-style-type: none"> Introducing the internal control on financial reporting and implementing the assessment 	—	—
<ul style="list-style-type: none"> Implementing e-learning on the Lion Group Charter for Corporate Behavior (Once a year) 	p29	http://www.lion.co.jp/ja/csr/humanrights/policy/
<ul style="list-style-type: none"> Having suppliers self-check their CSR activities and feeding assessment results back to the suppliers (Once a year) 	p41	http://www.lion.co.jp/ja/csr/businesscustom/valuechain/
<ul style="list-style-type: none"> Dissemination through the Compliance Awareness Survey (Annually implemented, Dissemination rate in 2015 as 98%) Responding to and sorting out all cases 	p28	http://www.lion.co.jp/ja/csr/management/compliance/
<ul style="list-style-type: none"> Setting up and operating internal and external contacts for reporting and internal contacts for consultations 	—	http://www.lion.co.jp/ja/csr/management/compliance/

Core Subjects	Ideal Vision	CSR Material Issues	2017 Medium-term Objectives
 Labor Practices	Changing Awareness of Employees through Raising Morale and Motivation	Promoting Human Resource Development/Revitalization Programs	Domestic Embedding measures for promoting PDCA through implementation of the target management system Global human resource development
		Establishing Good Working Environments	Domestic Enhancing the "Diverse Human Resource Promotion Programs" Implementing supporting measures for women to build their career
		Promoting Employees' Health Management	Domestic Promoting work-life balance with measures for building an environment where employees can work healthily and energetically
		Enhancing Group-wide Occupational Health and Safety Management System	Domestic Enhancing opportunities for talks between employees and management Overseas Improving the environment to allow employees to work healthily and energetically
 The Environment	Contributing to the Development of a Sustainable Society as an Environmentally Advanced Company	Engaging in Progressive Environmental Activities 6 7 12 13 14 15	Domestic Overseas Promoting "Eco Vision 2020" and managing progress thereof
		Preventing Pollution 6 14 15	Domestic Promoting pollution prevention
		Enhancing Group-wide Management of Chemical Substances 6 14 15	Domestic Enhancing chemical substances management systems
 Fair Operating Practices	Promoting CSR Activities throughout the Value Chain	Promoting CSR Procurement 5 6 7 10 13 14 15 16	Domestic Promoting self-assessment questionnaire of CSR activities by suppliers and offering its feedback Domestic Promoting "Eco Vision 2020" and managing progress thereof
 Consumer Issues	Pursuing Customer Satisfaction by Creating Safe and Trustworthy Products	Offering Products and Information that Contribute to the Development of a Sustainable Society 6 12	Domestic Promoting environmental educational activities for consumers through products
		Providing Information Useful for Daily Life and Promoting Educational Activities	Domestic Enhancing the provision of information that contribute to healthy and comfortable life according to lifestyle and life stages
		Enhancing Group-wide Quality Assurance System	Domestic Enhancing group-wide quality assurance system
			Overseas Reinforcing compliance with regulations in each country and enhancing responses to customers
		Promoting Information Security Measures	Domestic Promoting information security Overseas Enhancing information security management systems
 Community Involvement and Development	Co-existing and Co-prospering with Society and Communities/Contributing to the Development of Society in the Areas of Health, Comfort and the Environment	Enhancing Social Contribution Programs Leading to Forming Healthy and Comfortable Living Habits 3 6 12	Domestic Overseas Promoting educational activities for oral health Promoting preventive dentistry (recommending self-care and professional care) and education for health instructors and children Domestic Overseas Promoting cleanliness activities "Promoting Education Activities for Children's Hand Washing and Gargling"

Achievement from 2015	Page of Related Information in CSR Report 2016	URL of Lion Web Page (Websites are all in Japanese)
<ul style="list-style-type: none"> Promoting the Target Management System to enhance activities to promote PDCA toward attaining objectives and providing trainings thereon Developing Human Resources with an Aptitude for Marketing 	p30	http://www.lion.co.jp/ja/csr/employee/development/
<ul style="list-style-type: none"> Completing establishment of objectives and action plans for practical measures in accordance with Measures for Women's Promotion Making an approach to establishment of a special subsidiary for promoting employment of people with disabilities 	p31	http://www.lion.co.jp/ja/csr/employee/various/
<ul style="list-style-type: none"> Achieving all objectives of the Next Generation Support Act Phase 4 Action Plan Establishing and conducting Phase 5 Action Plan 	p32	http://www.lion.co.jp/ja/csr/employee/work_life/
<ul style="list-style-type: none"> Periodically holding labor-management meetings 	—	—
<ul style="list-style-type: none"> Providing training on health management through e-learning Offering health checkups on a regular basis (Once a year) 	p33	http://www.lion.co.jp/ja/csr/employee/health/
<ul style="list-style-type: none"> Organizing Safety, Hygiene and Disaster Prevention Meeting to promote PDCA for safety activities (Twice a year) 	p33	http://www.lion.co.jp/ja/csr/employee/prevention/
<ul style="list-style-type: none"> Formulating goals for 2017 of the Environmental Objective "Eco Vision 2020" and managing the progress thereof 	p34-39	http://www.lion.co.jp/ja/csr/env/ecovision2020/
<ul style="list-style-type: none"> Thoroughly managing emissions and wastewater in accordance with statutory and voluntary criteria River water monitoring both by industrial groups and by Lion 	p35	http://www.lion.co.jp/ja/csr/env/prevention/
<ul style="list-style-type: none"> Establishing and operating a management system for information on chemical substances 	p36	http://www.lion.co.jp/ja/csr/env/enhancement/
<ul style="list-style-type: none"> Having suppliers self-check their CSR activities and feeding assessment results back to suppliers (Once a year) 	p41	http://www.lion.co.jp/ja/csr/businesscustom/valuechain/
<ul style="list-style-type: none"> Holding the Environmental Action Promotion Committee to manage environmental progress (Twice a year) Starting purchase of RSPO certified palm oil derivative 	p34-35, 40	http://www.lion.co.jp/ja/csr/env/ecovision2020/ http://www.lion.co.jp/ja/csr/env/guide/
<ul style="list-style-type: none"> Attaching Environmental Label to eco products and providing consumers with information Promoting Toothbrush Recycling Program 	p24-25, 46	http://www.lion.co.jp/ja/csr/consumer/3r/
<ul style="list-style-type: none"> Creation, Accumulation, and Provision of Living Information by "Meisters of Daily Life" Proceeding with Oral Care Solution Business (ORALYSIS, ORALCOM) Holding Information Exchange Events for Consumers Providing information through Lidea, a new website for life-style information 	p45	http://www.lion.co.jp/ja/csr/consumer/communication/
<ul style="list-style-type: none"> Promoting PDCA for quality assurance activities conducted by CS/PL Committee (Twice a year) Establishing and operating a management system for information on chemical substances Providing education on "Fundamental Quality Assurance" through e-learning 	p28,35, 42-44	http://www.lion.co.jp/ja/csr/consumer/quality/
<ul style="list-style-type: none"> Promoting response to GHS (Globally Harmonized System of Classification and Labelling of Chemicals) Enhancing customer support by the customer support center and the marketing department Enhance abilities to comply with laws and regulations of each country 	—	—
<ul style="list-style-type: none"> Providing training through e-learning with regard to information security, risks of social media, and information management systems 	p46	http://www.lion.co.jp/ja/csr/consumer/info-security/
<ul style="list-style-type: none"> Implementing various measures to prevent leak of personal and confidential information 	—	—
<ul style="list-style-type: none"> Holding an Oral Health Event of Tooth Brushing for Children Implementing tooth brushing educational activities in areas near our business facilities Implementing tooth brushing educational activities at kindergartens and preschools 	p18-23, 48	http://www.lion.co.jp/ja/csr/community/oral/ http://www.lion.co.jp/ja/csr/highlight/2015/
<ul style="list-style-type: none"> Implementing hand-washing educational activities in areas near our business facilities Implementing hand-washing educational activities at kindergartens and preschools 	p49	http://www.lion.co.jp/ja/csr/community/washing/

Lion Group Educational Activities for Oral Health in Japan and Overseas

~ Aiming at lifelong dental and oral health ~

The meaning of "Healthy Life Expectancy"

The world's average life expectancy has been greatly prolonged thanks to advances in medical technology, an improvement in diet and nutrition conditions, and spread of hygienic habits [Table 1.] For most people, however, actual life expectancy is different from healthy life expectancy. It is important to focus on, rather than merely living long, staying healthy in body and in mind for a lifetime, i.e., "healthy life expectancy." The difference between the world's average life expectancy and the healthy life expectancy is eight years. [Table 2.] Meanwhile, in Japan, a country where people have a long life expectancy, there is a similar gap between the average life expectancy and the healthy life expectancy, and prolonging the healthy life expectancy has recently become a global issue.

Oral health and healthy life expectancy

In recent years, it has been clear that there is a close relation between oral health and the healthy life expectancy.

In order to live healthily, it is essential to enjoy meals every day. To enjoy meals every day, it is said that at least 20 teeth are needed for the entire lifetime. Without day-to-day proper oral care, risks of losing teeth due to periodontal diseases and cavities would increase.




It has been revealed that oral diseases have significant impact on health not only in the mouth but also throughout the body. If you do not have enough teeth remaining, it is said that it would become difficult to enjoy eating food and that risks of decreasing bone density and developing dementia would increase. Furthermore, various studies have pointed out that periodontal diseases are highly related to systemic illness including diabetes and pneumonia. In short, it is very important to maintain dental and oral health in order to prolong the healthy life expectancy.

Lion's approach

Lion Group conducts educational activities for oral health in Japan and overseas, aiming to enable consumers to lead healthy and comfortable lives for a lifetime. Some educational activities for oral health conducted in countries/regions where our overseas business offices are located are introduced in the following pages.

Lion Group will contribute to prolonging the healthy life expectancy through educational activities for oral health, as well as provision of products.

[Table 1.] World Life Expectancy

Average of both sexes		Average of males		Average of females	
					
1990	2015	1990	2015	1990	2015
Age 64	71	Age 62	69	Age 67	74

Source : WHO World Health Statistics 2015
WHO World Health Statistics 2016

[Table 2.] World Healthy Life Expectancy (Data for 2015) Average of both sexes

	Average life expectancy*	Healthy life expectancy*	Difference
Global average	Age 71	Age 63	8 years
Lion's Business Areas			
 Japan	Age 84	Age 75	9 years
 China	Age 76	Age 69	7 years
 Indonesia	Age 69	Age 62	7 years
 Malaysia	Age 75	Age 67	8 years
 Philippines	Age 69	Age 61	8 years
 Republic of Korea	Age 82	Age 73	9 years
 Singapore	Age 83	Age 74	9 years
 Thailand	Age 75	Age 67	8 years

*Source : WHO World Health Statistics 2016

Oral Health Event of Tooth Brushing for Children Conducted throughout Asia

In order to keep dental and oral health for a lifetime, it is important to establish proper habits for oral care since childhood. Placing emphasis on fostering elementary school students' awareness of dental and oral health, Lion has held the Oral Health Event of Tooth Brushing for Children since 1932, in cooperation with the Lion Foundation for Dental Health (LDH). The event is held during the week of dental/

oral health from June 4 to 10 to teach children about how important oral health is in a fun manner in a one-hour class via the Internet.

Presently, the event has developed into a nationwide event in which about 70,000 elementary school students participate every year. It is held not only in Japan, but across countries and regions in Asia.

Countries and regions where the event was held in 2015

Oral health event of tooth brushing for children in South Korea



Total
990,000*
participants



*Total number since 1932 when the first event was held

China
No. of participants in 2015
approx. **40**



South Korea
No. of participants in 2015
approx. **700**



Japan
No. of participants in 2015
approx. **70,000**



Hong Kong
No. of participants in 2015
approx. **80**



Thailand
No. of participants in 2015
approx. **180**



Vietnam
No. of participants in 2015
approx. **70**



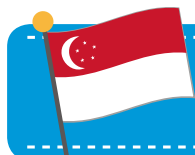
Philippines
No. of participants in 2015
approx. **80**



Singapore
No. of participants in 2015
approx. **200**



Oral health event of tooth brushing for children in Thailand



Educational Activities for Oral Health in Singapore



Education on oral health for children

Singapore Lion implemented an education program on oral health jointly with the Singapore Health Promotion Board*. As a part of the activities, the company works on the "Health on Wheels (class in a bus)" campaign. In this campaign, the bus visited kindergartens and elementary schools, and children from ages 5 to 8 had a class on oral health in the bus. In the class,

advice and tips on tooth brushing were given, and Kodomo Oral Care Packs (containing a set of a toothbrush and toothpaste) were given to participating children. So far, the education on oral health has been provided to 15,000 children.

* Singapore Health Promotion Board is a governmental organization that drive national health promotion and disease prevent programmes



Bus for "Health on Wheels" campaign



Oral health guidance by facilitators



Education on oral health for underprivileged people

Singapore Lion implemented a nationwide campaign for oral health (Systema Ting Ting-a-Smile Campaign) in cooperation with Singapore Dental Health Foundation* in order to communicate the importance of oral health and also inform people that underprivileged people in Singapore lack proper oral care. As part of this campaign, education of oral health was provided through "The Joy Truck TV," a

variety program in the free-to-air channel broadcasted all over Singapore. In this program, guidance about proper oral care for the elderly was given to caregivers. Singapore Lion had also donated 5,000 sets of oral care products to underprivileged people, so far.

