

The cool water in the river feels so nice!

CSR Report 2011



Clean and cool! It feels so good!

Editorial Policy

Lion views its CSR Report as an important tool allowing the Company to communicate its CSR initiatives and draw on stakeholder opinions while furthering corporate activities. CSR Report 2011 details adhere to the following editorial policy.

- The role of CSR communication tools was reaffirmed by opinions voiced in the "Third-Party Review" of *CSR Report 2010* and the Stakeholder Dialogue. Lion aims to provide stakeholders a choice of tools in consideration of their objectives, focusing on the coverage, the message (Lion's unique CSR activity), and the appearance (easy-to-understand at the intuitive level).
- The *CSR Report* explains Lion's approach to CSR and reports on activities during 2010, primarily CSR initiatives undertaken through business activities. Coverage is expanded on the Company's website.
- Lion celebrates its 120th anniversary in 2011 and two special features "Culture Bearer for Oral Hygiene" and "Culture Bearer for Cleanliness" look at the history of the Company's contribution to society through business, and provide insight into future activities.

- Third-party reviews by outside experts have been included to provide an objective assessment of the report.
- The booklet has been certified as a Color Universal Design and compiled to reach as many people as possible in an easy-to-understand manner (Japanese only).

- The Environmental Reporting Guidelines (2007) of the Japanese Ministry of the Environment and the Sustainability Reporting Guidelines (2006) of the Global Reporting Initiative (GRI) were referenced during compilation and editing of the report.

- All pages of the report and past reports are available on Lion's website (the GRI Content Index is also provided).

URL http://www.lion.co.jp/en/csr/html/soc_csrf.htm

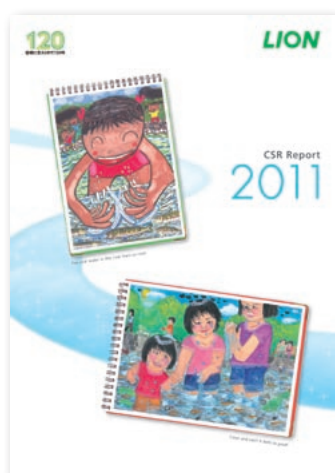
- Lion publishes a Site Report that introduces the environmental activities of each individual business location for residents living in vicinity of our facilities and plant tour participants.

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

Environmental data for overseas plants is available on the Company website.

URL http://www.lion.co.jp/en/csr/html/soc_csrf.htm

CSR Communication Tools



CSR Report

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



Website (CSR Section)

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

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

【Coverage】

Social aspects of this report deal mainly with Lion Corporation.
Environmental data coverage extends to the entire Lion Group.

Lion Group

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

【Period Covered】

January 1-December 31, 2010

(In places, activity reports refer to 2011 initiatives.)



Eco Leaflet

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

CONTENTS

Corporate Data	2
Message from the President	4

Lion and CSR	6
Stakeholder Dialogue	9
Special Features	10

Special Feature 1: Culture Bearer for Oral Hygiene	10
Special Feature 2: Culture Bearer for Cleanliness	14

CSR Management	18
-----------------------------	-----------

Corporate Governance / Establishment of Internal Control Systems /
Risk Management / Information Security / Promoting Compliance

Customers and Lion	20
---------------------------------	-----------

Maximizing Customer Satisfaction / Approach to Safety and Reliability /
Responding to VOC

Employees and Lion	24
---------------------------------	-----------

Approach to Utilization of Human Resources / Human Resource Diversity
/ Promoting Work-Life Balance / Human Resource Development /
Employee Health Management / Safety and Disaster Prevention Initiatives

Shareholders/Investors and Lion...	30
---	-----------

Information Disclosure and Communication

Business Partners and Lion	32
---	-----------

Realizing Sustainable Procurement / Evaluating Raw Material Suppliers
from a CSR Perspective / Fair Transactions with Manufacturing Partners
/ Teaming Up with Competitors on Delivery / Working with Wholesalers
and Retailers on Store Presentations

Society and Lion	34
-------------------------------	-----------

Lion's Social Contribution Activities / Promotion of Skywater Harvesting
/ Lion Forest in Yamanashi — A Five-Year Review / Social Contribution
Activities (2010) / Activities of Lion Foundation for Dental Health /
Contributing to Society through Products

The Environment and Lion	38
---------------------------------------	-----------

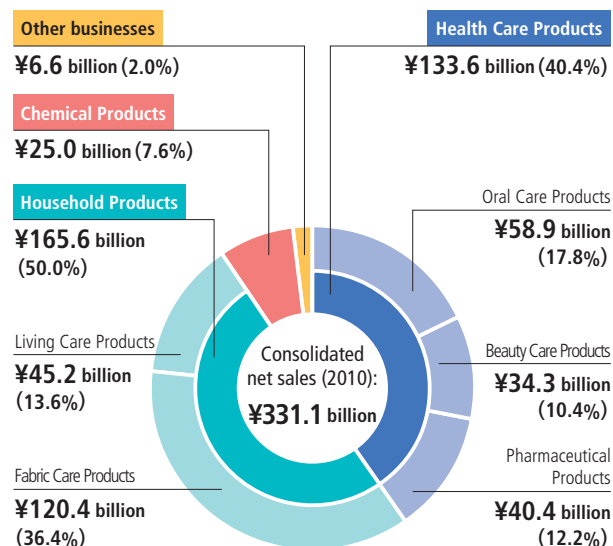
Reducing Greenhouse Gas Emissions	44
Effectively Using and Recycling Resources	45
Considering the Environment from a Product-Oriented Perspective...	46
Appropriately Handling Chemical Substances	50
Fostering Environmental Awareness within the Lion Group and Environmental Communication	51
Biodiversity Initiatives	52

Third-Party Review	54
Editorial Note	55

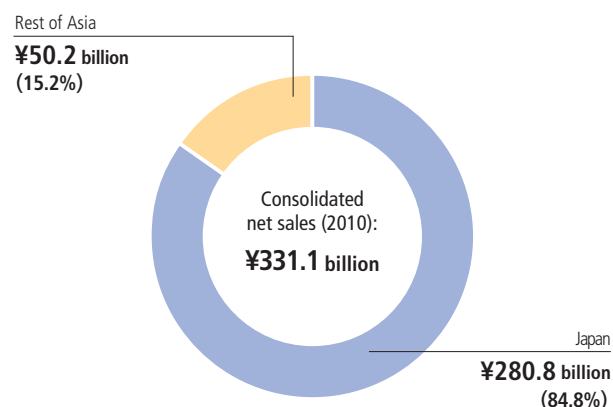
Corporate Data

Corporate Name	Lion Corporation
Address	3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan
Foundation	October 30, 1891
Capital	¥34,433.72 million (as of December 31, 2010)
President	Sadayoshi Fujishige
Employees	Consolidated: 5,972 Non-consolidated: 2,456 (as of December 31, 2010)
Net Sales	Consolidated: ¥331,100 million Non-consolidated: ¥255,760 million (for the term ended December 2010)
Plants	Chiba Plant (Ichihara City), Odawara Plant (Odawara City), Osaka Plant (Sakai City), Akashi Plant (Akashi City)
Research Facilities	Hirai (Edogawa-ku), Honjo (Sumida-ku), Odawara (Odawara City), Fukushima(Yabuki-cho)
Sales Offices	Sapporo, Sendai, Tokyo, Nagoya, Osaka, Fukuoka

● Net Sales Breakdown by Business



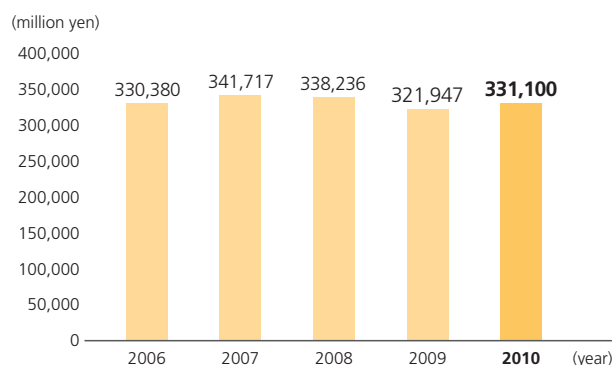
● Net Sales Breakdown by Location



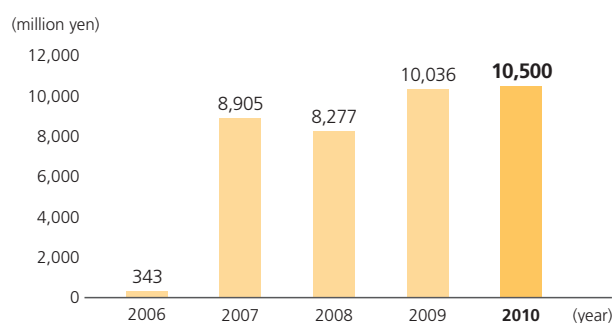
* National and regional categories are based on geographical proximity.
* Major countries in Asia other than Japan are, Thailand, Korea, and China.