* An organization of volunteer dentists working to increase dental awareness and promote dental health in Singapore



Guidance about interdental cleaning in the TV program



Guidance about tooth brushing in the TV program



Voice

Voice from employee of Singapore Lion

Serene Koh, Senior Product Manager

Seeing the children and the caregivers participating actively to learn about good dental care habits makes me smile as we are able to play a part in educating the public to improve their oral and general health.

We will continue to promote the importance of oral health to the public and thereby improve their quality of life.





Educational Activities for Oral Health in South Korea

Healthcare Center "Oral Care Consultation Room"

In South Korea, aiming at increasing local residents' awareness of oral health, CJ Lion has held the "Oral Care Consultation Room" jointly with public healthcare centers since 2012. Participants conduct a self-check on their own oral conditions, and then receive individual examinations.



A lot of families participated

Then, guidance on self-care methods is given to them according to individual dental and oral conditions.

A total of approx. 6,800 people, including approx. 2,080 people in 2015, took part in the "Oral Care Consultation Room."



Personal guidance on oral care methods according to individual dental and oral conditions

Guidance on oral care at elementary schools and junior-high schools

In cooperation with Seodaemun-gu Healthcare Center and Department of Preventive Dentistry and Public Oral Health, College of Dentistry, Yonsei University, CJ Lion has provided education on tooth brushing since 2014, with tooth brushing facilities established (to offer dental health checkups and guidance on oral care) for elementary schools and junior-high schools within Seodaemun-gu in Seoul city. At the tooth brushing facilities, dental examinations are conducted continuously for three years with follow-ups, as continuous monitoring education by dentists and dental hygienists

(twice a year, for students in the fourth to the sixth grade of elementary school, and in the first to the third grade of junior-high school). In order to have the students develop habits of proper oral care, dental hygienists visit schools once a month and educate them on habits to brush their teeth after meals as well as on correct preventive dentistry.

The number of schools with the tooth brushing facility increased to six in 2016 from two in 2014. Approx. 4,000 students in total have received education on tooth brushing.



Check if all the teeth are meticulously clean or not!



Education on tooth brushing is provided for each class



Voice

Voice from employee of CJ Lion

Ji-Young Moon, Section Chief, Risk Management & CSR Team, CSR Specialist

Hello! I am Moon, Ji-Young. I am in charge of social contribution in the CSR team. Just as corporations support consumers' comfortable life through good products, I support it by working on social contribution programs. I am heartened by the smile of a lot of people whom I meet through the activities every day. At the "Oral Care Consultation Room," I met an old woman who is gently smiling and shyly gave me a candy. At school, I can find a warm welcome by the children with full smiles. Encouraged by their smiles, I will plan and conduct various social contribution projects on which all employees can work together, sincerely considering the roles of CJ Lion in the local communities.





Educational Activities for Oral Health in Thailand



Education on oral health in academic society

Thai Lion holds the Lion Oral Health Award every year. This award aims at fostering people conducting studies and activities which could be beneficial to preventive dentistry in Thailand, the company honors and offers a cash prize for excellent studies and activities related to preventive dentistry, in cooperation with influential dentists in

Thailand. Since the award commenced in 2009, 26 groups have received the awards through to 2015. On the day of the award ceremony, the Public Dental Hygiene Foundation of Thailand held an academic conference and gave a lecture on preventive dentistry.



Lion Oral Health Award held in December 2015



Education on oral health in collaboration with the government

The Thai government has held a "Health Fair" since 2012, with the aim of increasing Thai citizens' awareness of health. In this Fair, volunteer physicians and nurses provide checkups for participants and prescribe drugs.

Thai Lion runs a booth in this fair, and gives guidance about

tooth brushing in order to educate people on proper oral care.

In 2015, the company coached 2,000 participants on tooth brushing, and distributed toothbrushes and toothpastes to them in the Health Fair held at Suranaree Hospital in Nakhon Ratchasima.



Coaching participants on tooth brushing at Suranaree Hospital



Voice

Voice from employee of Thai Lion

We are an oral health team in charge of the booth for coaching tooth brushing at the Health Fair.

We listen to customers of various generations who drop by our booth to talk about their troubles, and give them advice on an appropriate way to brush their teeth. As such an event is a valuable opportunity to directly talk with customers, we will further improve its contents, responding to customers' requests, in cooperation with the government.



(From left) Pornnapa Wimonrat, Ananya Muangkaew, Wanna Thamromdee, Karnjana Anurakkamolkul, Saovane Ninlux, Ayumi Sakashita, Phakpoom Suvarnaketaka

Educational Activities for Oral Health in Japan

Lion has conducted educational activities for oral health since 1913, aiming at maintaining people's precious dental and oral health. We have pushed ahead with educational activities to disperse "preventive dentistry," that focuses not on the treatment after getting a cavity or periodontal disease, but on prevention before it happens. With an

awareness of the importance of preventive dentistry, each of our employees are working on the educational activities as a whole, focusing on each life stage of people through alliance with external organizations such as governments, schools, hospitals, and dental clinics. Lion also fully supports activities of the Lion Foundation for Dental Health (LDH).

Pregnant Women



At "Oralcom," a dental information website operated by Lion, we answer to the problems about oral health of expecting mothers and babies who have troubles with oral conditions.

[Maternity Dental Consultation Room] (Japanese)

URL <http://www.oralcom.net/maternity/>

Infants and Toddlers



Lion delivers leaflets to disseminate information on the importance of "preventive dentistry" and toothpastes with fluoride for children at the time of a checkup conducted by municipalities for children at the age of one year and a half. So far, they have been delivered to approx. 200,000 infants.

Junior-high and high school students



We educate participants in the "National High-school Quiz Championship," a TV program sponsored by Lion, about the use of interdental cleaning tools in cooperation with LDH.

Elementary school students



Since 1932, Lion and LDH have jointly held the "Oral Health Event of Brushing Teeth for Children" every year during the "week of dental/oral health" in June.

[Tooth brushing Study Website for Elementary School Students "Hamigakids"] (Japanese)

URL <https://www.lion-dent-health.or.jp/hamigakids/>

Adults



For employed workers, LDH conducts dental checkups focused on prevention of periodontal diseases, maintenance and improvement of dental/oral health.

The Elderly



LDH plans and produces the "Kenkobi" (Beautiful and healthy mouth and teeth) exercise to maintain dental and oral health for a lifetime, and works to diffuse the exercise through the educational leaflets and videos.

[Kenkobi Exercise] (Japanese)

URL <https://www.lion-dent-health.or.jp/kenkobi/>

2015
Highlight

02

Promotion of Toothbrush Recycling Program



In May 2015, Lion launched the "Toothbrush Brigade"; a program to collect and recycle used toothbrushes for the first time in Asia in collaboration with TeraCycle Japan (hereinafter referred to as "TeraCycle").

Objectives of the Program

As toothbrushes are daily essentials for everyone, about 450 million toothbrushes^{*1} are consumed per year. However, used toothbrushes have been sent to landfill areas or incinerated without opportunities to be recycled as a resource.

As a leading company for oral care, we have supported people to improve their dental and oral health for a long

time. At the same time, we have been making efforts to reduce environmental impacts from our business activities in accordance with one of our management objectives "becoming a company that is advanced in the area of environmental responsiveness." Under such ideas, aiming at the following objectives, we are promoting the program in Japan in collaboration with TeraCycle.

Objective 1

Contribution by offering consumers opportunities to readily take part in recycling activities

To help local communities and societies revitalize their activities to reduce environmental impacts by offering people from children to adults opportunities to voluntarily take part in recycling activities.

Objective 2

Contribution to consumers' oral health management

To encourage people to change toothbrushes at an appropriate interval (once a month) to maintain and increase their dental and oral health.

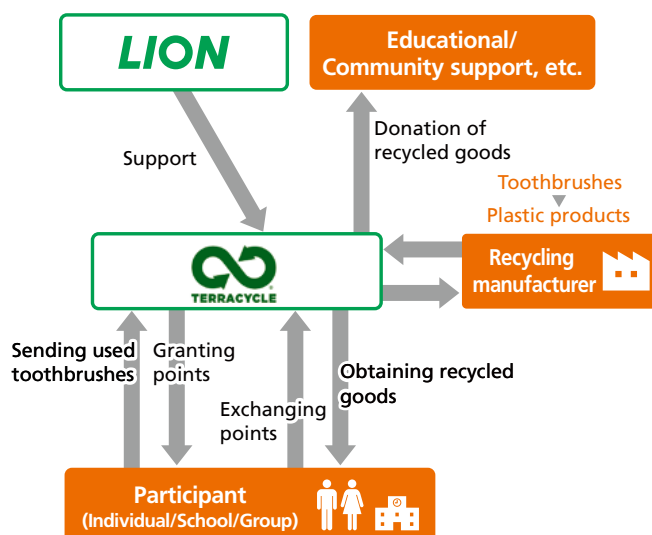
^{*1} The number of toothbrushes produced in Japan surveyed by All Japan Brush Industry Association

Contents of the Program

Applicants for participating in the program first enroll in advance as an individual, school or group, then collect used toothbrushes. Schools and facilities can collect a lot of toothbrushes by setting the collection boxes. Designated transport operators pick up the collection boxes and the participants are given points according to the weight of the collection. In exchange for the points, the participants can receive plastic goods such as plant pots, made from recycled toothbrushes or make it a donation for educational and community support.



Plant pot made from recycled toothbrushes



Results of Activities in 2015

In 2015, 115 collection bases in total^{*2} were set at, for example, community centers, schools, children's center, and stores.

Aiming to increase people's awareness of recycling and oral health, we will continue to promote the program in the future.

^{*2} As of December 15, 2015

Collection box set at children's center



Friendly Plaza Sumida Children's Center



Sakurabashi Community Center

Collection box set at stores



Drug Store CREATE S.D in Fujisawa Karasawa



Drug Store CREATE S.D in Shin Kamoshida



Voice

Voice from employee in charge of the program

Jun Yokoyama Strategic Business Development Department

I planned the content of activities for the program and have been conducting the activities in cooperation with members of TeraCycle. In 2015 which is the first year of the program, with the aim of increasing awareness of this program, PR events including the press conference and poster competition were held. In Sumida Ward, Tokyo, where Lion's head office is located, we visited junior-high schools and children's centers and called for participation in the collection activities in an effort to promote the activities in the local community.

As toothbrushes are daily essentials that all people from children to adults use, we were told by participants, "the activity is familiar to and can be readily addressed by anyone." Especially, it was our pleasure to hear school officials saying, "the activities can be addressed voluntarily by students, leading to ecological and health education." We also obtained feedback saying "after taking part in this activity, I became aware of periodically changing my toothbrush."

We will continue to work on the program so as to help consumers to be more aware of the environment and improve their dental and oral health through a new method, i.e., recycling toothbrushes.





Organizational Governance

Ideal Vision

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

Approach to enhancing functions to audit and supervise management

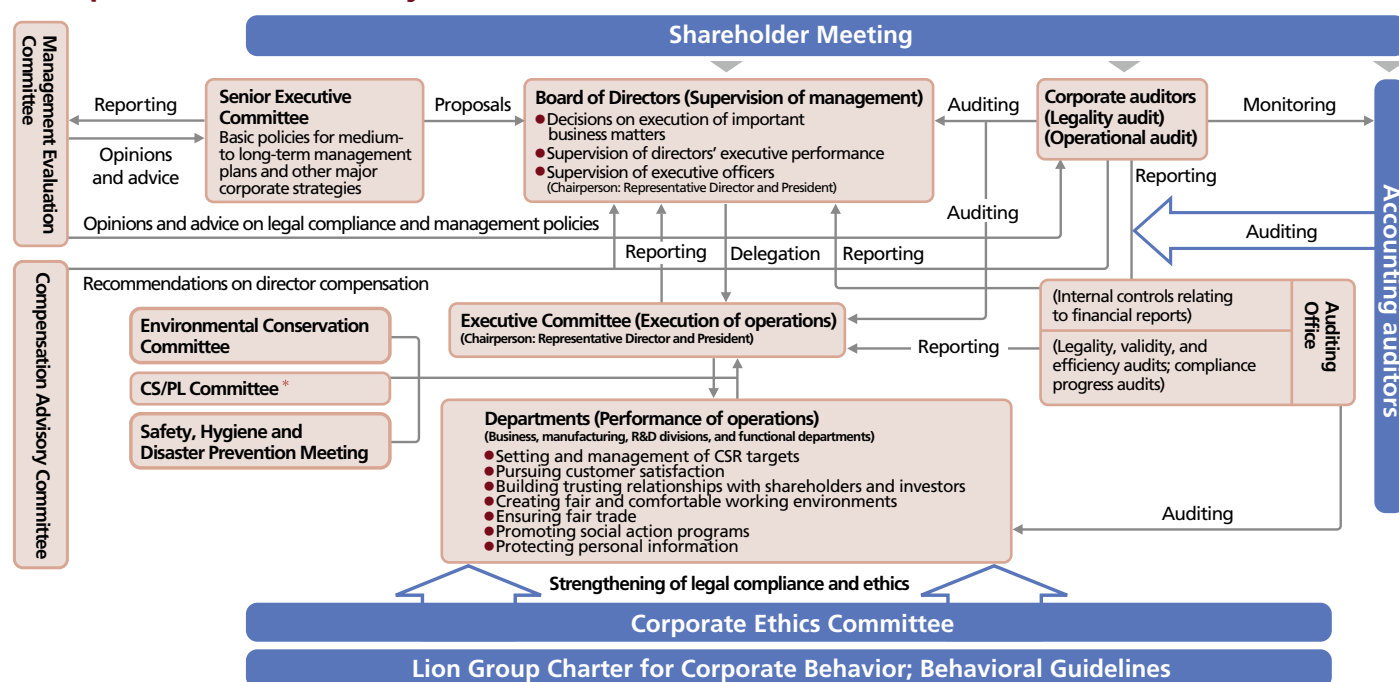
To evaluate our management objectively from the standpoint of social acceptability, including social responsibilities to be fulfilled by the company and stakeholders' trust, the Management Evaluation Committee, run by outside experts, was set up in October 2003 to ensure that the opinions of the committee members regarding the concept of the corporate governance system, directions of business and product development 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 in order to further enhance our capacity to supervise the Board of Directors. In December 2006, in order to increase the objectivity and transparency of compensation for directors, 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 Director 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 was instituted to clearly show that we bring personnel resources who can ensure independence without special interest in Lion as external directors/corporate auditors.