● Financial Summary (Consolidated)

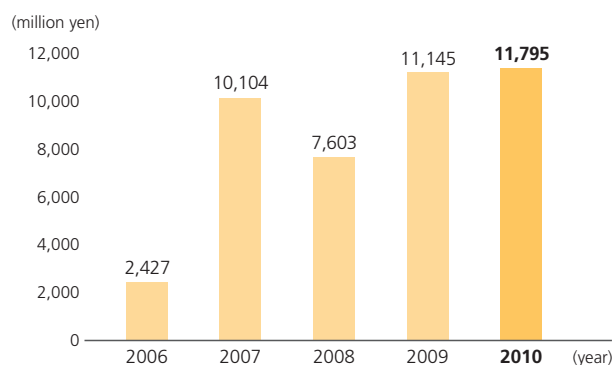
Net Sales



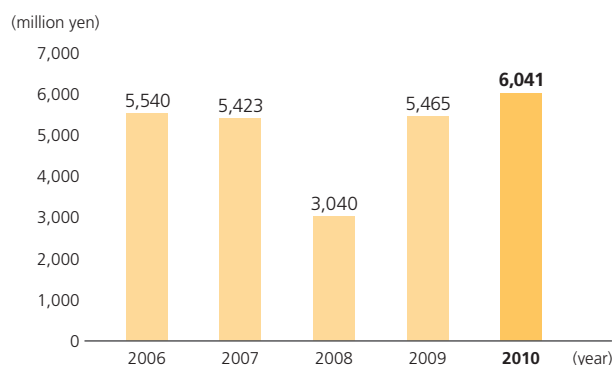
Operating Income



Ordinary Income



Net Income



● Main Lines of Business

Health Care Products	Oral Care Products Advanced oral care products to help customers stay healthy  <p>Main Product Categories Toothpastes, toothbrushes, mouthwashes, and other dental products</p>
	Beauty Care Products Hair and skin care products for health and comfort of body and mind  <p>Main Product Categories Shampoos, conditioners, hair-styling products, hair-nourishment treatments, hand soaps, body washes, men's cosmetics, and antiperspirants</p>
	Pharmaceutical Products A well-rounded range of brands to meet growing self-care needs  <p>Main Product Categories Analgesics, cold remedies, eye-care products, gum disease treatments, denture products, anti-inflammatory poultices, gastrointestinal medicine, skin-care products, fever cooling sheets, tonics and nutrients, insecticides, and prescription drugs</p>
Household Products	Fabric Care Products Products you can relax with for keeping your clothes clean and making them a pleasure to wear  <p>Main Product Categories Laundry detergents, fine clothing care products, pre-care products, bleaches, fabric softeners, and maintenance products</p>
	Living Care Products Products useful for clean and comfortable living and dining  <p>Main Product Categories Dishwashing detergents, household cleaners, and cooking aids</p>
Special Sales	Custom products tailored to meet individual needs  <p>Main Product Categories Novelty items, gift items, and mail order items</p>
Chemical Products	Performance chemicals based on interface science for a safe, sound, and clean global environment  <p>Main Product Categories Surfactants, fatty acid nitrogen derivatives, glycerin, fatty acid methyl ester, and electro-conductive carbon</p> <p>Surfactants Precision parts cleaner and target items Conductive carbon and application products</p>

Lion's CSR Activities Endorse a New Brand of "Happiness"

A Society Offering Spiritual Richness and Security

The Great East Japan Earthquake on March 11, 2011 caused immeasurable damage like nothing we have ever experienced before. I take this opportunity to offer prayers for the deceased and extend my heartfelt condolences to all victims.

Lion was also affected, suffering damage to products which had moved around inside warehouses, and partial damage to plant facilities. Lion produces numerous necessities for living within toiletry, over-the-counter drug and functional food business segments, and as such bears a social obligation to supply those products. We had to embark on an all-out recovery effort and by the end of April had almost completely restored frameworks for supplying products.

To hard-hit communities we provided relief funds and supplies, including hygiene products, toothpaste and detergents, to the value of ¥100 million. Lion will continue to provide support through the provision of products and cooperation with volunteer activities. And in anticipation of power shortages in Japan this summer, Lion has moved quickly to enforce power-saving measures, which include in-house generation of power at plants and overhauling the working week for offices.

Japan now needs to look ahead to the future and try to build a society resilient to disasters, where people feel secure and live in harmony with the environment. So rather than restore everything to its earlier state, we should instead focus on new community creation. "Resilient to disasters" is anticipating and ensuring readiness for all kinds of risk by establishing robust systems and frameworks. "Harmony with the environment" means a safe and secure recycling-oriented society achieved by keeping earth, water and air clean.

Founded in 1891, Lion marks its 120th anniversary this year, and for that we must thank everyone with an involvement of interest in our activities. For 120 years, Lion has engaged in business based on a strong commitment to society in keeping with the Company Motto, "Fulfilling a Spirit of Love." We have been consistent in our desire to serve society followed up through lifestyle recommendations and innovative ways



to convey information.

Lion believes our service to society is required now more than ever. We will undertake a fundamental review of corporate activities, rebuilding our product development framework and business systems as we set out to create a society where people feel secure.

Lion's Corporate Social Responsibility (CSR)

Support for the well-being of humans and nature

Lion's role is to help create a sustainable, recycling-oriented society offering spiritual richness through our support for human comfort and nature's comfort. Health, comfort and the environment are the key concepts of our three visions — becoming the number-one company in the new comfortable lifestyle support industry; becoming a leading company in environmental friendliness; and building a dynamic corporate culture.

Following the Great East Japan Earthquake, people are likely to place greater priority on the *quality* of life. They will seek not only physical health, but to stay healthy in body and mind supported by family and social bonds; and not just temporary comfort, but sustainable, environmentally-friendly lifestyles.

Lion has accumulated a wealth of experience over the past 120 years as a culture bearer for oral hygiene and cleanliness, and I am certain that by continuing to put forward lifestyle recommendations based on new values, anticipating changes in mentality and behavior, Lion can achieve sustainable growth.

A Leading Company in Environmental Friendliness

In 2010, Lion set new environmental targets. Our CO₂ emissions reduction targets are 30% or more by 2012, and 40% or more by 2020, compared to the 1990 level, and progress has been good with targets for 2010 achieved. Lion is also increasing use of plant-based ingredients — we were the first in the world to industrialize use of detergent ingredients made from palm oil (MES) and coconut oil (MEE) — and introducing them to markets around the world. Lion products are developed in line with the Lion Eco Standards, our aim being to create products that allow customers, in their daily lives, to help protect the environment, by saving

water for example.

Lion's business also has an inherent link to water and we are putting effort into the protection of water resources. We have been maintaining forests in the city of Yamanashi since 2006 as a way to protect water resources and commenced biodiversity surveys in 2010. This year, 2011, is International Year of Forests.

Human Resource Diversity

If Lion is to fulfill its role in the creation of a society where people feel secure, each and every employee has to be able to fully demonstrate their talent. This is an age of diversity, and looking at the Lion Group as a whole we see the employee makeup has changed in terms of age, gender, nationality and employment style. For the Lion Group to grow even more, or simply because our business is closely tied to people's daily lives, it is crucial that everyone in this diverse work force is able to work with enthusiasm and vitality. Lion will make an all-out effort to diversify human resources so we can make great strides as a company where individuality abounds and vitality overflows.

Future CSR Activity

Lion is focusing increasingly on markets outside Japan, especially in Asia where we aim to be the number-one company in oral care and laundry detergent businesses.

In 2009, we declared support for the United Nations Global Compact. Our support is ongoing and we will be looking to enhance CSR efforts in Japan and overseas.

Lion places high value on CSR communication and we will continue meeting the needs of society through prompt information disclosure and dialogue with stakeholders while aiming for continued growth as a corporation.



Sadayoshi Fujishige
President and Chief Executive Officer

Business Activities Supporting Healthy, Comfortable and Sustainable Life

Lion's CSR Approach

The origins of Lion's approach to CSR can be traced to the Company's founding spirit of working for the benefit of people and society. This spirit lives on today, 120

years later, in the Company Motto. We believe it is our social responsibility to support healthy, comfortable and sustainable life through our business activities, with each and every employee acting in accordance with the Company Motto and the 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.

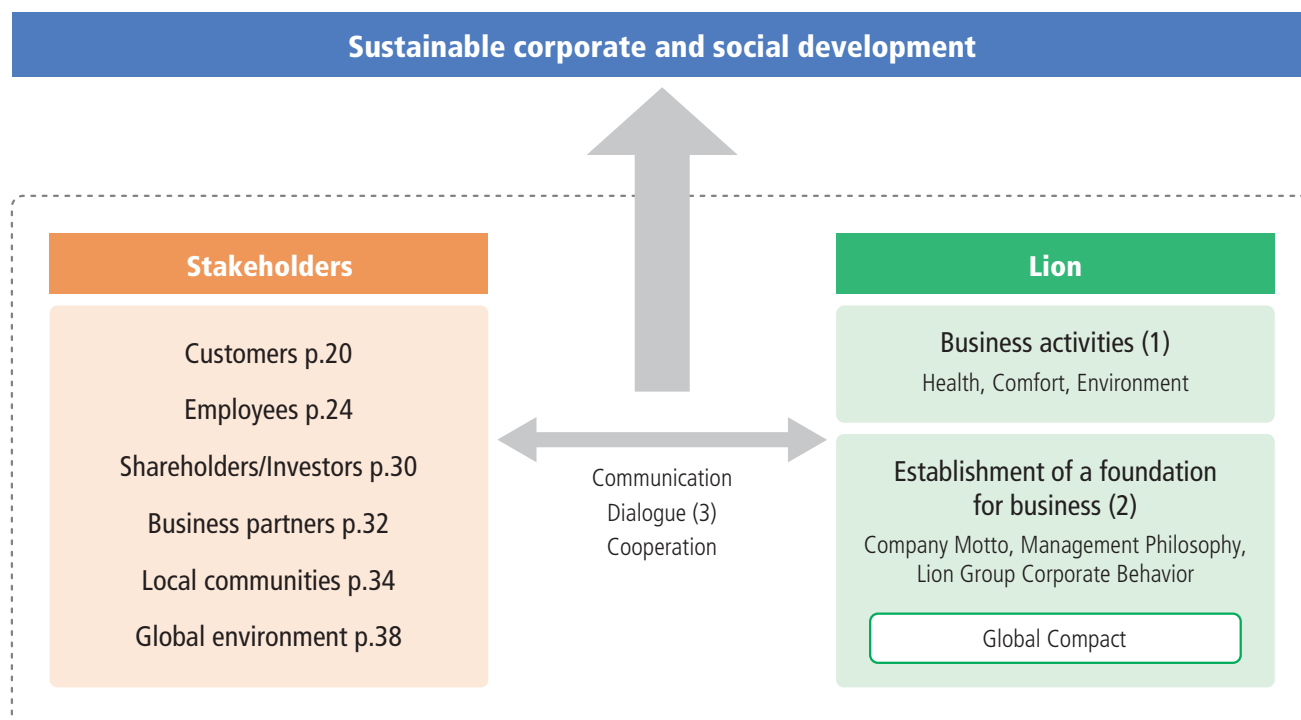
Lion Group Charter for Corporate Behavior

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

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

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

● CSR Framework



Business activities (1)

Business activities supporting healthy, comfortable and sustainable life are the basis of Lion's corporate social responsibility. Celebrating the 120th anniversary of its founding in 2011, Lion has long been a culture bearer for oral hygiene and cleanliness, assisting healthy and comfortable living through the development of lifestyle practices such as tooth brushing, laundry, dishwashing, and the washing of vegetables. Consumers are beginning to value spiritual richness over material wealth — "health" refers to the mental as well as the physical, while "comfort" is experienced as a positive outlook on life and living, not just in terms of our physical senses. Lion emphasizes consistent performance of good lifestyle habits as a means to attaining sound body and mind, and comfort, which extends to one's social and environmental well-being. To mark Lion's 120th year, *CSR Report 2011* contains a special feature summarizing past and current initiatives (see pp.10-17).