The countermeasures against large-scale purchase of Lion's shares (takeover defense measures) were introduced with the approval obtained at the ordinary shareholders meeting in 2009 and the 3-year continuation was approved at the ordinary shareholders meeting in 2015.

● Corporate Governance System



Report on Corporate Governance (Japanese) [URL http://www.lion.co.jp/ja/company/about/pdf/abo_gov.pdf](http://www.lion.co.jp/ja/company/about/pdf/abo_gov.pdf)

*CS/PL Committee

CS: Customer Satisfaction PL: Product Liability Cross-departmental committee to promote quality assurance activities.

Promotion of Risk Management

Improving systems to respond to various risks in business

In order to continue providing our customers with safe and reliable products, we have appointed a Director Responsible for Risk Management who exhaustively controls and supervises the risk of the whole Lion Group. 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 ISO14001 and eagerly works on quality management and environmental protection. In cases where physical emergencies such as natural disasters and accidents arise, in accordance with the Emergency Response System, we report the relevant facts to the president and corporate auditors, among others, and report how the situation is being handled to the Executive Committee and 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.
5. natural disasters (e.g. earthquakes).

* Securities Report (Japanese)

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

● Business Continuity Plan (BCP)

Lion is pushing ahead with establishment of its own systems to minimize damages and continue business so as to provide products to customers even in cases where a large earthquake, spread of infectious disease (pandemic), or other contingencies occur.

We set up a task force according to the "Manual on countermeasures for seismic disasters" in cases where seismic disasters occur, and the "Manual on countermeasures against novel influenza and other infectious diseases" in cases where a pandemic due to novel influenza viruses or other infectious diseases are expected to occur, so as to respond to such situation. Whether BCP should be implemented or not is determined depending on the size of the disaster and the degree of damages. If the BCP is implemented, we would give first priority to supply of consumer products among our businesses.

As part of risk management, the situation of BCP is annually reported to the Executive Committee. In consideration of recent increasing risks of infectious diseases, we completely reviewed and revised our existing "Guidance to respond to novel influenza (established in 2008)," and approved it as "Manual on countermeasures against novel influenza and other infectious diseases" at the Executive Committee in June 2015.

Internal Control Systems

Enhancing systems to audit the appropriateness of operations

Systems 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, we have been establishing controls at the company-wide and business-process levels. 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.

In 2015, as a result of the evaluation, we determined that Lion's internal control over financial reporting is effective, and submitted the Internal Control Report to the Prime Minister together with the Securities Report in March 2016.

● Internal Audits

The Auditing Office that directly reports to the president implements audits of various business units in terms of their legality, validity, efficiency, and risk management in order to establish a foundation for healthy business activities.

Results of inspections and findings 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 sharing of information with the business execution departments.



UN Global Compact

The UN Global Compact (UNGC), in which Lion has participated since 2009, is a voluntary initiative of companies and organizations aiming at realizing ten principles relevant to the areas of human rights, labour, environment and anti-corruption. Lion is also a member of the Global Compact Network Japan (GCNJ), and participates in subcommittee activities on a regular basis in order to promote the CSR activities of the member companies.

UN Global Compact URL <https://www.unglobalcompact.org/>

Global Compact Network Japan (Japanese) URL <http://uncgnj.org/>



Embedding Compliance

Efforts for legal compliance and enhancement of a sense of ethics

The Corporate Ethics Committee, chaired by the Director Responsible for Corporate Ethics, proactively works to foster compliance awareness within the Lion Group. The basis for compliance is the "Lion Group Charter for Corporate Behavior"^{*1}. This is distributed in pamphlet form to all employees working for the Lion Group and is publicly available via Lion's website. According to an annual program, e-learning and other educations are periodically provided.

In 2015, in addition to going through and committing to the "Lion Group Charter for Corporate Behavior," our e-learning program provided training regarding fundamental quality assurance, the basics of labor management, risks relevant to social media, information security, information management system, harassment at workplace, and basic knowledge about insider trading.

● Compliance Awareness Survey^{*2}

All Lion Group employees are asked every year to complete a compliance awareness survey. The survey of 2015 was the twelfth survey conducted. The findings are reported to management and feedback is provided to individual divisions. This contributes to the maintenance and strengthening of compliance systems.

The 2015 survey (about a 98% response rate from around 3,935 employees) solicited opinions on a range of issues including problems with work environments.

● Raising Awareness of the Hotline

To ensure full communication with 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.

In 2015, there were twelve instances of consultation or reporting, but no instances of grave misconduct were found and all the cases were appropriately addressed and resolved.

AL Heart Hotline (Japanese)

URL <http://www.lion.co.jp/ja/company/compliance/index.php>

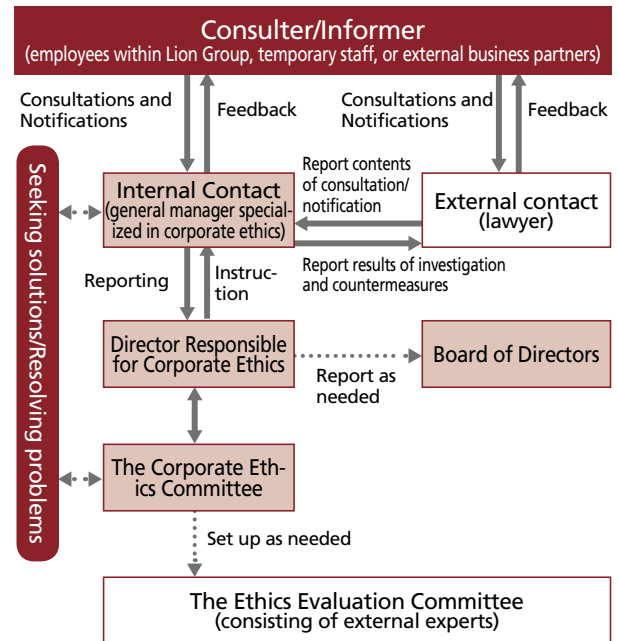


Introduction of websites

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



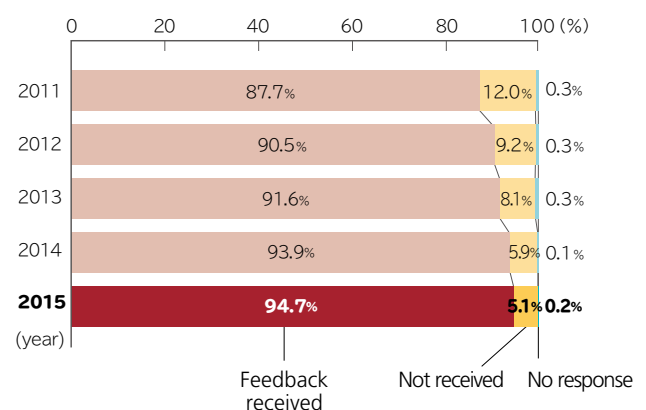
● The System of AL Heart Hotline



● AL Heart Hotline Consultations and Notifications (2015)

Power harassment behaviors	9 cases
Personnel/labor management issues	1 case
Other	2 cases

● Percentage of Employees Who Received Survey Feedback



*1 10 principles of the Lion Group Charter for Corporate Behavior

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

*2 Compliance Awareness Survey

Questionnaire survey in which respondents anonymously answer questions on, for example, compliance with the Lion Charter for Corporate Behavior, whether or not feedback was received from the Compliance Awareness Survey in the previous year, and awareness of the hotline.



Human Rights

Ideal Vision

Establishing a Framework for Respecting Human Rights

Basic Approach

Lion has stipulated that we shall “respect human rights” and “observe both the spirit as well as the letter of all applicable 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 opportunities 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

Making the Lion Group Charter for Corporate Behavior and Behavioral Guidelines take root

Lion has stated its policies regarding respect for human rights in the “Lion Group Charter for Corporate Behavior” and “Behavioral Guidelines” based thereon. To ensure thorough communication of the Charter to directors, Lion Group employees, and temporary staff, we provide an opportunity

on an annual basis via e-learning or documents by which we ensure the Charter is read and consented to. Also, we conduct a questionnaire survey every year to confirm the extent to which the Charter has taken root.

Ensuring Human Rights Due Diligence

Enhancing frameworks to ensure respect for human rights in light of stages of the value chain

Lion has enhanced systems for reporting, correcting and following-up, and understanding the impacts of its activities on human rights in light of stages of the value chain.

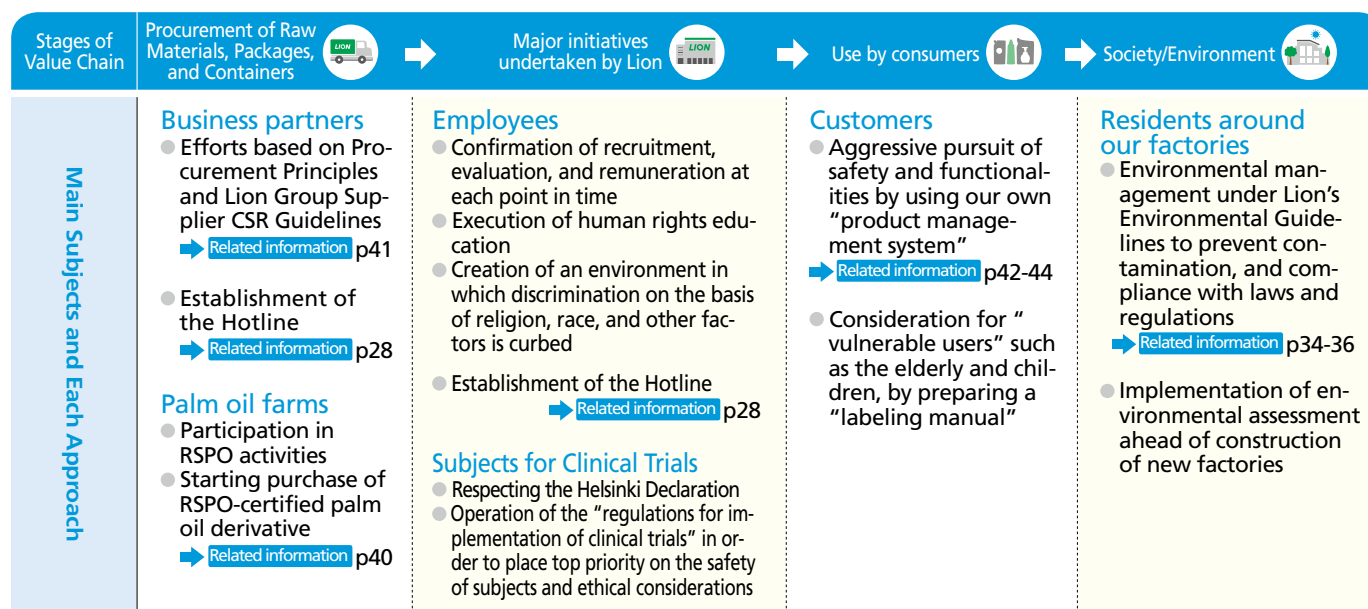


Introduction of websites

Caring for mankind (Human rights) (Japanese)
<http://www.lion.co.jp/ja/csr/humanrights/>



● An Overview of Our Initiatives for Protecting Human Rights





Labor Practices

Ideal Vision

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 personalities of our employees” and “ensuring a safe and comfortable workplace to realize the mental and physical well-being of our employees.” Also included in the Behavioral Guidelines are “to promote a healthy work-life

balance and strive to maintain work environments that flexibly allow a variety of working styles,” “do our utmost to assist employees who strive to learn specialized skills and knowledge and aim for ambitious goals.” and “engage sincerely in dialog and discussion with employees and their representatives.”

Promoting Amicable Labor-Management Relations

Lion executes labor agreements with the Lion Workers’ Union for the purposes of promoting sound 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 recog-

nize 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 labor-management meetings on a regular basis to consult with each other on an equal footing.

Operating under a union shop agreement^{*1}, Lion has endeavored to build amicable labor-management relations, in which employees and management proactively conduct activities such as reporting on business conditions and exchanging opinions about the working environment at labor-management meetings.