Establishment of a foundation for business (2)

Lion's CSR approach is based upon the Company Motto, Management Philosophy, and Lion Group Charter for Corporate Behavior. Lion has also been participating, since 2009, in the United Nations Global Compact, an international framework for promoting sustainable growth. This is an opportunity for Lion to assume even greater responsibility and leadership, and we are advancing activities in order to fulfill the 10 Principles. Efforts are also being made to enhance corporate governance and compliance the foundations for CSR management — to ensure we have the trust of society (see p.18).

Dialogue (3)

Customers, employees, shareholders and investors, business partners, local communities, and the global environment are our stakeholders. By responding to society's needs through information disclosure to stakeholders and dialogue, Lion aims for sustainable development of the Company and society.

Lion views dialogue with stakeholders as a valuable opportunity to contrast corporate direction against the

needs of society and confirm we have the sense of balance of a good corporate citizen. Opinion exchange takes numerous forms.



Plant tour
(Odawara Plant)

● Selected Events Involving Dialogue with Stakeholders (2010)

Stakeholders	Event	Related pages
Customers	• Stakeholder Dialogue	P9
Employees	• Labor-Management Meeting	—
Shareholders and Investors	• Interaction with directors at shareholders' meeting • Participation in events for investors	P30 P31
Business partners	• Lion-kai general meeting • Lion Marketing Communication 2010	P33
Local communities	• Plant tour • Events at individual business locations	P36
Global environment	• Participation in environment-related events • Environment-related dialogue with communities	P51

* "Global environment" refers to dialogue relating to environmental protection.

Lion's CSR Activities and Issues (2010)

Category	Objectives	Major Activities
Management	See p.18-19	
Customers	<ul style="list-style-type: none"> • Ensure two-way communication • Strengthen quality assurance systems for overseas products • Substantiate customer perspectives 	<ul style="list-style-type: none"> • Strengthened CSR communication through cooperation between corporate communication divisions (e.g. Stakeholder Dialogue (p.9); participation in Eco-Products fair (p.51))
Employees	<ul style="list-style-type: none"> • Establish good working environments • Secure diverse human resources 	<ul style="list-style-type: none"> • Achieved targets of Next Generation Support Act Phase 3 Action Plan (p.26)
Shareholders and investors	<ul style="list-style-type: none"> • Increase number of long-term shareholders • Increase number of individual investors 	<ul style="list-style-type: none"> • Held briefings for individual investors (approx. 1,700 investors in total) (p.30) • Received two awards for investor relations website (p.30)
Business partners	<ul style="list-style-type: none"> • Promote CSR procurement 	<ul style="list-style-type: none"> • Continued implementation and analysis of business partner questionnaire (p.32)
Society	<ul style="list-style-type: none"> • Foster awareness of oral health • Strengthen nature protection activities 	<ul style="list-style-type: none"> • Increased number of schools participating online in Mass Tooth Brushing Exercise for School Children (p.36) • Added biodiversity aspect to forest maintenance activities (p.35)
Environment	See p.38 onward	

Issues

In 2010, Lion primarily set out to achieve main objectives established for each stakeholder category. Issues remain in regard to initiatives for major objectives, particularly overseas; for example, targeting customers — strengthening quality assurance systems for overseas products and substantiating customer perspectives — and business partners — encouraging responses from questionnaires and fully enforcing procurement principles.

Approach

The first international standard relating to social responsibility, ISO 26000, was released in November 2010. Lion's current CSR activities conform, and will continue to conform, to stances taken in this standard. Lion intends to use ISO 26000 as a checklist for taking stock of the Company's CSR activities relating to seven core subjects — corporate governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development — as a way to determine the current status of initiatives and identify issues that need to be addressed.

What Are Some CSR Activities that Customers Expect Lion to Pursue?

Purpose

Lion has held the Stakeholder Dialogue since 2008. In 2009, dialogue on safety and reliability was held with experts in the area of consumer lifestyles. The need for greater information disclosure and better communication was recognized and we are pushing ahead with related efforts.

In 2010, we invited customers, who are highly valued stakeholders, to tour a Lion facility, learn about our environmental protection and social contribution initiatives, and offer their opinions on our CSR activities.

Selected Opinions

- I learned a lot and found it very interesting. It gave me assurance and a sense of affinity with Lion.
- I enjoyed learning about Lion's activities.
- Lion is making an effort and should do more to communicate this. You need to enhance information disclosure via TV and your website.
- I hope Lion continues this event. I would like to take part again.

Response to Feedback

From this year's Stakeholder Dialogue, we realized customers are very interested in environmental protection and social contribution activities conducted through products and customer interaction. But we also discovered that activities have not been adequately communicated to customers. Our response has been to upgrade the CSR section of Lion's website, which is a vital medium for communication. Previously based upon the content of the *CSR Report*, we have tried to make the website's CSR section visually more accessible for people who are not necessarily experts. Besides further enhancements to the website, we are looking to strengthen communication with customers through appropriate outlets, including e-mail newsletters, TV commercials and stores.

Outline

Date: December 4, 2010

Venue: Lion Corporation (Hirai Office)

Participants:

65 customers who are readers of the *Lion Letter* e-mail newsletter (male or female, aged up to their 70s, and mainly women aged in their 30s to 50s)

Schedule:

- (1) Tour of the Communication Center
- (2) Explanation of environmental protection and social contribution activities
- (3) Customer ranking of activities that Lion should pursue (questionnaire)
- (4) Q&A and summary

Participants from Lion:

Corporate Communication division (CSR Promotion Department, Customer Center, Public Relations Center), Research Planning and Administration Department of Research and Development Headquarters

- Themes:**
- CSR communication: Collect and distribute about CSR activities, etc.
 - Environmental protection activities: Eco Lion activities, etc.
 - Oral health: Social contribution activities relating to oral health, etc.



Experiment demonstrating the solubility of active ingredients in *BUFFERIN* cold medicine



Inspecting the rooftop biotope



Explanation of environmental protection and social contribution activities



A draw was held to give away Lion-chan mascot merchandise

Special Feature 1

Culture Bearer for Oral Hygiene

——From Oral Hygiene to Systemic Health, Japan to the Rest of Asia——

Oral hygiene is Lion's core area of business. Over the years, we have developed many dentifrices providing new value for Japanese people to match changes in their lifestyles.

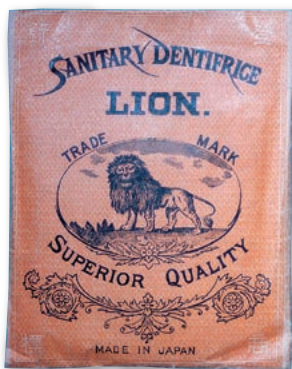
Alongside development, effort has also been directed into communication. Lion has helped to promote good health among Japanese people by working to entrench tooth brushing habits, providing them with correct information about teeth and oral hygiene. The story of

Lion's efforts to communicate information about oral health closely follows the history of the Company's dentifrices and other oral care products.

Together with the history of Lion's business, this special feature provides insight into activities that Lion, as a leading company in oral care, has carried out to promote oral health among Japanese people, and outlines a direction for future activities.

Founding

Promoting Oral Hygiene



Lion Toothpowder



Promotional activities by this musical troupe were the precursor to the use of songs in Japanese TV commercials.



Charity coupons printed on the back of the packet

Western dentifrices were first introduced to Japan and manufactured on a large scale around 1872. From 1895, living conditions began to dramatically transform. Dietary habits also changed, but while more people were taking an interest in oral hygiene, dentifrices were not necessarily satisfactory. Consumers and stores wanted products that were of good quality and cheap.

● Development and launch of high-quality, low-cost *Lion Toothpowder*

Consulting reference books, company researchers worked night and day studying the ingredients and content ratios of dentifrices collected from across Japan and the world, and after much trial and error, they managed to create a new product in 1896.

● Musical troupe undertakes promotion

In 1898, a musical troupe was formed to distribute tooth powder samples and call attention to its quality. Parades were held across Japan. This ambitious effort helped spread word about *Lion Toothpowder* and sales gradually expanded with backing from provincial distributors.

● Social contribution activities through products

Packets of *Lion Toothpowder* with charity coupons printed on the back — the Company's original social contribution activity — went on sale in 1900. Customers could send coupons to a charitable organization of their choice, such as an orphanage, and Lion would provide a donation according to the number of coupons received. The aim of the program, which continued for 20 years, was to foster the idea of charitable giving among citizens and help establish a permanent foundation for charity projects.

● Establishment of a production system

In 1897, the Koishikawa Factory replaced the original Shinjuku Factory as the main plant for dentifrice manufacturing and by 1907 had a reputation as one of Japan's leading dentifrice plants. The plant produced dentifrice of world-class quality and was often visited by inspection parties from overseas.

Growth

Teaching Tooth Brushing Habits from a Young Age

Understanding it important for the prevention of caries to acquire tooth brushing habits from an early age, Lion commenced dental examinations and educational activities (provision of information). These activities evolved into current activities of the Lion Foundation for Dental Health.

● **Kodomo Toothpowder for children launched**

In 1913, Lion launched *Kodomo Toothpowder*, Japan's first dentifrice for children available nationwide.

● **Educational activities for children**

In addition to children's favorite colors and flavors, ways to appeal to the minds of children using supplements like picture books and educational cards were thoroughly researched. To mark the development of seven sizes of toothbrush for infants to elementary school children, a calligraphy competition was held and some 500,000 submissions were received from across Japan. The initiative helped entrench habits featuring in the submissions such as brushing teeth before going to bed.

● **Establishment of the Lion Dental Clinic for Children**

In 1921, the Lion Dental Clinic for Children — Japan's first — was established with the objective of enforcing tooth brushing and caries prevention among children. Besides dental examinations, the clinic worked to promote implementation and understanding about oral hygiene through training courses for oral hygienists (dental hygienists) who would enlighten and spread information about oral hygiene activities.



Educational card included with *Kodomo Toothpowder* for children



A supplement picture book that comes with the product. This is the root of how Lion promotes implementation and understanding about oral hygiene that can be easily understood by children.



Lion Dental Clinic for Children



Educational activities through Lion Health Car

Lion Foundation for Dental Health* Caries Prevention Initiatives for Children (Establishment in 1964-March 2011)

*Established as an incorporated foundation. A public interest incorporated foundation since 2010.

Mass Tooth Brushing Exercise for School Children

1932-March 2011
(Originally the Mass Tooth Brushing Drill for Children)

67 occasions

740,050 participants* in total

*Total number of children

Oral Health Activities for Mothers and Children

1964-March 2011

1,101,689 participants*
in total

*Total number of children and parents

Oral Health Activities at Kindergarten and Schools

1964-March 2011

23,087,501 participants*
in total

*Total number of children, parents and supervisors

Mass Production

Delivering World-Class Products to All Japanese Citizens



White & White



Odawara Plant in 1964

Amid internationalization and trade deregulation, Lion set out to produce world-class quality toothpaste. Expanding the target market, the Company sought to reduce costs through high-volume production and sales.

● Production system enhancement

The production system was deemed insufficient for providing products throughout Japan and new plants were constructed — Odawara Plant (1964) and Akashi Plant (1969). State-of-the-art automation equipment was incorporated into production lines.

● Development of easy-to-use packaging

White & White, a product for making teeth shine and preventing staining, was introduced in 1970. This toothpaste was sold in a revolutionary laminated tube that retained quality over long periods and was easy to use right to the end.

Expansion

Promoting Oral Health with Science and Greater Scope



Clinica

Oral health problems increased with the diversification of people's lifestyles from the 1960s. With a third of Japan's population said to contract pyorrhea, people began to seek different qualities in their toothpaste. Products based more upon scientific research were required.

● Product development based on oral health problems

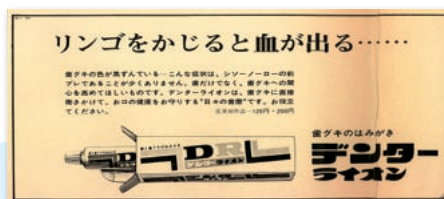
Lion launched one new product after another, including *Dentor* (1964), for prevention of pyorrhea, *Clinica* (1981), containing enzymes for breaking down plaque, and the *Dentor Systema* series (1993), for prevention of periodontal disease.

● Provision of information through advertising

General knowledge about pyorrhea, plaque control, periodontal pockets, and other aspects of oral hygiene improved as Lion conveyed information through product advertising.



Dentor



"Do your gums bleed when you bite an apple?" The advertisement for *Dentor* told customers how to check for pyorrhea.

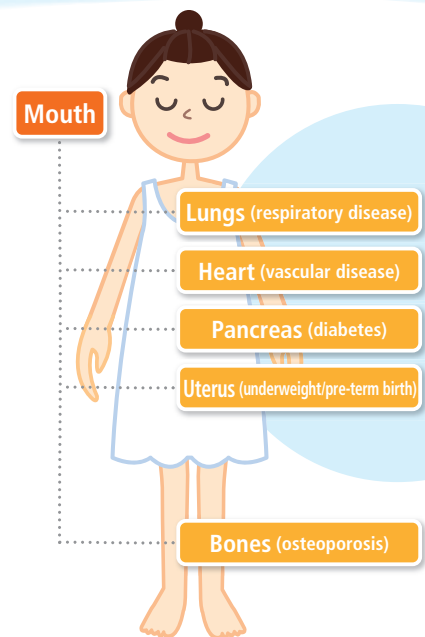


The Dentor Systema series

Future

From Oral Hygiene to Systemic Health

Bearing responsibility to promote oral hygiene, Lion has helped to establish tooth brushing habits and reduce caries cases among children in the 115 years since introducing its first dentifrice product. Because it has recently been revealed that periodontal disease influences systemic illnesses such as diabetes and arteriosclerosis, we now look to actively incorporate knowledge relating to oral hygiene and systemic health into product development. Lion also aims to deliver new value, contributing to healthy smiles, healthy eating and a positive outlook on life through healthy mouths.



From Japan to the Rest of Asia

In the rest of Asia, however, there are still many regions where tooth brushing habits are not well established. Tapping experience from promoting oral hygiene in Japan, Lion aims to do the same across Asia and become the number-one oral care company in the region.



Toothbrush and toothpaste donations to Asian countries

Supported by Lion

Aims of the Lion Foundation for Dental Health (LDH)

Lion has been carrying out oral health activities since the Taisho period (1912-1926). LDH took over these educational activities in 1964. In addition to promotion of tooth brushing habits and education about caries prevention carried out since establishment, LDH has expanded the scope of activities to include prevention of periodontal disease and now strives to promote the oral health of consumers in all life stages, from infants through to the elderly. In recent years, the importance of maintaining a healthy mouth has been emphasized by the spread of the 8020 Movement* and revelations about the relationship between periodontal disease and systemic health.

LDH aims to raise awareness about the vital role mouths play in our lives — for eating, talking and smiling — and implements activities under the “Ken-Ko-Bi” concept, stressing that maintaining a healthy body and mind begins with the mouth.



* The 8020 Movement urges people to look after their mouths so they will still have 20 teeth when they are 80 years old.

Taking LDH's Oral Health Activities to the World

Oral health activities teaching matters such as the importance of tooth brushing and the prevention of dental conditions have international appeal—many people are in need of oral health guidance.

LDH has acquired a wealth of know-how and skills relating to oral health throughout a long history of oral

health activities. The foundation believes this expertise would benefit the oral health of people all over the world.

LDH plans to use the skills and know-how developed through oral health activities in Japan to actively pursue activities overseas and contribute to the promotion of oral health particularly among people across Asia.

Special Feature 2

Culture Bearer for Cleanliness

—From Human Comfort to Nature's Comfort, Japan to the Rest of Asia—

Lion supplies many kinds of detergent, including laundry detergents like *TOP*, as well as soaps, shampoos, and household cleaners.

Over the 120 years since the Company's founding, from the days when notions about hygiene were weak through to the present day, we have helped instill a culture of cleanliness in society through the provision of products and educational activities.

This special feature explains how Lion's products have addressed the various issues that surface as society develops, how they have contributed to the development of a culture of cleanliness, and the kind of initiatives Lion has in store for the years ahead.



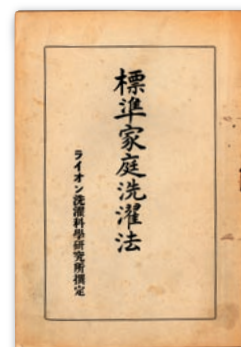
1891 (Founding)-1940s

Washing with Detergent (Early Notions About Hygiene)

The Company sold its first soap product in 1893. In 1920, we introduced the plant-derived laundry soap, Plant-Derived Lion Laundry Soap with its superior detergency and light odor. This was the first time in Japan that plants were used as a raw material for soap, and "plant-derived" used as a selling point.



From the 1920s, laundry demonstrations were held around Japan; laundry was not yet a common practice at the time. In 1937, the Company published a manual on Standard home laundry procedures, written from a scientific perspective, and it was used as a text in a number of girls' schools. Ever since, Lion has conducted educational activities, teaching laundry techniques from a scientific perspective, to help promote laundry as a practice (see p.17).



In 1951, Lion launched Japan's first fatty alcohol-based synthetic detergent, *Lipon*. Enabling easy rinsing, *Lipon* was introduced as a versatile detergent that could be used for laundry, dishwashing and many other purposes.



1950s

1960s

1970s

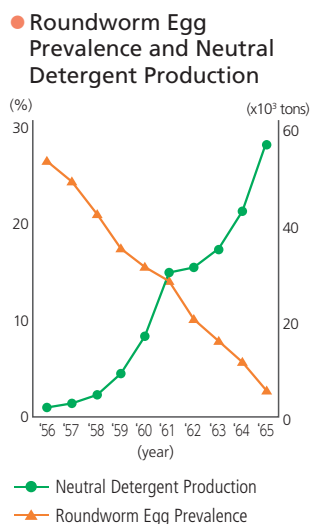
1980s

Hygiene Reform in Postwar Japan (Eradication of Parasites)

The Japanese diet began to westernize during the 1950s, and people started eating vegetables and other food raw. But dishes were washed with cleanser or soap, and vegetables only with plain water. At the time, residual agricultural chemicals and parasite eggs from organic fertilizers were often present on vegetables. Around 30% of the population was infected with roundworm eggs.

1956

Lipon F was introduced as a neutral detergent that could be used to wash both vegetables and dishes. The product earned the top recommendation of the Japan Food Hygiene Association and was endorsed by the Ministry of Health and Welfare in a notice issued at around the same time. Neutral detergents enjoyed an explosion in popularity as a result, and within 10 years of the launch of *Lipon F* the roundworm egg prevalence had dropped from 30% to around 2%.