Human Resource Development

Promoting PDCA through the target management system and providing opportunities for training and ability development

● Improving a Training System for Each Function

In training for each job function, measures to reinforce specialties in each business are offered. In 2015 we especially enhanced training for the marketing division for the second consecutive year. To date, human resources who are active in their respective divisions have been appointed as staff of the marketing division. For further improvement, we have designed and operated a program to discover human resources who are enthusiastic enough to continue efforts and learning. This program provides systematic learning opportunities for mastering practical marketing theories and planning and designing based on insights into consumers and competitive strategies, and fosters future marketing personnel by judging their qualifications.

● LION CHALLENGE CUP - Innovation

In 2015, the “first LION CHALLENGE CUP – Innovation” was held, in which employees can directly make a “dream-inspiring proposal for Lion” to management. This event aims to draw out innovative proposals leading to significant future growth of the entire company, increasing employees’ awareness of personal development and identifying business domains in which we should contribute to society. The contents of the proposals which got through the preliminary round are presented to management at the final round.

In 2015, from among 42 entries, one team was awarded the gold prize, one team the silver prize, two teams the bronze prize, and one team the jury’s special prize.

*1 Union shop agreement:

A labor agreement in which a worker is employed by a company on condition of becoming a member of a specific labor union.

Human Resource Diversity

Using Personnel capable of responding swiftly to changes in the business environment

Lion has made efforts toward promoting “human resource diversity” in light of the need to respond swiftly to changes in the business environment.

Since we set up “the Diverse Human Resource Promotion Committee”^{*2} in 2010, we started consideration on the theme “Diversity” by planning and formulating personnel measures to make diverse human resources more active with participation of employees. Currently a team for diversity set up within the Personnel Department has been implementing measures to promote human resource diversity.

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

This measure was proposed by the Diverse Human Resource Promotion Committee for the purpose of supporting the career development of young employees.

Opportunities to learn about the operations of other departments are provided so that employees can obtain inspiration to design their career. Personnel in specific positions describe their departments and the content of their work. Since 2012 when the forum started, departments of finance, legal affairs, marketing, public relations, CSR, and sales have been taken up as topics.

In the fourth forum in 2015, under the theme of overseas business, specific operations of expatriate personnel and how to use one’s previous career experience were explained and advice for the future was given.



Career Forum

● Implementation of Regionally Based Employees Program

Since 2013, Lion has had in place the Regionally Based Employees Program with the aim of finding and keeping excellent personnel from among our temporary employees, who are contributing greatly to the company, as well as enabling regular employees to choose diverse working arrangements. The regionally based employees can select their workplace from seven regions in Japan that Lion has chosen for this program. Their compensation and benefits are at a similar level to regular employees in the same block. Under the program, eight such individuals were hired from among temporary employees in 2014 and nine in 2015 and 2016 respectively.

● Approach for the Promotion of Women’s Participation and Advancement in the Workplaces

Aware that it is essential for women to work actively in order to create our corporate value, we have addressed measures to advance women’s success in their working life.

Recently the Japanese government has set various goals and pushed ahead with measures relevant to promotion of women’s empowerment so as to realize a gender-free society in which men and women can participate.

Lion has improved childcare-related systems and implemented measures to support employees to maintain a balance between work and childcare so that they can continue to work for a long time. Consequently, as seen in Lion’s non-consolidated average service years for men and female employees, which are respectively 18 years and three months and 16 years and six months, female employees have worked actively for a long time. We are also making efforts to increase the percentage of female managerial officials^{*} to 15% or higher in Japan by 2020.

Lion’s action plans in accordance with the Act of the Promotion of Women’s Participation and Advancement in the Workplaces and declaration for women’s promotion are available on the “Positive Action (Women’s Promotion) Information Portal Site,” a project commissioned by the Japanese Ministry of Health, Labour and Welfare.

[Declaration for the Promotion of Women’s Participation and Advancement in the Workplaces] (Japanese)

URL http://www.positiveaction.jp/declaration/add/search_detail?id=1664

[Lion’s Action Plans in Accordance with the Act of the Promotion of Women’s Participation and Advancement in the Workplaces] (Japanese)

URL http://www.positiveaction.jp/pa/search/detail.php?company_id=1620id=1620

^{*} In Lion, personnel in a managerial position, which is at the level of an assistant manager or higher, is considered as a managerial official.



Rehabilitation seminar prior to return to work

● Employing People with Disabilities

In order to take advantage of individual abilities regardless of whether the persons in question have disabilities or not, we proactively employ people with disabilities, developing a corporate culture to improve the working environment and support such individuals in the entire workplace.

We launched a team to prepare for establishing a special subsidiary to promote employment of people with disabilities in 2015. With the establishment of Lion Tomoni Co., Ltd. in March 2016, we are promoting the employment of and expanding opportunities for people with disabilities.

^{*2} The Diverse Human Resource Promotion Committee

With subcommittees established in relation to three categories, “female employees,” “re-hired employees who have reached the mandatory retirement age,” and “temporary workers,” on whom the Company puts emphasis, the committee plans and formulates measures to make each of them more active, and pushes ahead with the measures in management.

Promoting Work-Life Balance

Building an environment where employees can deliver results while working flexibly

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 worked to reduce prolonged work and encourage employees to take paid leaves. In 2015, with weekly “No-overtime day” and monthly “No-overtime week” implemented, overtime work decreased on average in Lion (including employees assigned to affiliated companies).

In order to facilitate understanding of management of working hours, e-learning is continuously provided for all employees. Furthermore, under a labor-management agreement, we proactively encourage employees to systematically take at least three days paid leave per year with the aim of having them take more than 60% of paid leaves. We will make continuous efforts in this regard.

● Support for Childcare and Nursing Care

As a result of enhancing various programs and increasing employees’ awareness, the ratio of female employees taking childcare leave has been 100%. Male employees are also taking the leave in many departments. In addition, Lion is addressing career development during the childcare period by establishing a website to support childcare and supporting employees taking childcare leave to upgrade their skills.

[Support for Childcare and Nursing Care (Japanese)]

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

● Measures to support employees engaged in nursing care

As part of creating the environment that allows employees to continue to work without anxiety, Lion has enhanced support for employees engaged in nursing care. In addition to ordinary annual paid leaves, we have in place systems for cases where it is required to take leaves for nursing care, including accumulated leaves for medical nursing care (accumulation of expired annual paid leaves), acquisition of a half-day care leave, and nursing care leave expanded up to 365 days which can be taken separately). The Short Flexible Time System, a new way to work combining short-time and flex-time, was also instituted. At the same time, with the introduction of website for employees aged 40 and up to support nursing care, e-learning on preparation for nursing care has been provided.

● The Work-at-Home System

Lion has been making efforts to improve business productivity and work-life balance. The “work-at-home” system was introduced in February 2015 as a flexible way to work, in which the workplace is not limited to the office. In order to facilitate understanding and penetration of the system, we have been enhancing the system by repeatedly holding explanatory meetings and individual hearings at workplaces and confirming the effects of facilitating use of the system.

● Approach to compliance with Next Generation Support Act

Lion has formulated and addressed action plans in accordance with the Act for Measures to Support the Development of the Next-Generation Children by the Japanese Ministry of Health, Labour and Welfare. As a result, achieving all goals from phase 1 to 4, we have been certified as a company supporting childcare with the “Kurumin” mark.

Act for Measures to Support the Development of the Next-Generation Children Phase 5 Action Plan



Kurumin mark:
A symbol of a company supporting childcare

Four goals are set in the Phase 5 Action Plan for three years from April 2015 to March 2018.

Goal:1 Within the period of the action plan, implement support measures to create a working environment in which employees on childcare leave can smoothly return to work.

→ Introduction of a website for supporting employees on childcare leave to take a balance between their career and childcare (February 2016).

→ Implementation of group training prior to return to work (October 2015, February 2016).

→ Launch of individual explanatory meetings for employees on childcare leave and their bosses (January 2016).

Goal:2 Within the period of the action plan, implement measures to foster corporate culture toward women’s participation and advancement in the workplaces.

→ The 4th Career Forum was held (November 2015).

Goal:3 Within the period of the action plan, have 13 or more male employees take childcare leave.

→ Six male employees have taken the leave (As of March 2016).

Goal:4 Within the period of the action plan, facilitate understanding about and use of the Work-at-Home System, and implement measures to promote the adoption of the system.

→ Explanatory meetings and individual hearings at workplaces were held.

● Employee Data (Non-consolidated, including employees assigned to affiliated companies)

		2013	2014	2015
Employees	Male	2,316	2,292	2,268
	Female	722	729	758
Female employee ratio (%)		23.8	24.1	25.0
New Employees (New Graduates)	Male	55	59	56
	Female	30	25	28
Re-hired Retirees	Number of people	300	289	262
	%	9.9	9.6	8.7
Temporary employees		330	457	461
Female managers*1	Number of people	46	52	57
	%	5.2	5.9	6.8
Employees with disabilities	Number of people	44	43	51
	%	1.9	1.8	2.0
Employees who took childcare leave	Male	5	6	5
	Female	37	37	33
Employees who took reduced working hours for childcare	Male	0	0	0
	Female	43	57	58
Average overtime per month (hours)*2		10.8	11.7	11.0
Annual paid leave used (%)*2		51.2	50.8	51.8
Average service years (excluding re-hired employees)	Male	20.1	19.8	19.8
	Female	17.6	17.7	17.4
Employees who resigned within three years of entering the company	Number of people	3	2	4
	%	1.3	1.0	1.6

*1 Position corresponding to section chief or higher

*2 The data of 2015 covers the number of employees of Lion Corporation and employees assigned to affiliated companies (data until 2014 covers the number of employees of Lion Corporation only)

Employee Data related to affiliated companies is available on the following website. (Japanese)

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

Promoting Employees' Health Management

Supporting employees' self-management and establishing a reliable and healthy working environment

Based on the concept that the good health of employees serves as a business foundation to support sound corporate growth, Lion has been conducting a variety of measures.

With the Guidelines for Health as our core basic principle, Lion conducts detailed health management activities.

Guidelines for Health

URL <http://www.lion.co.jp/en/company/compliance/health.php>

● Organizational Approach to Health Management

Lion has conducted health management activities based on 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.

We will continuously make improvements through PDCA management and accumulate know-how on industrial health.

● Mental Health Initiatives

With our "Mental Health Basic Policy" established in 2004, Lion has taken proactive measures for the mental health of our employees, for example, consultation after periodical checkups for all employees and a stress level check test which started in 2006. In 2015, 98% of employees took the stress level check test^{*1}. The results are compiled and analyzed by section/department in such a way that individuals cannot be identified, fed back to responsible officers, and used for training for managers. In this way, Lion has continued organizational mental health initiatives.

● Dental Prophylaxis Program (ALPHA)

In collaboration with the Lion Foundation for Dental Health (LDH), we have focused on the improvement of oral health by incorporating dental checkups into the annual health checkups for all employees since 2002.

[ALPHA] All Lion Oral Health Activity

Enhancing Group-wide Occupational Health and Safety Management System

Establishing systems to promote occupational safety and safety of facilities

Based on the principle of "safety first," Lion has established its unique Health, Safety and Disaster Prevention Management System for domestic group companies, which added our own disaster prevention measures to the "Occupational Safety and Health Management System (OSHMS)^{*2}" based on the guidelines of Japan's Ministry of Health, Labor and Welfare.

● Occupational Safety

In 2015, the number of labor accidents, including the number at affiliated companies, was 21, increasing 10 from the previous year. As with the previous year, the number of lost time accidents was three. The reason for the increased number of accidents is considered to be young workers lacking experience and expertise on operations. We will increase awareness of safety by identifying problems and enhancing training on safety.

The Lion Group including domestic and overseas affiliated companies, will be committed to prevention of critical accidents, by strengthening its structure based on the Occupational Safety and Health Management System (OSHMS) and Safety Design Guideline for Facilities, and promoting safety measures for production equipment.

● Safety of Facility

We consider that most of the plant accidents that recently happened at other group companies were attributed to the diminished sense in safety management and shortfalls in workers' skills and awareness.

Therefore, Lion has worked to enhance equipment safety from a medium- to long-term perspective, with approaches from both the hard (equipment management) and soft (operational management) sides.



Introduction of websites

For the sake of employees (Labor Practices)(Japanese)

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



*1 Stress level check test

Test to grasp psychological burdens on employees (to be obligatory in December 2015 with the revision of the Japanese Industrial Safety and Health Act).

*2 Occupational Safety and Health Management System (OSHMS)

A system to voluntarily conduct continuous safety and health management through PDCA.



The Environment

Ideal Vision

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 Group-wide policy to become an "environmentally advanced company," which is included in Vision 2020, we formulated our new environmental objective "Eco Vision 2020" in 2013.

As with "Eco Vision 2020," our thoughts regarding environmental activities are represented in our environmental message "Lion and the Environment," from which

our environmental slogan, "Everyday. For the Earth," derives. We will work on communication by increasing customers' environmental awareness 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."



Everyday. For the Earth. (Japanese)

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

Environmental Guidelines

Our stance toward voluntary and proactive environmental conservation activities performed throughout the value chain

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 that harmonizes 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 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 our corporate activities, 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 Our 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 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 Structure and Management System

Mechanism to promote cross-departmental environmental conservation activities

● 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.

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.