Lipon F



Response to Water Environment Issues (Foaming of rivers and lakes and eutrophication)

The use of synthetic detergents became popular in the 1960s with the widespread use of electric washing machines. However, rivers where household wastewater gathered were covered with foam due to the low biodegradability of these detergents and incomplete sewer systems.

Furthermore, eutrophication became an issue at Lake Biwa during the 1970s. Fertilizers for fields, livestock excretion and other living drainage were affected but one of the causes was thought to be phosphorus included in laundry detergents.

1962, 1980

In response to these issues, *Dash*, a detergent using AOS* that decomposed easily in rivers with excellent biodegradability with excellent defoaming features, was developed and went on sale in 1962.

In 1973, a phosphate-free detergent was introduced ahead of competitors. Additionally in 1980, *Murin TOP*, a detergent where enzymes and zeolite were blended to create a phosphate-free detergent that greatly enhanced cleaning power, became a big hit. With efforts from the entire industry, the problems of foaming and eutrophication were headed for convergence.

* Alpha Olefin Sulfonate.

Dash



Murin TOP



1990s

Petroleum Resources and Resource Conservation

As with the oil crises of the 1970s, consumers in the 1990s recognized environmental issues such as global warming as problems carrying consequences for both their immediate lifestyles and the world at large.

Corporations initiated efforts to reduce use of petroleum and other fossil resources, and effective resource utilization became an additional consideration for consumers of daily items like detergent.

1991, 1992

During this period—in 1991, Lion's 100th year—the Company constructed a new plant in Sakaide, Kagawa Prefecture, to make surfactant ingredients from plant-based palm oil. At the same time, Lion expanded its lineup of products that could be advertised as containing plant-based ingredients. The new products were *Spark* (launched 1991), a laundry detergent containing MES*¹, and *Shokubutsu-Monogatari* (*Plant Story*) (1992), a beauty soap made using 100% plant-based ingredients. A *TOP* brand laundry detergent using 75% plant-based surfactants, launched in 2006, won the 16th Grand Prize for the Global Environment Award*².

*1. MES: Methyl ester sulfonate

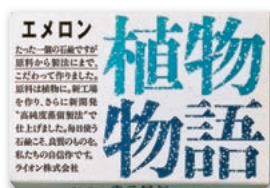
*2. Grand Prize for the Global Environment Award

URL <http://www.lion.co.jp/en/press/html/2007006f.htm>

Spark



Shokubutsu-Monogatari (Plant Story)



2000s

Food Poisoning Cases Raise Need for Disinfectants

In 1996, Japan was hit by a series of food poisoning incidents involving the O157 strain of the *E. coli* bacteria, and interest in disinfectants jumped. During the 1990s and the 2000s, zoonoses (diseases communicable from animals to humans) and other infectious diseases that spread across borders became a hot topic among consumers worldwide.

Awareness about cleanliness, today a means for countering new influenza strains, is growing.



1997

Lion responded with a new medicated soap brand — *KireiKirei* — which is now widely used. Educational activities using picture books and kamishibai (lit. paper theater) storytelling to encourage hand washing were also implemented for children and their mothers, helping to newly establish hand washing routines.

KireiKirei Medicated Liquid Handsoap KireiKirei Medicated Foaming Hand Soap

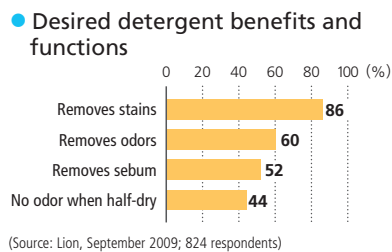


2010s

120 Years and Counting...

Water Resources and Major Water Use Reductions Combating Odors

Lion research shows that consumers are extremely sensitive to how washed clothes smell. Meanwhile, consumers are more aware about global environmental issues, and the spread of environmentally friendly household electrical appliances has triggered growing interest in save electricity and water in the home.



2010

In 2010, Lion launched *TOP NANOX*, a laundry detergent containing a new surfactant, MEE*, made from plant-based ingredients. *TOP NANOX* breaks down nano-level stains invisible to the naked eye, removing both odors. As detergent residues are effectively removed due to excellent defoaming properties, less water and electricity is required for rinsing. Container size, too, has been halved due to greater concentration, reducing the environmental impact of container manufacturing and product transportation.

* MEE: Methyl ester ethoxylate

TOP NANOX



From Human Comfort to Nature's Comfort

Lion has continuously contributed to comfortable lifestyles through washing practices in various situations. Now, with establishment of a sustainable society a pressing issue, Lion will push ahead with efforts to reduce environmental impact, use of sustainable ingredients, and research into methods for cleaning the environment, primarily water, air and earth.

From Japan to the Rest of Asia

In April 2011, CJ Lion Corporation of Korea introduced two highly concentrated laundry detergents — *Liquid Power Beat 1/3* and *Powder Power Beat 1/2*. Lion aims to become number-one company in the rest of Asia, too, particularly in the laundry detergent business. Lion is also introducing hand washing education undertaken in Japan to the rest of Asia (see p.37).

Through products and educational activities, we will contribute to cleanliness in the lifestyles of Asia's consumers.



Beat brand laundry detergents

Educational Activities for Consumers

Besides the sale of detergent, Lion also offers lifestyle recommendations and educational activities, for example by suggesting methods for extracting the greatest benefit from products and incorporating them into daily life. These functions are undertaken by our research institute.

Lion's initiatives also have ripple effects for the industry, and we contribute to efforts by the Japan Soap and Detergent Association (JSDA) to tackle environmental and safety issues and educate consumers through the provision of research data and other knowledge.

- 1933 Family Laundry Information Service Center established
- 1936 Lion Laundry Science Laboratories established
- 1957 Lion Laundry Science Laboratories changed its name to Household Science Laboratories

The present Now known as the Behavioral Science Research Institute

* In addition to the above, Lion joins the JSDA in addressing common environmental issues.

Strengthening Activities Central to Manage CSR Activities to Earn Society's Trust

Corporate Governance



Basic Approach

Lion's top priorities for corporate governance are increasing management transparency, improving the efficiency of supervision and decision-making and ensuring compliance.

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

Corporate Governance System

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

Supervision and monitoring of management was enhanced with the installation of four independent directors (two external board directors and two external auditors), who satisfy the criteria of having no conflict of interest with ordinary shareholders, as set by the Tokyo Stock Exchange, and through regular meetings held between the president and all external directors to exchange information. Furthermore, a Management Evaluation Committee was set up in October 2003 to ensure that evaluations and opinions by outside experts are reflected in management.

Countermeasures against large-scale purchasing of Lion shares (anti-takeover measures) were introduced after approval at the Annual Meeting of Shareholders held in 2009.

Establishment of Internal Control Systems



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

With regard to systems for evaluating and auditing internal control over financial reporting, as prescribed in Japan's Financial Instruments and Exchange Act, Lion and the Lion Group have been establishing controls at company-wide and business-process levels since July 2006. In December 2008, the Board of Directors passed a

resolution on basic policy concerning internal control over financial reporting.

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

In 2010, Lion's internal control over financial reporting was deemed effective. A report on internal controls was submitted to the Prime Minister in March 2011 together with the Company's securities report.

* Basic Internal Control System Policies

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

Risk Management



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

We are also advancing deliberation on ways to ensure business continuity in the wake of a large-scale disaster, including seismic strengthening of office buildings and plants and alternative arrangements for execution of headquarter functions and backup production at other plants in times of disaster.

When the Great East Japan Earthquake struck in March 2011, a disaster response task force headed by the president was set up at Lion's Tokyo headquarters in line with the Earthquake Response Manual. After initially working to confirm employee safety and conditions at affected facilities, the task force set about formulating and implementing recovery plans for affected plants, as well as executing a pre-determined business continuity plan to ensure delivery of products as quick as possible.

Information Security

Lion has established a number of guidelines and regulations to prevent information leaks. They are a



Lion Headquarters

basic policy on information management, information management regulations, privacy regulations, information security regulations, and guidelines for management of information technology and equipment. Employees also undergo e-learning programs each year to enhance prevention of leaks.

Privacy Protection

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

* Privacy policy

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

Promoting Compliance



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

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

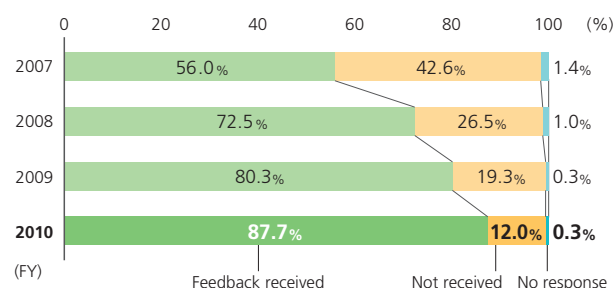
In 2010, rank-based training was complemented by an e-learning course on mental health, and the Legal Support Caravan, a legal education program facilitated by Legal Department personnel and outside legal experts as teachers, was implemented for 48 departments and divisions.

Compliance Awareness Surveys

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

maintenance and strengthening of compliance systems. The fiscal 2010 survey (conducted in March 2011 with a 94% response rate from around 4,000 employees) drew opinions on a range of issues including problems with work environments.

Percentage of Employees Who Received Survey Feedback

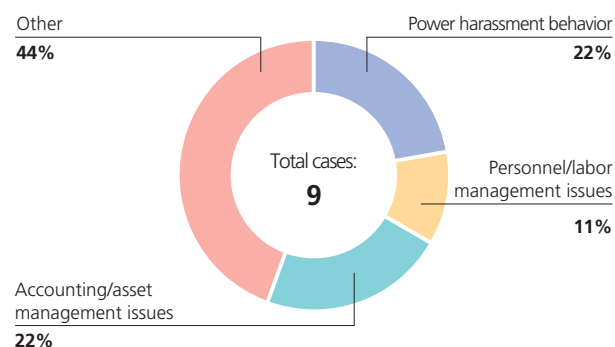


Contact for Employee Consultation and Internal Reporting

An internal reporting system, the Heart Hotline, has been set up as point of contact for employee consultation on instances of non-compliance they have discovered and which cannot or should not be reported through normal channels. A pamphlet distributed to all employees, including temporary employees, tells them about the system and its rules, such as instructions for making contact and prohibition of unfair treatment of employees using the system. Business partners can also use the hotline and contact information is available on the Company's website.

In 2010, there were nine instances of consultation or reporting, but no instances of grave misconduct were found.

Heart Hotline – Consultations and Notifications (2010)



Developing Safe and Reliable Products for responding customers' demands

Maximizing Customer Satisfaction



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

In product planning, customer opinions and market survey findings on awareness and needs are analyzed and considered before concepts are formed. Quality objectives for ensuring customer satisfaction are set.

In product development, quality objectives are considered in technical terms, as quality of design. The quality of developed products is verified in respect to seven parameters: (1) function/performance; (2) usability; (3) safety; (4) product stability; (5) environmental friendliness; (6) appearance (including design); and (7) compliance with laws and self-imposed standards.

Furthermore, we endeavor to provide clear, easy-to-read labeling so customers will understand features of products and correct usage.

In manufacturing, standards and specifications are established to ensure quality of design is achieved. In trial manufacturing, the quality of raw materials, quality in manufacturing, and manufacturing feasibility and marketability through consumer testing are confirmed. In manufacturing, quality is managed within each process, and products that have passed inspections stipulated in standards and specifications are shipped with data such as manufacturing date and raw materials identifiable for each lot. Manufactured products are stored in warehouses and shipped on a first-in, first-out basis, with freshness managed according to pre-determined shipping deadlines.

Products shipped from plants reach customers via wholesalers and retailers. Information for customers relating to product features and usage is provided to these wholesalers and retailers. Information about products is also conveyed via displays and samples, as well as newspapers, television and other media.

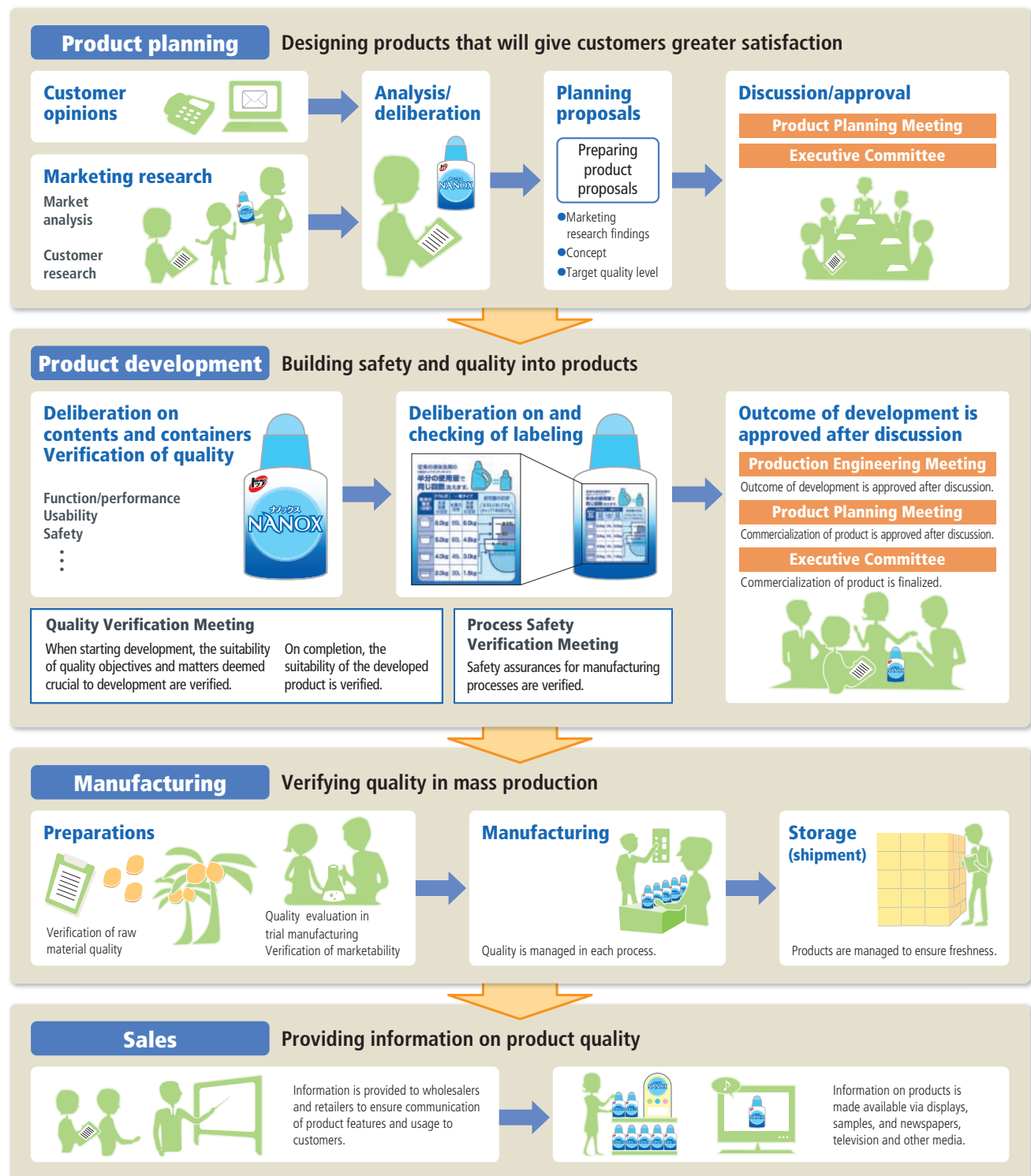
●Flow of Product Development Incorporating Customer Opinion





Features and functions of products are explained to customers

●Developing of Safe, High-Quality Products



Approach to Safety and Reliability



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

Safety of Raw Materials

The quality and stability of raw materials are approved only after implementation of supplier surveys and confirmation of past performance, compliance with laws, regulations and industry standards, and environmental compatibility. Before use, raw materials undergo quality inspections using parameters and testing methods according to category — drugs and food; quasi-drugs and cosmetics; or miscellaneous.

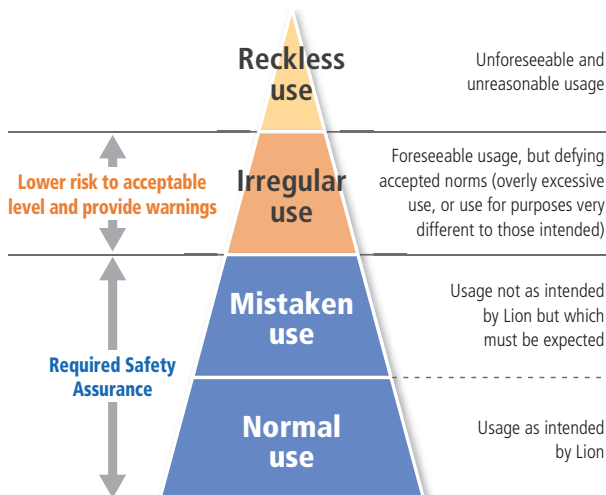
Safety During Product Use

Envisaging various usage styles, Lion conducts safety evaluations of products based on a policy of averting risk through product design.

Evaluations employ check sheets for confirming whether safety, even in the case of “mistaken use,” has been achieved through product design. Even in the case of “irregular use,” we evaluate whether risk has been minimized and whether the risk is acceptable and evaluation results are reflected in product safety, for example with inclusion of sufficient warnings on labels where necessary.

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

● Scope of Safety Confirmation



Responding to VOC



VOC^{*1} from customers are recorded in a privacy-protected database, and then they are made available to the entire company via an information sharing system after personal information is removed and are emphasized for making improvements and developing new products.

VOC deemed to have an especially strong influence on customer satisfaction are reported to management as the VOC daily letter, and planning divisions head efforts to improve quality through quick deliberation and implementation of solutions.

In January 2011, a toll-free consultation line was opened. The number to call can be found on Lion's website^{*2}.

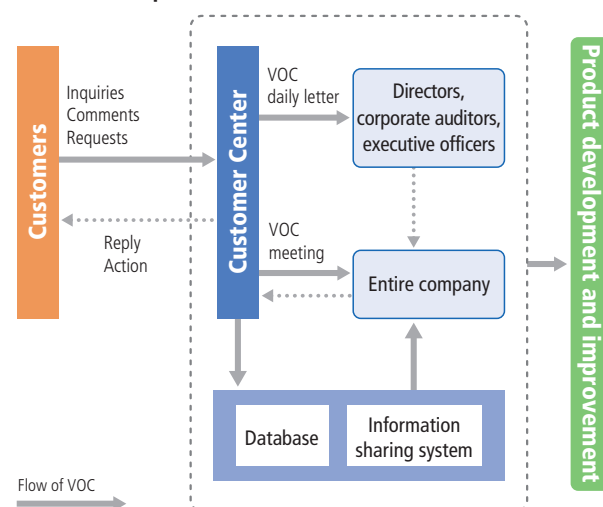
*1. VOC

Voice of Customer

*2. Contact information

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

● Flow of Response to Customers



Overview of Inquiries and Complaints During 2010

Around 90,000 inquiries and complaints were received in 2010 (a 3% increase from 2009). Overall, 82% were inquiries about product usage, outlets selling Lion products, product safety and so on; 8% were product complaints, relating for example to dissatisfaction with effects after use or flavor and scent; 10% were related to product problems, such as damage to flooring caused by detergent.

Opinions and notifications from customers are valuable and as such are communicated to related divisions for incorporation into future products and service.