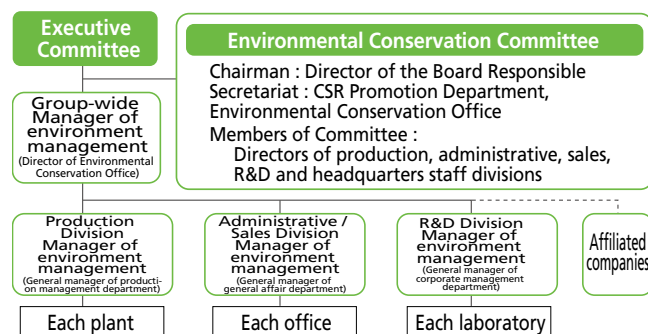
Data on the environmental burden of group companies' plants (overseas)

URL http://www.lion.co.jp/en/csr/pdf/2015/env_data_2015.pdf

Status of ISO 14001 Certification

Lion acquired ISO14001 certification covering all its plants in July 2001. Subsequently, the certification has been reviewed and renewed by the Japan Management Association Quality Assurance Registration Center (JMAQA) every three years. It has been verified that the management systems are continuously operated in a proper manner, conforming to requirements of the standards. Including the plants of group companies in and outside Japan, the Lion Group has obtained ISO14001 certifications and performed operations in compliance with ISO14001, continuously pushing ahead with its management systems and environmental conservation activities.

● Environmental Management Structure



● Legal Compliance

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 Released Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and the Waste Disposal and Public Cleansing Act - the Environmental Conservation Office collects information from administrative agencies and industrial associations, and thereafter registers the information with a system using Intranet for information on chemicals-related laws to keep the related departments updated about such information. In addition, with our "waste management regulations" voluntarily established, we have had in place a management system without omissions.

There were no violations resulting in a fine or other penalties during 2015.

Pollution Prevention

Production activities conscious about air and water quality

Lion also implements voluntary initiatives for reducing emissions of chemical substances, including nitrogen oxides (NO_x), sulfur oxides (SO_x), particulate matter and volatile organic compounds (VOC). We also strive to reduce Chemical Oxygen Demand (COD) with improvement in reliability of wastewater processing facilities and periodical maintenance. Data on management of chemical substances in compliance with the PRTR system* is available on Lion's website.

[Data of environmental impacts of production sites in Japan] (Japanese)

URL <http://www.lion.co.jp/ja/csr/report/pdf/environment-Management.pdf>

[Data of environmental impacts of Overseas production sites]

URL http://www.lion.co.jp/en/csr/pdf/2015/env_data_2015.pdf

* PRTR system

A system to measure, aggregate, and publicize emissions of toxic chemical substances, etc.

Enhancing Group-wide Management of Chemical Substances

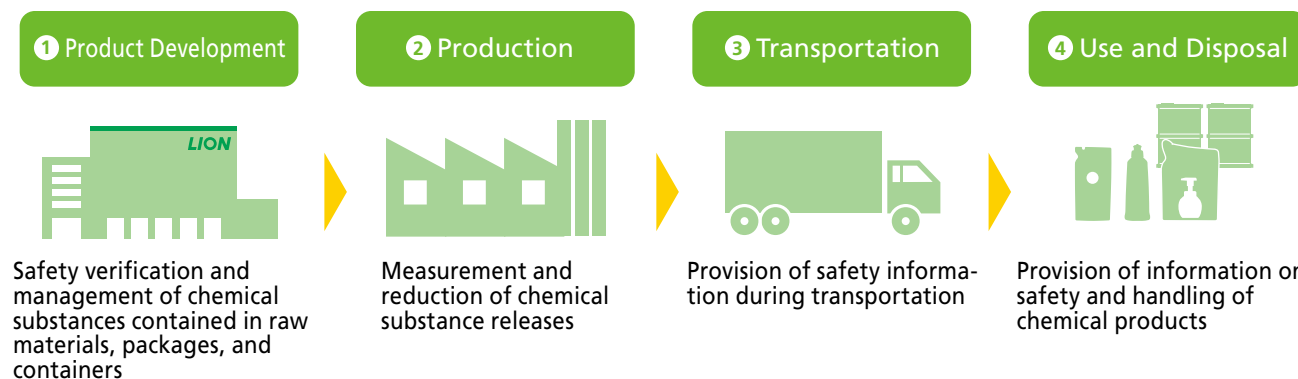
Chemical substances are indispensable for people to lead comfortable and fulfilling lives. Failure to properly manage chemical substances, however, can result in accidents that put human health and ecosystems at enormous risk. In addition to compliance with related laws and regulations, Lion strives

to ensure strict management of chemical substances at all stages from product development to use/disposal in accordance with our own independent standards.

Appropriately Handling Chemical Substances (Japanese)

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

● Lion's Chemical Substance Management



Engaging in Progressive Environmental Activities

Pursuing environmental targets "Eco Vision 2020" in light of global issues

● Achievements of Eco Vision V-2 (from 2015 to 2017) in the first year and future plans thereof

Eco Vision 2020 is conducted by dividing the nine years from 2012 to 2020 into three periods, V-1 to V-3, each of three years. 2015 was the first year of V-2 following V-1 in which almost all the set targets had been attained. As with the pre-

vious years, all employees of Lion Group have been united in promoting environmental activities. Accordingly, plans for V-2 have been steadily performed in general.

Five key items

Greenhouse gas emissions from business activities in Japan

In 2015, we reduced greenhouse gas emissions by 41% (compared to 1990, emission intensity per unit total revenue), more than 29% over the previous year, with integration of production facilities and energy-saving activities conducted at all offices and plants. We will continue to make efforts for achieving our targets for 2017 and 2020.

Greenhouse gas emissions from post-use productions in Japan

In order to reduce the greenhouse gas emissions from post-use products, we are making products more compact and switching from petroleum-based surfactant ingredients with plant-based ingredients that do not lead to an increase in CO₂. In 2015, the emissions decreased by 49% (compared to 1990, emission intensity per unit total revenue), slightly increasing on a year-to-year comparison, due to temporary changes in the composition of our products. We will push with the same activities to achieve the set targets.

Greenhouse gas emissions from overseas business activities

We reduced greenhouse gas emission by 0.4% (compared to 2014, emission intensity per unit of production), failing to attain the target of a 1 % reduction for each year. This was because energy efficiency decreased due to the plants with lower production volume. We will work on more efficient production by ensuring production volume according to production capacity.

Water use in domestic business activities

In 2015, we reduced water used in domestic business activities by 45 % (compared to 2000, water used per unit total revenue). The 2020 target of a 35 % reduction was attained earlier than scheduled due to modification of the production process, water-saving activities at all offices and plants, and recycling of factory waste water discharge stated below.

Recycling of factory waste water discharge

In 2015, we completed construction of facilities to recycle factory waste water and started operation there at Chiba Plant, aiming to achieve the target of "recycling waste water at multiple plants by 2020." In 2016, we will begin the full-scale operation of the facilities, expecting to further reduce waste water discharge and water consumption.

Achievements of Eco Vision V-2 (2015 to 2017) and target values of Eco Vision 2020

Categories			Achievements in 2015	Target values for 2017	Target values for 2020
Realizing a Low Carbon Society	Greenhouse gases (domestic)	Within the company	①Reduction of greenhouse gases from business activities Emission intensity per unit total revenue 24% reduction (compared to 2010) 41% reduction (compared to 1990) Absolute quantity 43% reduction (compared to 1990)	Emission intensity per unit total revenue 23% reduction (compared to 2010) 40% reduction (compared to 1990) Absolute quantity 41% 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	②Reduction of greenhouse gases from post-use products Emission intensity per unit total revenue 2% reduction (compared to 2010) 49% reduction (compared to 1990) Absolute quantity 50% reduction (compared to 1990)	Emission intensity per unit total revenue 7% reduction (compared to 2010) 52% reduction (compared to 1990) Absolute quantity 51% 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	③Reduction of greenhouse gases from business activities, overseas Emission intensity per unit of production 0.4% reduction (compared to 2014)	Emission intensity per unit of production 1% reduction year-on-year (compared to 2014)	Emission intensity per unit of production 1% reduction year-on-year
		Outside the company	④Reduction of greenhouse gases from post-use products, overseas Reduction of 58 thousand tons annually	—	Reduction of 100 thousand tons annually
Realizing a Sound Material-Cycle Society	Water	Within the company	⑤Reduction of water use in business activities Water use per unit total revenue 28% reduction (compared to 2010) 45% reduction (compared to 2000) Absolute quantity 47% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 34% reduction (compared to 2000) Absolute quantity 35% 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	⑥Reduction of water usage at household using our products Water use per unit total revenue 16% reduction (compared to 2010) 45% reduction (compared to 2000) Absolute quantity 47% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 44% reduction (compared to 2000) Absolute quantity 44% 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		⑦Zero emissions within the company*1	—	Zero emissions at all domestic production sites
	Waste-water		⑧Recycle of factory wastewater discharge*2	—	Recycle factory waste water at multiple plants
Harmonizing with Nature	Procurement		⑨Procurement of plant-derived oils that take biodiversity into consideration	—	All palm oil derivative purchased to be RSPO-certified
	Biodiversity		⑩Increase biodiversity conservation activities	—	Carried out in all domestic sites
Education	Awareness and Education in the Society		⑪Environmental awareness and education for consumers	80% increase in consumer participation in our awareness activities (compared to 2010)	100% increase in consumer participation in our awareness activities (compared to 2010)

*1 The recycling ratio of total waste generation is 99% or more, which does not include residues of recycling.

*2 Wastewater from production processes





*3 Roundtable on Sustainable Palm Oil

● Harmonizing with Nature

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* ¹ ecosystem in raw material origination sites	Watershed ecosystem where 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 habitats caused by illegal logging 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 odors from plants on surrounding natural environments and local communities	● Impact of water intake by consumers on surrounding natural environments and local communities	● Impact of waste-water and waste packaging materials from consumers on surrounding natural environments and local communities
Biodiversity conservation activities	Activities to reduce risks	● Promotion of procurement of sustainable palm oils (participation in RSPO and purchase of RSPO-certified oils) ➔ Related information p40	● Conservation of rivers and other ecosystems by implementing purification technologies on discharged wastewater ● Reduction of plant wastes ➔ Related information WEB② ● Reduction of water consumption at plants ➔ Related information WEB②	● Development of water-saving detergents ● Development of highly biodegradable detergents ➔ Related information WEB②	● Surveying environmental impact of surfactants ➔ Related information WEB①
	Activities to expand opportunities	—	● Conservation and monitoring of habitats on the watershed where factories are located (Activities to protect endangered loggerhead sea turtles, activities to maintain biotopes, and activities to maintain domestic woodlands (satoyama), etc.) ➔ Related information WEB④	● Educational activities regarding care of water and natural environments (forest improvement activities under the name of Lion Forest, conducting the Rainwater Utilization Ideas Contest, and water-related environmental research support through the Japan Society on Water Environment). ➔ Related information p49,WEB③,④	● Promotion of 3Rs (Refills, condensing of content to make products more compact, and development of containers, e.g., recycled PET(polyethylene terephthalate)bottles and containers with thin-wall molding) ➔ Related information p46,WEB⑤

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

● Realizing a Low Carbon Society/ a Sound Material-Cycle Society

Lion has worked to reduce greenhouse gas emissions, as well as recycling and effective use of resources at each stage from raw material procurement to disposal. Detailed data is available on our website. We will promote activities toward realization of a low carbon society/ a sound material-cycle society.

Overview of Our Business Activities Toward Realization of a Low Carbon Society/a Sound Material-Cycle Society

Corresponding stages of value chain	Procurement of raw materials, packages, and containers 	Production 	Use by consumers 	Disposal by consumers 
Activities for realizing a low carbon society	<ul style="list-style-type: none"> Substituting plant-derived materials for petroleum resources → Related information WEB② 	<p>Factories</p> <ul style="list-style-type: none"> Improving energy efficiency by reviewing production processes, introducing energy-saving equipment at re-newing facilities, and down-sizing products → Related information p46 <p>Office/Facilities</p> <ul style="list-style-type: none"> Company-wide energy-saving activities including the administrative & sales division and the R&D division <p>Distribution after shipment</p> <ul style="list-style-type: none"> Increasing the rate of modal shift during transportation of products such as shifting freight from truck to rail or ship. Improving logistics efficiency by increasing the transport loading rate, etc. → Related information WEB⑥ 	<ul style="list-style-type: none"> Education to increase consumers' environmental awareness through products (The environmental label is attached to products that meet the "Lion eco-standards") → Related information p46 Reducing power consumption during use of our power-saving products (involving decreasing the number of times of rinsing associated with the use of detergents that only require one rinse) 	<ul style="list-style-type: none"> Substituting plant-derived materials for petroleum resources Promoting 3Rs (Refills, condensing of content to make products more compact, and development of containers, e.g., recycled PET (polyethylene terephthalate) bottles and containers with thin-wall molding) → Related information p46,WEB⑤
Activities for realizing a sound material-cycle society	<ul style="list-style-type: none"> Using plant-derived materials (renewable raw materials) Using recycled materials 	<p>Factories</p> <ul style="list-style-type: none"> Promoting zero emissions within the company Reducing factory wastewater discharge Use of recycled water <p>Office/Facilities</p> <ul style="list-style-type: none"> Promoting company-wide green purchases → Related information WEB② 	<ul style="list-style-type: none"> Education to increase consumers' environmental awareness through products (The environmental label is attached to products that meet "Lion eco-standards") → Related information p46 Reducing water usage during use of our water-saving products → Related information WEB② 	<ul style="list-style-type: none"> Promoting 3Rs (Refills, condensing of content to make products more compact, and development of containers, e.g., recycled PET (polyethylene terephthalate) bottles and containers with thin-wall molding) → Related information p46,WEB⑤

The websites below are all in Japanese.

Web ① [Surveying the Environmental Impact of Surfactants "MES," "MEE," etc.] URL <http://www.lion.co.jp/ja/csr/env/biodiversity/>

Web ② [Realizing a Sound Material-Cycle Society] URL <http://www.lion.co.jp/ja/csr/env/resources/>

Web ③ [Natural Protection Activities] URL <http://www.lion.co.jp/ja/csr/community/conservation/>

Web ④ [Initiatives for Biodiversity Conservation] URL <http://www.lion.co.jp/ja/csr/biodiversity/>

Web ⑤ [3Rs for Minimizing Containers and Packages] URL <http://www.lion.co.jp/ja/csr/consumer/3r/>

Web ⑥ [Reduction of Greenhouse Gases (Group Companies in Japan)] URL <http://www.lion.co.jp/ja/csr/env/climate/>



Introduction of websites

To Protect the Earth's environment (The Environment) <http://www.lion.co.jp/ja/csr/env/>
Everyday. For the Earth. <http://www.lion.co.jp/ja/csr/env/ecolon/>





Fair Operating Practices

Ideal Vision

Promoting CSR Activities throughout the Value Chain

Basic Approach

In accordance with the "Lion Group Charter for Corporate Behavior" and the "Behavioral Guidelines," we have made efforts to "engage in fair, transparent and free competition and proper transactions" while "maintaining sound and proper relationships with governmental and political bodies." We also require business partners to

comply with laws and regulations.

Furthermore, Lion has expressed its support for the ten principles of the UN Global Compact since 2009, and has made it clear that the company is serious about preventing bribery and corruption.

Promotion of CSR Procurement

Procuring sustainable raw materials, packages, and containers, and encouraging suppliers to conduct CSR activities

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

Also, regarding the palm oils used in methyl ester sulfonate (MES), which is an environmentally-friendly surfactant and plant-derived detergent material independently developed by Lion, it is critical to promote procurement of sustainable palm oils.

Excellent features of "MES" (Japanese)

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

● Aiming for Sustainable Procurement of Palm Oils

We are actively promoting the utilization of plant-derived materials as carbon neutral materials. As one of the plant-derived materials, we are using palm oil – the oil that is produced in the largest quantity globally. Palm oils are 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 sites of production, as a result of the sudden explosion of production, a number of issues have arisen such as the logging of tropical forests for development of new farms leading to a shrinking of wildlife habitats. Also, due to inappropriate farming operations, various labor-management issues lacking social fairness have been raised, including terrible labor conditions with very little consideration for health and safety, very low wages, improper treatment of

migrant workers, and child labor. Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO^{*1}), which attempts to solve all the above-mentioned issues, since 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 was allowed to handle RSPO-certified palm oils. As a result of this, Lion started procuring RSPO-certified palm oils in 2012. We set our target to complete the switch of all palm oils to be used to certified palm oils by the end of 2015, and all the purchased palm oil became certified in July 2014. Subsequently, we have set new targets toward 2020 as below and started purchasing RSPO-certified palm oil derivatives based on the target of 2015.

Targets

2015: Starting purchase of RSPO-certified palm oil derivatives

2020: All palm oil derivatives to be RSPO-certified

We will continue with our effort to procure sustainable palm oils into the future.



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

***1 RSPO (Roundtable on Sustainable Palm Oil)** **URL** <http://www.rspo.org/>

The RSPO sets forth 8 principles and 43 criteria that apply to sustainable palm oil production, including those with regard to "environmental responsibility and conservation of natural resources and biodiversity," "responsible development of new plantings" 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 require material suppliers and outsourcing contractors to carry out self-checks based on the "Lion Group Supplier CSR Guideline"*2 in order to facilitate responsible procurement activities. Accordingly, we have been promoting to develop a system to prevent risks from occurring in supply chains with regard to human rights/labor practices, the environment, fair operating practices, consumer issues, and compliance.

In 2014, we made it possible to conduct all self-checks online so that our business partners can conduct self-checks more efficiently. Also by sending feedback based on the results to the respondents, systems to continuously promote CSR procurement have been established.

We will continue promoting CSR activities together with our business partners.

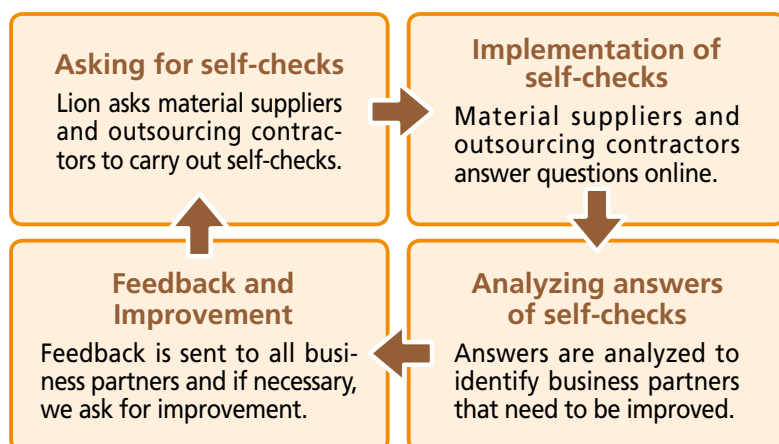
● Timeline of approach to CSR procurement

2005	Instituted the Basic Policy Regarding Purchasing for appropriate procurement of raw materials, packages, and containers, as well as products.
2008	Established the Procurement Principles that clarified our social and environmental considerations. Conducted a questionnaire survey for domestic and overseas material suppliers and outsourcing contractors about their corporate activities regarding legal compliance, product service quality and safety, environmental considerations, labor and human rights, and fair business transactions.
2013	Revised our Procurement Principles and clarified our stance to select business partners in light of legal compliance, environmental conservation, and respect for human rights. Established the Lion Group Supplier CSR Guideline that shows the CSR activities we expect material suppliers and outsourcing contractors to perform, and ask them to conduct self-checks on their own CSR activities.

Procurement Principles [URL](http://www.lion.co.jp/en/company/compliance/procurement.php) <http://www.lion.co.jp/en/company/compliance/procurement.php>

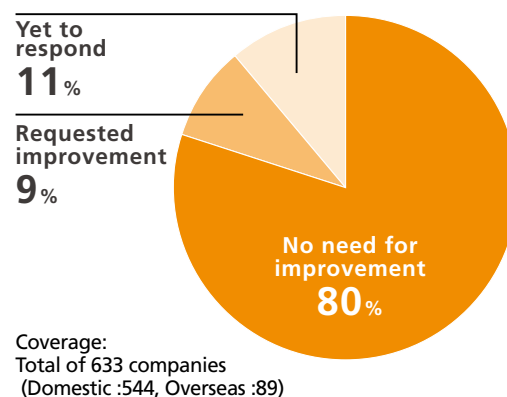
Lion Group Supplier CSR Guideline [URL](http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf) <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf>

● Flow from asking for self-checks to sending feedback



※We make efforts to help our business partners understand the importance of CSR by explaining about trends of CSR when asking for self-checks. The self-checks consists of three-stage checking criteria in accordance with the level of each initiative. We also provide a glossary.

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



Outline of Results

- 80% of material suppliers have no need for further improvements in any items. 9% need improvement in one or more items. 11% did not respond.
- For suppliers that did not respond, we will ask for their cooperation through conducting interviews to understand their status.



Introduction of websites

For ethical business operations (Fair Operating Practices) (Japanese)
<http://www.lion.co.jp/ja/csr/businesscustom/>



*2 Lion Group Supplier CSR Guideline

Guideline including the following 5 subjects and 21 items

1. Human Rights/Labor Practices
2. The Environment
3. Fair Operating Practices
4. Consumer Issues
5. Compliance

URL Japanese <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/jpn.pdf>
English <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf>
Chinese <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/cn.pdf>



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 activities - 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.

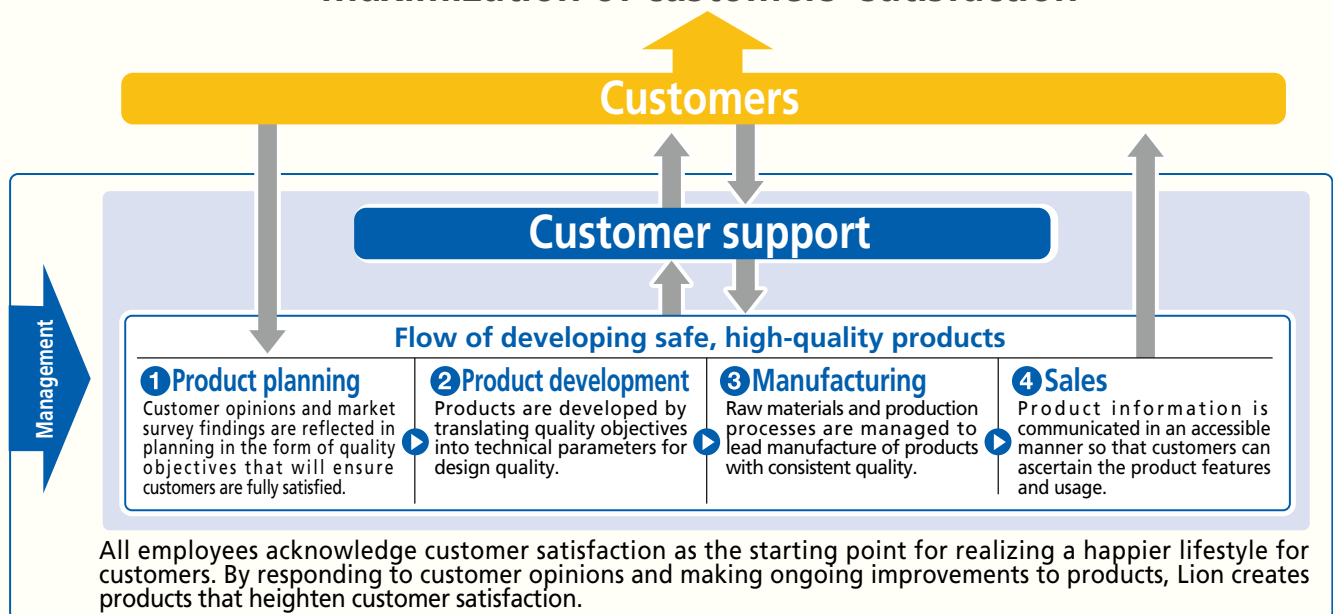
During product development, the quality of developed products is verified in respect to seven metrics including function and performance. Furthermore, we endeavor to provide clear and easy-to-read labeling for our customers.

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

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

● Product Development Incorporating Customer Opinions

Maximization of customers' satisfaction



Enhancing Group-wide Quality Assurance System

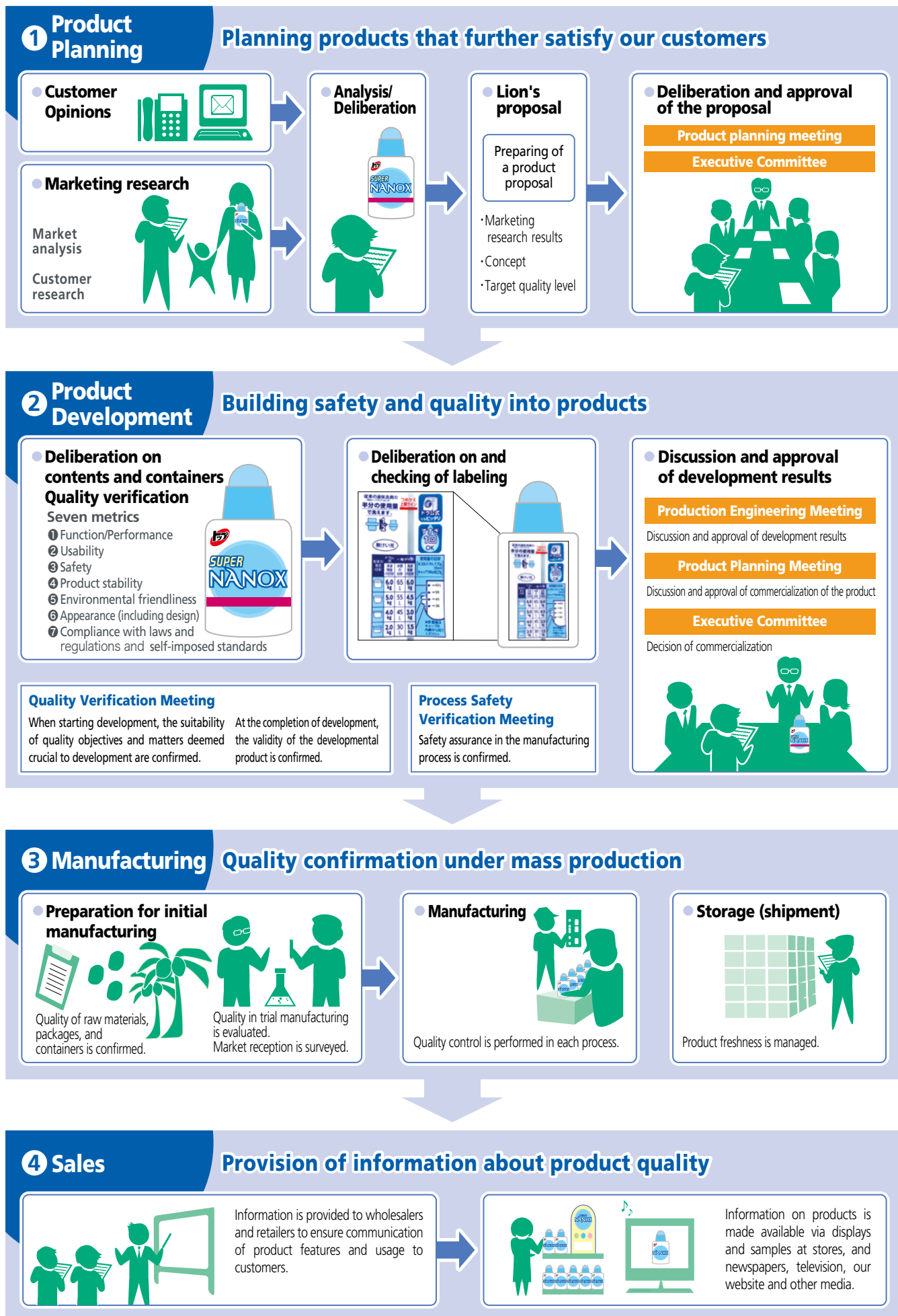
Enhancing the mechanism to develop safe and high-quality products in Japan and overseas

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 2014, we established the "Pharmaceutical Affairs and Quality Assurance Department" by consolidating the phar-

maceuticals division and quality assurance division, in order to build quality assurance and development support structures across all functions of Lion including our overseas companies as well as a broad range of fields from consumables and pharmaceuticals to food.