Quickening Response with VOC Daily Letter

In 2010, 242 VOC daily letters were issued — 103 inquiries, 96 product complaints, and 43 product problems. In the case of product complaints and problems, the division in charge determines and reports on whether and what measures are required, and when to implement them. The quality assurance division follows up on progress made. During 2010, 122 items were completed.

Customer Opinions Used in Communicating Information

Lion's online customer support*¹ page provides answers to frequently asked questions, solutions to problems and examples of improvements made in response to customer opinions, and is viewed by many customers.

The Lion Kids website*² targeting children of elementary school age or older was upgraded in 2010. The website, which is a fun way of teaching children about Lion's products and the processes involved in bringing products to shelves, was awarded the Grandprix in the student category of the 4th Japan Web Grandprix.

Lion will continue to send useful information to customers.



Online customer support

*1. Customer support

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

*2. Lion Kids website

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

Recall Status for Varsan Hyosatsu Jet Spray

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

As of March 31, 2011, the rate of recalled products was 45.6%, or 1.48 million products. Please make sure to return these products if you have any.

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

0120-670-225 (in Japanese only)

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

Fostering a Culture of Utilizing Customer Opinion

Lion is working to foster a corporate culture whereby all employees, not just product development personnel, consider and act upon customer perspectives. In 2010, continuing from 2009, around 10 mid-career researchers, and around 60 additional employees at director level or higher from across the organization, fielded telephone calls from customers as part of an exercise learning the importance of thinking from a customer's perspective. Information is also shared by Customer Center staff, who circulate around departments to report on customer opinions. We will press ahead with efforts to change the awareness of employees in order to deliver products and services created from a customer's perspective.



Verifying the effects of training by director

Ensuring Satisfaction with Customer Support

[Measure 1: Questionnaire on customer support and the website]

In 2010, we asked around 400 customers who had contacted us to complete a questionnaire which, in addition to questions asked in the past concerning the quality of our response to inquiries, asked for opinions on the online customer support service. While respondents were mostly satisfied with the content of the online service, some said the information they wanted wasn't there or they didn't know where to find it. We will improve the service more accessible by reflecting in these opinions.

[Measure 2: Call center training]

Call center training is implemented to cultivate skills for retrieving information about problems customers are having that is useful in ensuring products are used appropriately and easily, as well as skills for engaging in communication with customers in order to ask about the background to inquiries or complaints. A questionnaire conducted after the training revealed more than 90% of customers were satisfied with the service, and more information was received as a result. Information provided by customers will be used to improve products and service.

Creating a Bright and Dynamic Workplace

Approach to Utilization of Human Resources

Lion's founder used to say, "Employees are partners in the Company." This idea is reflected in the Lion Group Charter for Corporate Behavior, which refers to respect for "human rights" and respect for the "diversity, individuality and personality" of employees. Lion respects the individuality and personality of all employees and helps them to hone their skills and abilities and stay healthy in body and mind. Efforts are also being made in line with the Behavioral Guidelines to eliminate all discrimination and ensure that employees can feel joy and contentment in their jobs.

Issues in the workplace relating to human rights are ascertained through annual risk management and compliance activities, and internal audits.

Fair Treatment of Employees

Lion ensures fair treatment and tries to make working for the Company rewarding for all employees. Systems of management by objective and self-assessment are employed for determining treatment for employees, and a framework is in place for providing feedback from regular evaluations and interviews by superiors to increase the understanding and motivation of each employee.

Promoting Amiable Labor-Management Relations

Lion organizes regular dialogue between employees and management, placing importance on relationships of trust. Labor-management meetings encourage mutual understanding through reporting on business conditions and exchange of opinions about working environments. One recent outcome, continuing since 2009, has been a consensus on the joint pursuit of initiatives relating to work-life balance.

Operating under a union shop agreement, Lion and its workers' union endeavor to build upon amiable labor-management relations.

Human Resource Diversity

Lion has embraced diversity among employees ever since its founding. Management has sought to fully utilize its workforce, passing down a philosophy of encouraging individuality, which contributes to business growth. Lion has stepped up efforts in this area, reaffirming the importance of diversity in light of major changes in the composition of the workforce and the need to respond swiftly to changes in the business environment. We believe a combination of top-down direction, in the form of a declaration by the president, and recommendations from employees is vital for instilling diversity management in the corporate culture and generating results.

Diverse Human Resource Promotion Committee

Lion set up the Diverse Human Resource Promotion Committee in 2010. Three working groups have also been established to consider areas that Lion considers particularly important — female employees, rehired retirees, and temporary employees.

Working groups involve opinion exchange among employees, in the case of working groups on female employees and rehired retirees, or managers, in the case of the working group on temporary employees. Working groups form proposals for promoting the active participation of diverse human resources and deliver recommendations to management for incorporation into activities.



The working group on female employees



New employee training

Employee Motivation Consultation Center

Under the notion that employee motivation comes from their ability to apply their talent, the Employee Motivation Consultation Center was established in February 2011 to help employees develop a positive approach to their careers.

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



Employee Motivation Consultation Center

Rehiring of Employees on Retirement

In April 2006, Lion began rehiring employees who reached the mandatory retirement age. Three systems are in place: rehiring for standard jobs, whereby employees apply for a desired position from a list provided by the Company; rehiring for highly specialized jobs, whereby the Company appoints employees with indispensable knowledge and expertise; and rehiring for management positions, whereby employees continue to apply their management expertise in a managerial role. Presently, approximately 64% of retiring employees have applied for reemployment.

Employing People with Disabilities

Lion wants employees to be able to fully apply their talent regardless of any disability. While immediate superiors of disabled employees provide care in the form of consultation, there is an established mentality of support at Lion to which everyone in the workplace subscribes. The disabled employee ratio in 2010 was 1.8%.

Establishment of System for Rehiring Former Employees

Lion wants former employees who left the Company to return to work and contribute their services once again, drawing on their career experience. In May 2009, we introduced a system for rehiring employees who resigned for personal reasons. The aim of the system is to urge

former employees to rejoin the Company and apply their skills. Anyone can apply, regardless of the reason for resigning, length of service, or time elapsed since resigning. Rehired employees can choose to participate in either a Return to Career scheme, rejoining as a regular employee, or a Return to Job scheme, allowing them greater flexibility as full-time non-regular employees.

Taking advantage of this system, two former employees rejoined the Company in 2010.

Employee Data

		2008	2009	2010
Regular employees	(Male)	1,934	1,883	1,873
	(Female)	546	566	583
New employees	(Male)	57	40	49
	(Female)	25	31	25
Rehired retirees	(No. of people)	87	125	147
	(%)	3.4	4.9	5.6
Temporary employees		205	264	255
Female employee ratio		22.0	23.1	23.7
Female managers	(No. of people)	32	32	34
	(%)	4.7	4.8	5.1
Disabled employees	(No. of people)	45	48	44
	(%)	1.8	2.0	1.8
Childcare leave users	(No. of men)	3	5	3
	(No. of women)	36	38	35
Reduced hours for childcare	(Male)	0	0	0
	(Female)	34	40	48
Average overtime per month (hours)		10.7	10.3	9.9
Annual paid leave used (%)		45.2	48.6	51.9
Departures within three years of entering Company	(No. of people)	8	6	5
	(%)	3.8	3.0	2.6

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

* Numbers and ratios for rehired retirees from past years have been revised due to a change in tabulation method. Ratio of rehired retirees = [No. of rehired retirees] ÷ [No. of regular employees and rehired retirees]

Promoting Work-Life Balance

Lion strives to build environments where employees can work dynamically and deliver results, placing value on balance between work and private lives.

Support for Childcare and Nursing Care

Lion enhanced its support framework following revisions to the Childcare and Family Care Leave Law* in June 2010, newly establishing nursing care leave and enabling men to take childcare leave on more than one occasion.

* Childcare and Family Care Leave Law:

Officially, the Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave

● Support for Childcare and Nursing Care

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

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

As a result of support enhancements and making the programs known to employees, the ratio of female employees taking childcare leave has been 100% in recent years. The number of men taking childcare leave has also increased, even among varying job types, due to effective measures pursued since 2005.

These enhancements to childcare and nursing care support were implemented according to action plans formulated in line with the Act on Advancement of Measures to Support Raising Next-Generation Children. Lion has also been recognized by Japan's Ministry of Health, Labour and Welfare as a company proactively supporting balance between work and childcare since 2007. Phase 4 action plans were implemented in April 2011, through joint deliberation by labor and management, as well as consultation with employees who are parents.

Lion's support is comprehensive and employees are assured their chances for promotion or development will not be hindered as a result of childbirth and childcare.

Next Generation Support Act Phase 3 Action Plan

Period : April 2009 to March 2011

"Kurumin" logo recognizing support for the next generation



Goals:

1. Have seven or more male employees take childcare leave during the action plan period.
→ **Nine male employees took childcare leave following discussions with employees who had taken the leave, briefings to managers, and a seminar given by an outside lecturer.**
2. Grant one day of scheduled paid leave in 2009.
→ **Raised target to "three days" in 2010 and achieved the target.**
3. Establish an intranet environment allowing employees on childcare leave to access corporate information.
→ **Arrangements have been made and 11 employees currently use the system.**
4. Introduce measures for rehiring employees who resigned for personal reasons.
→ **Two employees have been rehired since implementation in May 2009.**

Promoting Efficient Work Styles

We aim to create suitable work environments and ensure that work is carried out efficiently. This initiative is aided by monitoring of hours worked using an objective recording method (time cards). To reduce hours worked and promote energy savings, each business location designates one day a week as "no overtime day," encouraging employees to return home on time. In Headquarters Staff and Research divisions, a flextime arrangement is used to enable employees to have greater control over their work styles.

Efforts to create working environments where employees can work dynamically and in good health were implemented in the latter half of fiscal 2009. In 2010, major reductions in the number of employees working excessively were achieved. A total of 23 non-managers worked more than 60 hours of overtime a month (a 67.1-point reduction from fiscal 2008), while a total of 87 managers remained at work outside scheduled hours for more than 80 hours a month (53.5-point reduction).