● Developing Safe, High-quality Products



● 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 that 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 and 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

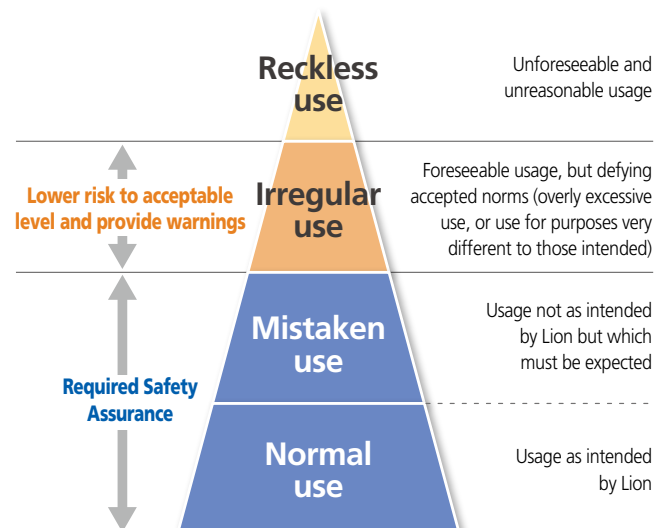
By considering the various uses of our products as well as product use by vulnerable customers, we perform safety evaluation of our products from the perspective of avoiding risks at the stage of product design.

We use a checklist in our 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 the Quality Verification Meeting for quality confirmation held with representatives of related divisions, we perform checks from the perspective of our customers during their actual use of our products in order to prevent damages during product use as well as failure to confirm all safety check items.

In preparation for possible problems with our products, we have in place an internal system to quickly take countermeasures such as product recall.

● Scope of Safety Confirmation



● Initiatives to Listen and Respond to Our Customers

The inquiries made by 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, with the exception of personal information, so that such information becomes available for improvement in products and services and new product development.

Among this information, the information considered to affect customer satisfaction is passed on to top management on a daily basis via a VOC Daily Letter, and efforts are made to enhance quality by ascertaining the customers' perspective and through early consideration and handling of improvement measures led by the product planning department.

In 2015, we sent out 240 VOC Daily Letters. With a new system established, we also improved the environment to widely collect and analyze consumers' opinions not only through telephone and e-mail but also via the SNS, in order to more proactively take advantage of customers' perspectives in our business activities. Furthermore, an organization exclusively for analyzing and disseminating customers' voices was set up to enhance our capability to transmit information to respective departments.

[VOC] Voice of Customers

[SNS] Social Networking Service (Facebook, Twitter, etc.)

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 fire-related accidents, Lion has been voluntarily recalling such products since August 27, 2007.

As of February 2016, 1.48 million of these products have been recalled (recall rate: 45.7%). We would like to ask our consumers who still have any of these products and reside in Japan to assist in the recall.



Customer Support for Recall of Varsan Hyosatsu Jet Sprays

Toll-free: 0120-670-225

Open: 9 a.m. to 5 p.m. (Japan time)

(Except Saturdays, Sundays, public holidays, yearend/new year's holidays, and summer holidays)

Recommendation on Advertising by the Consumer Affairs Agency, Government of Japan

With regard to its product “Tomato Su Seikatsu / Tomato Su Inryo,” Lion was deemed to have placed an advertisement which may have misled consumers in daily newspapers during the period from September 15 to November 27, 2015, and accordingly received a recommendation from the Consumer Affairs Agency, Government of Japan.

Taking the recommendation seriously, Lion will further enhance its management system for placing advertisements and implement the system.

Providing Information Useful for Daily Life and Promoting Educational Activities

Provision of information that contributes to a healthy and comfortable life

The Lion Comfortable Lifestyle Laboratories proactively communicates with consumers, aiming to provide more information that contributes to a healthy and comfortable life.



Experiment conducted by the Laundry Meister

● Communication with customers using “Lidea,” a website for information used in daily life

Lidea is a Lion’s website for delivering lifestyle information and sharing with consumers delightful ideas (tips and information) that make their daily lives more comfortable and enrich their hearts.

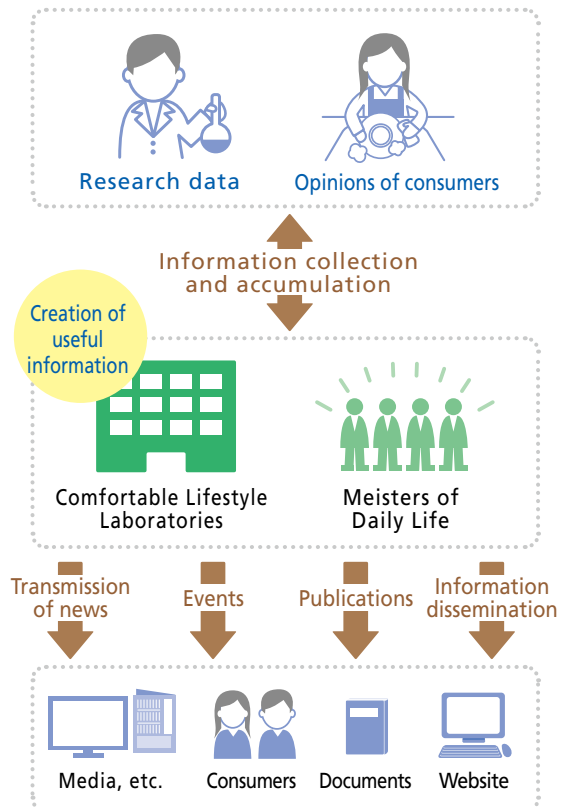
Lidea consists of two kinds of contents, in which accurate information that is useful for consumers’ daily lives is provided mainly by five “Meisters of Daily Life,” specialists with expertise on lifestyle information.

Lidea
くらしとココロに、彩りを。

Lidea Enriching lives and hearts.

Lion Lidea Search

URL <https://lidea.today> (Japanese)



Contents of Solutions for Issues in Daily Life



Meisters of Daily Life show how to resolve questions and problems in daily life.



Contents of Life Entertainment



Proposals on new lifestyles are made and ideas to make daily life fun are provided in collaboration with local government and companies.



Topics

Publication of a CSR communication booklet for consumers

In March 2016, Lion published a CSR communication booklet “What are the Important Things in Daily Life? Let’s Look at Them in Numbers!” aiming to communicate our CSR activities to consumers in an easy and fun manner. Various social issues that are closely related to consumers’ daily lives are indicated with numerical figures, and it is explained that Lion has made efforts to resolve such issues through products, educational activities, and provision of information. In addition, information useful for consumers’ daily lives is placed in the booklet.

We deliver this booklet at a variety of events related to cleanliness, health, and comfort, in which we come into contact with consumers.



What are the Important Things in Daily Life? Let's Look at Them in Numbers! (Japanese)

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

The page on social issue on oral health



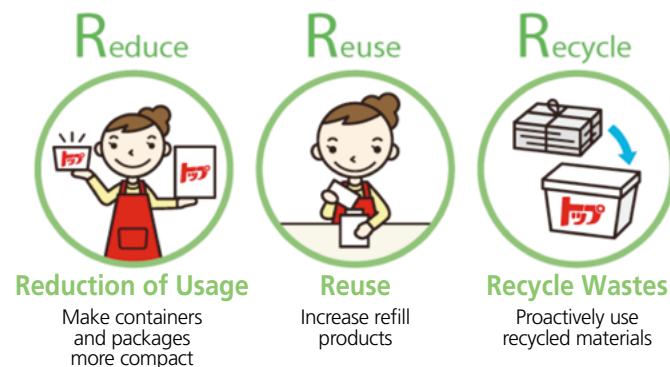
Offering Products and Information that Contribute to the Development of a Sustainable Society

Development of products with less load on the society and environment, and educational activities

As a focus to minimize the number of containers and amount of packaging materials we use, Lion is proactively promoting the 3Rs (Reduce, Reuse, and Recycle). For minimizing containers and packaging materials, we have evaluation items established for each stage of "procurement of packages," "distribution," and "disposal" based on Lion's eco-standard from the perspective of product lifecycle.

Lion's eco-standard (Japanese)

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



Promotion of Environmental Communication through Products

Since 2014, Lion has been attaching an "environmental label" on which an "environmental logo" and environmental explanation are printed to products that fulfill "Lion eco-standard," in order to inform consumers of the importance of environmental considerations through products.

Every Day. For the Earth. (Introduction of eco-friendly products)(Japanese)

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

Example of Environmental Label Attached to Products



"CHARMY Magica" (dishwashing detergents)



"TOP SUPER NANOX" and its refill (super-concentrated liquid laundry detergent)



"TOP Platinum Clear" (powder laundry detergent)

Promoting Information Security

Efforts for protecting personal information and preventing information leaks

In order to thoroughly protect personal information and ensure information security, Lion has established the "Personal Information Management Regulations" which are in conformance with the "Act on the Protection of Personal Information," the "Basic Policy of Our Information Management," the "Information Management Regulations," and the "Information Security Regulations." In addition, 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 2015, with the aim of enhancing internal information management systems, all employees attended e-learning on revision of related rules, risks of social media, information security, and the information management systems.

Lion Group Social Media Policy (Japanese)

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



Introduction of websites

In collaboration with our customers (Consumer Issues)(Japanese) <http://www.lion.co.jp/ja/csr/consumer/>



Ideal Vision

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

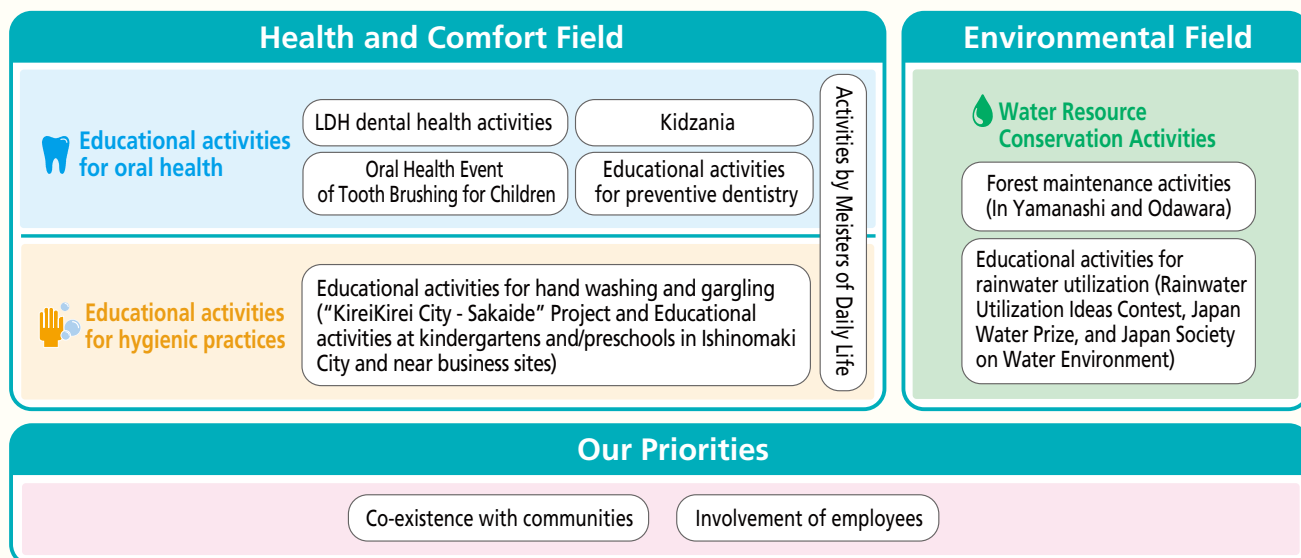
Basic Approach

Championing the spirit of our founder Tomijiro Kobayashi, which is to “contribute to society through business activities,” Lion engages in activities that contribute to a healthy and comfortable society and environment with the aim of being helpful in daily lives creating future value for everyone. As it is necessary to co-exist with the locations of business facilities and other related communities in order to continue our business,

Lion works to solve regional and social issues in cooperation with local residents, government, and citizens’ groups.

In addition, by increasing opportunities for each employee to participate in business-related social and environmental contribution activities, we foster human resources that create new values on the basis of a high level of social and environmental awareness.

● Lion’s Social and Environmental Contribution Activities



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

Supports for water resource conservation, water environment researches, and civil activities (Japanese)

[URL](http://www.lion.co.jp/ja/csr/community/conservation/) <http://www.lion.co.jp/ja/csr/community/conservation/>

Health and Comfort

Along with our provision of products that help build healthy and comfortable living habits, we promote educational activities for oral health and sanitary practices.

Our major activities in this field are as follows: Educational activities for preventive dentistry in which both “professional care” at dental clinics. and daily “self-check” are continuously conducted; Oral Health Event of Tooth Brushing for Children intended for elementary school students; Supporting dental health activities for mothers and children, school children, and the elderly, which are promoted by the Lion Foundation for Dental Health (LDH); and Education activities for hand washing and gargling which are implemented mainly by Lion’s employees.

Environment

As the company’s business is based on its deep relationship with water, we put emphasis on water resource conservation activities such as forest maintenance activities at Yamanashi Prefecture and Odawara City and educating society on environmental awareness through initiatives to use rainwater.

Enhancing Social Contribution Programs to Create Healthy and Comfortable Living Habits

● Educational Activities for Oral Health via Foundation

Lion has been consistently promoting awareness and education activities regarding oral health since 1913 as mandated by our philosophy of “returning profit obtained through 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 of Japan (as it was referred to at the time). In 2010, the Cabinet Office approved the change in the foundation’s status to a public interest incorporated foundation, and LDH commenced operations. Through the three public benefit services shown below, LDH has consistently been coordinating with the Japan Dental Association, universities, and administrations to keep and promote dental and oral health of consumers, and is contributing to society at the forefront of oral health to improve the quality of life of all people. Lion gives full support to its activities.



Three Public Benefit Services 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 health span, 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

The Lion Foundation for Dental Health, a public interest incorporated foundation

URL <http://www.lion-dent-health.or.jp/english/>



Elementary school that participated in an Oral Health Event of Tooth Brushing for Children

● Oral Health Event of Tooth Brushing for Children

The Oral Health Event of Tooth Brushing for Children, started in 1932, is held every year for elementary school children during a week designated as the “week of dental/oral health (June 4th to 10th).” In 2015, a total of approximately 71,100 students of 1,302 elementary schools from across Japan and seven countries/regions in Asia participated in the 72nd event and learned together about “healthy gums” in a very pleasant environment through real-time distribution of images from the hall of the Tokyo Dental Association.

Related information p19

in total About **990,000** participants

● Main Social Contribution Activities of LDH in 2015



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: 69 venues, 70 times

Participants: 1,942 infants and preschoolers and 1,366 parents

in total About 1,140,000 participants



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: 28 venues, 290 times

Participants: 16,115 students, 702 parents, and 828 health teachers

in total About 23,260,000 participants



Activities for oral health promotion for adults (industry)

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

Sites: 243 venues, 497 times **Diagnosed:** 28,326 people

in total About 2,040,000 participants



Activities for oral health promotion for the elderly (From 2007)

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: 15 venues, 24 times

Participants: 691

in total About 10,000 participants



Treatment activities

Implementation of highly-professional and quality treatment and preventive dentistry activities based on the concept of risk control dentistry

Diagnosed: 11,691 people

in total About 1,830,000 participants

The total numbers are integrated values since establishment of the LDH (1964).

Risk Control Dentistry: Customized dental treatment in which care methods are changed according to the risks of tooth decay or periodontal disease of individuals

● Educational Activities for Hygienic Practices

Lion has been working on activities to have proper hand-washing practices take root mainly with the “KireiKirei” brand, aiming at maintaining the healthy and comfortable lifestyles of consumers. Major areas where the activities are conducted are locations of business facilities all over Japan, Ishinomaki City, which is an earthquake disaster area and an area closely connected to our founder, and Sakaide City, where “KireiKirei” hand soaps are manufactured. We conduct the educational activities for hand washing at kindergartens, preschools and public facilities.

We launched the “KireiKirei City – Sakaide” Project in 2014 in cooperation with Sakaide City and Lion Chemical Co., Ltd., the production base of our hand soap, and have pushed ahead with the project aiming at penetration and establishment of the citizens’ hygiene practices.

With a policy of “employees’ voluntarily conducting activities,” Lion is aiming that 100% of employees will participate in hand-washing educational activities by 2050. During the period between 2012 and 2015, 227 employees (9%) took part in the activities. We will contribute to the establishment of clean and sanitary practices.

“KireiKirei City - Sakaide” Project (hand-washing education activities)(Japanese)

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



“Arautan” hand-washing workout
(a character created by Lion that teaches hand washing)



Introduction of websites



Together with Community (Community Involvement and Development) (Japanese)

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

Lion’s Initiatives to Support the Reconstruction Work after the Great East Japan Earthquake (Japanese)

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

Water Resource Conservation Activities

Through “washing,” we have always been deeply involved with water. Lion is actively involved in forest maintenance activities and in the promotion of and education on the utilization of rainwater, which is a familiar water resource, as part of our water resource conservation activities.

Forest Maintenance Activities at the Lion Forest in Yamanashi

Since 2006, Lion has engaged in improving the forest, which is a water source, at the Lion Forest in Yamanashi for the purpose of increasing employees’ environmental awareness. In 2015, a total of 188 employees participated in the forest maintenance activities as part of the new employee training and voluntary forest improvement activities (which took place three times).

Number of employees who participated in the activities **in total 1,096 employees**



Lion Forest in Yamanashi (Japanese)

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

Rainwater Utilization Ideas Contest 2015

The “Rainwater Utilization Ideas Contest” has been held since 2011 with the aim of having elementary and middle school students across the country realize the importance of water by thinking about ways to use rainwater. In addition to honoring individuals for their achievements, a rainwater tank is awarded as a school incentive prize to one elementary school and one middle school that submitted many outstanding pieces.

Total sum of entries **in total 29,532 entries**



Lion Rain's Gift Forum (Activities report on promoting rainwater utilization) (Japanese)

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

Factory Tours

We regard factory tours as an important contact between customers and Lion. In order to have customers feel familiar with Lion’s products and see our operations putting first priority on safety and environmental conservation, we welcome a number of visitors to the factories every year.

Details of Factory Tours in 2015	Plants	Chiba	Odawara	Osaka	Akashi	Total
Number of study tours		82	118	54	77	331
Study tour participants		1,988	2,819	1,531	2,174	8,512



Factory tour at Chiba Plant

Third-Party Review

As mentioned in the Message from the Management, the spirit of “benefiting society through business activities” and CSR management that is conscious about people’s “Health,” “Comfort,” and “Environment” would be greatly significant to allow everyone to live each day leading to a desirable future while solving various issues in the chaotic global situation. In this Lion CSR Report 2016, major issues regarding the entire Lion Group were identified, and the Group-wide activities including overseas companies were reported in such a way that readers can further understand them.

As one of the effective communications, the Report shows activities in each phase of the value chain. It also discloses domestic and overseas group’s achievements of the 2017 medium-term objectives set in the previous year with the relevant pages of the Report and the websites which enables readers to easily understand. With expanded contents on CSR activities in overseas countries, Highlights, and voices from employees in each region, a glimpse of how Lion brings a smile to each consumer by solving issues in their daily lives through its unique businesses can be gained.

As for consumers’ issues, I can see Lion’s efforts to proactively communicate with consumers through “Lidea” and the new CSR communication booklet. While increasing the number of eco-friendly products meeting “Lion eco-standards,” Lion is more actively conducting activities in local communities by providing any generation with more opportunities to take part in, such as the promotion of Toothbrush Recycling Program. As such, the circle of significant activities is getting wider.

Establishment of a special subsidiary to facilitate employment of people with disabilities, and the formulation of “Act for Measures to Support the Development of the Next-Generation Children Phase 5 Action Plan” which requires collaboration with various parties show that Lion puts importance on improving labor practices and employees’ awareness, as well as efforts to create an environment in which each employee can actively work. Lion also discloses the target rate of taking annual paid leave and the target percentage of female managers. It announced that it would aim to have female managers accounting for 15% or more by 2020 in Japan and it reported that support measures therefore have been enhanced. In addition to this Report, I recommend readers to visit Lion’s website on which relevant detailed information and voices of employees appear, in order to deepen their understanding about the activities.

For “Eco Vision 2020,” bearing fruits such as reductions in greenhouse gas emissions and water consumption through business activities, the Group-wide efforts can be highly appreciated. I would recommend Lion therefore to review approaches to achieving the current goals and reset higher targets.

From a viewpoint of risk management, countermeasures against CSR issues should be taken before problems happen, just like “preventive dentistry,” in order to prevent environmental and social problems from occurring due to people’s and corporate business activities. While it may not be easy to comprehend and report the situation of some points in complicated value chains especially in overseas countries, I expect Lion to enhance CSR procurement of sustainable raw materials, as well as confirmation and implementation thereof.

Companies that continue to provide new, valuable and necessary services to society through their business have significant impacts. Human health is also related to health of the earth. As a first step toward “Changes beyond Changes” which allows people around the world to stay mentally and physically healthy, it is wonderful that all employees can have more opportunities to take on a challenge, for example, by the introduction of “Lion Challenge Cup-Innovation,” in which they can directly offer proposals to the management.

As ethical consumption has been recently one of the major topics in CSR, I suggest that products’ values be improved from various angles and that such improvement be communicated to consumers, through manufacturing safety and reliable products in a broad sense, not only taking into account quality but also ecological and ethical viewpoints from the phase of planning and developing products.

As a matter of fact, it might be a kind of miracle to live each day. It goes without saying that Lion’s products that gently support us every day are part of our daily lives. Until such products reach us, the natural environment and various people that we do not directly touch or see exist in the background of the developing and manufacturing process.

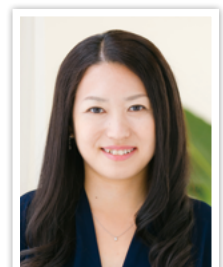
In CSR activities, companies are required to know the facts and take action, considering not only each stakeholder and the surrounding environment, but also the world beyond them. I expect that Lion’s hope, to approach each day in a positive and proactive manner, will promote among all the people of the world who value the quality of day to day life.

Environmental Expert,
Ethical Life Advisor

Manami Yamaguchi

Representative Director of FEM Co., Ltd
Chairperson of Environmental Business
Research Institute

Director of Research Network for the
Future of Woman and Agriculture



From Lion

The origins of Lion's approach to CSR can be traced to our founding spirit of "Benefitting Society through Business Activities." Championing the spirit as our DNA, we are aiming to contribute to continuous social development by pushing ahead with business activities under our management vision. In order to realize this, with major CSR issues identified, we are conducting activities in light of the medium-term objectives in conjunction with the management plan. We have disclosed results of the Group-wide medium-term objectives for 2017 including domestic and overseas companies, which has been evaluated favorably in the Third-Party Review. We will continue to conduct our initiatives.

It was pointed out that improvement in comprehension and reporting about the situation is critical in order to prevent environmental and social issues from occurring in corporate business activities, especially in overseas value chains. Lion has made efforts to achieve the objective of "all palm oil derivatives purchased to be RSPO certified." In addition to enhancing measures using such an external mechanism, we will further encourage our business partners to participate in CSR activities by evolving the system of self-check for promoting CSR, which is presently conducted by outsourcing contractors and material suppliers.

It was also pointed out that it is important to manufacture products from an ethical viewpoint and inform it to consumers. To communicate with consumers through products, Lion has attached an environmental logo with environmental explanation on packages of

eco products meeting our voluntarily established environmental standard, so that consumers can select eco products. Furthermore, efforts have been made to increase consumers' interest through various contacts, such as publication of a booklet that explains social and environmental issues in consumers' daily lives in an easy-to-understand way. We will manufacture products which will help to solve social and environmental issues throughout the life cycle, and continue to provide relevant information to consumers.

We received high evaluations on many of our efforts, including proactive CSR communication with consumers, providing various opportunities with employees to work actively, and the results of environmental management based on "Eco Vision 2020." We will continue to conduct activities to protect healthy and comfortable lifestyles toward desirable future for everyone, and aim to solve social and environmental issues through dialogues and cooperation with stakeholders.



Director in charge of CSR

Kenjiro Kobayashi

Editorial Note



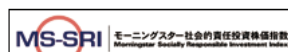
The major social responsibility that the Lion Group should fulfill is to make a contribution to solve social and environmental issues in daily life through products, educational activities, and provision of information, so that people in Japan and other Asian countries can lead healthy and comfortable lives for their entire lifetime. In the "2015 Highlights," we introduced educational

activities for oral health in Japan and overseas countries and promotion of the toothbrush recycling program as typical activities to fulfil the social responsibility.

We hope that you will develop a deeper understanding of Lion through information on our CSR website and "Lidia," a website for lifestyle information used in daily life.



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