The percentage of annual paid leave used was 51.9% (6.7-point increase), indicating that employees are more conscious about working efficiently.

Volunteering Leave

Lion has two volunteer leave systems: special volunteering leave (up to five days), supporting participation in Company-specified activities; and standard volunteering leave (using accumulated paid leave), supporting participation in activities of a personal interest. In 2010, 50 employees took special volunteering leave (77 days in total).

Human Resource Development

Corporate Culture of Tenacity, Creativity, and Learning

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

Education and Training Programs

Lion conducts rank-based and specialized job-based training for all employees, offering programs according to qualifications, position, age, and job type.

In 2010, leadership training was added to existing rank-based programs. The new program, in which 105 young and middle managers took part, aims to improve participants' ability to response to customers and build close-knit working environments.

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

● Standard Training Programs

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

Frameworks for Developing Tenacity

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

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

One activity is the Lion Challenge Cup, an opportunity for employees to present self-initiated group research directly to Lion executives, and we have also commenced initiatives for developing human resources capable of sustaining overseas operations in this age of global business.

In 2010, 10 sales managers participated in a new program involving an overseas retail and distribution sector study tour. The aim of this program is to give participants first-hand experience of different initiatives and distribution frameworks maintained by Western manufacturers and retailers.



Overseas retail and distribution sector study tour

● Self-Development Programs

Global human resource training	Overseas job training	Employees are sent to an overseas company or research institute to engage in a broad range of jobs, acquiring knowledge and skills for a current or future position.
	Presentations at overseas conferences	An opportunity for employees to present knowledge or technology developed through work or learning in an overseas symposium as a way to nurture skills for global business.
	Self-planned overseas training	Employees visit Western nations with advanced distribution and retail sectors to gain firsthand, real-time insight into the impact of globalization on distribution frameworks, thus helping to broaden their outlook.
Study	Domestic study	Employees study at a business school to enhance job capability and business management skills.
Joint research	Research and study groups	Employee-initiated research and study relating to their work.
	Lion Challenge Cup	An annual in-house contest whereby teams present their research to executives.
Distance learning	General education, business skills, qualifications	Financial assistance is readily provided to fund self-development expenses to promote a dynamic corporate culture of tenacity, creativity, and learning.

Employee Health Management

Lion views employee health as a most important asset, both for the Company and for employees themselves, and acts in line with its Fundamental Health Management Policy. The policy places a focus on fostering a high degree of self-supervision among employees and promoting comfortable working environments. As a result, almost all employees report for annual health checkups and individual post-checkup consultations (health guidance). The existence of well-organized health management activities involving dialogues with industrial physicians and nurses has facilitated the in-house implementation of specific health checkups and guidance for employees aged 40 and above, as enforced by law since fiscal 2008.

Providing for Specific Health Checkups and Guidance

Lion implements specific health checkups and specific health guidance for employees aged 40 and above with the cooperation of the Company's health insurance association in line with a three-year company-wide plan commenced in 2010.

Preventive activities aiming to lower the risk of metabolic syndrome have been implemented since 2008 and were continued in 2010. These activities have resulted in a decline in the percentage of employees found to be suffering from metabolic syndrome (under health association criteria) despite the average age of employees remaining roughly the same.

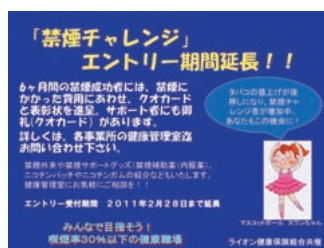
●Percentage of Lion Employees with Metabolic Syndrome

	Employees with metabolic syndrome (%)
2008	8.0
2009	6.8
2010	6.7

*The percentage for 2009 was revised after closer examination.

Stop Smoking Initiative

A stop smoking initiative is implemented together with the health insurance association. Since the end of February 2010, support has been provided to 65 employees who accepted the challenge to give up smoking. The number of smoking areas on company premises was also reduced. These efforts have led to a company-wide decline in the percentage of smokers.



Poster for the stop smoking initiative

Age 35 Health Seminar (LIS21*)

Lion puts efforts into preventing lifestyle diseases and spotlights age 35, which is generally prior to the emergence of health problems or health risks. Believing that the establishment of good health while still young leads to prevention of diseases later on, we have been holding overnight hands-on seminars since 2001, giving employees the chance to consider their own health and identify issues they need to act on with an eye to the future.



Soaking up forest air as part of LIS21

* LIS21:

Lion Life Innovation Seminar 21

●Changes One Year After LIS21 Participation

	Participants	No. with changed lifestyles	%
2005	110	99	94.3
2006	120	111	92.5
2007	86	79	91.9
2008	91	82	90.1
2009	91	89	97.8

* Participants who did not attend interviews with the nursing staff one year later because they were on childcare leave, or for other reasons, are excluded from percentage calculations. The number of participants with changed lifestyles for 2008 was revised after closer examination.

Mental Health Initiatives

Lion views mental health as a major issue both in terms of running a dynamic corporation and managing risk, and directs effort into prevention of mental illness. All employees partake in annual stress surveys designed to make them notice any changes in their mental health. Results are returned individually by industrial physicians or nurses who offer advice for working dynamically and in good spirits.

Ongoing educational programs for managers are also implemented each year as we believe managers have an important role to play in helping employees maintain a healthy mind. In 2010, an e-learning program was implemented to promote full application in the workplace of techniques learned, such as identifying early signs and dealing with employees under one's charge.

Besides consultations with industrial physicians and nurses, in-house consultations are additionally undertaken by psychiatrists and clinical psychologists. A contract has also been entered into with an independent organization for providing telephone consultation and counseling for employees and their families.

Safety and Disaster Prevention Initiatives



Company-wide Management of Health, Safety, and Disaster Prevention

Lion's safety activities are constant and are based on a company-wide principle of "safety first."

Ongoing safety management is achieved through a health, safety, and disaster prevention management system. Activities include briefings at individual business locations of affiliated companies and research facilities, held since 2009, and internal audits (system audits) carried out at production sites by site representatives. Lion always puts safety first and these initiatives will take us toward the goals of zero accidents and zero disasters.

[Occupational Safety]

No major accidents or disaster-related damage involving people or facilities occurred during 2010. There were no lost time accidents and three accidents without lost time. Risk evaluations were carried out on an ongoing basis, with improvements made through confirmation of past results. Since the establishment of a health, safety, and disaster prevention management system, risk assessments have been steadily advanced under the charge of business operators toward the goal of eliminating risk factors.

Effort will now be made to establish procedures to ensure all areas of risk evaluation are covered, contributing to safer working environments.

[Safety of Facilities]

Facility inspections by independent organization have been introduced and assist facility-related safety activities in various ways. At plants with chemical reactors, safety of facilities is maintained through inspections conducted on a regular basis according to the level of importance.

In recent years, investment priorities for all Japanese plants, including affiliated company plants, were determined based on quantitative evaluations using risk-based maintenance methodology. Investment in facilities required to achieve safety is ensured. Furthermore, accidents caused by changes to production facilities or operating conditions are prevented by enforcing confirmations stipulated in company rules.

Response to Emergencies

Each business location has established manuals for ensuring the safety of workers and enabling swift and appropriate action in times of disaster. Drills are also carried out on a regular basis and include safety confirmation drills, evacuation drills, disaster leadership drills, firefighting

drills, and joint drills with municipal firefighters.

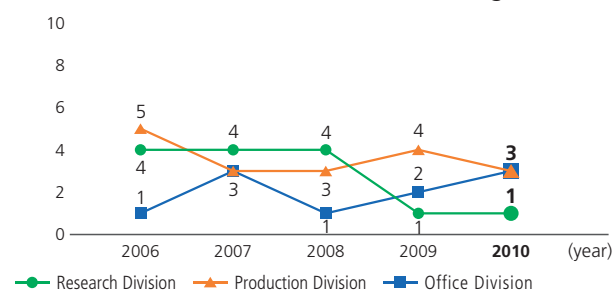
The 2010 annual joint drill consisted of an exercise in setting up a disaster response task force at Lion Headquarters and quickly restoring operations under the scenario of a Tokai zone earthquake affecting the Odawara Plant.

No company-owned office buildings or plants were destroyed or suffered other major damage as a result of the Great East Japan Earthquake in March 2011, partly due to seismic reinforcements. Confirmation of the safety of all employees also proceeded smoothly using systems tested through drills.

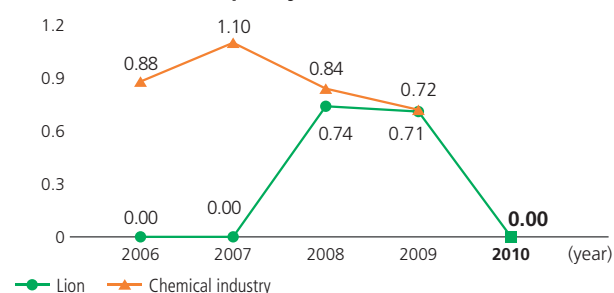
● Number of Facility Accidents/Disasters

2006	2007	2008	2009	2010
0	0	0	0	0

● Number of Work Accidents (excl. commuting accidents)



● Work Accident Frequency Rate* in Production Division



* Frequency rate:

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

● Hours without Accident at End of 2010 (Unit : thousand hours)

Research Division				Production Division			
Hirai	Honjo	Odawara	Fukushima	Chiba	Odawara	Osaka	Akashi
678	55	63	11	301	292	232	84

Valuing Communication and Responding to Expectations and Trust through Business Activities

Information Disclosure and Communication

Lion discloses information in line with the IR Information Disclosure Guidelines*.

* IR Information Disclosure Guidelines

URL <http://www.lion.co.jp/ja/invest/policy/> (Japanese Only)

Placing Value on Dialogue with Shareholders

An annual general meeting of shareholders is held each year at the end of March at the Kokugikan (Ryogoku, Tokyo). Attendance at the 2011 meeting was 1,490 people. Many questions were asked by shareholders during the meeting, and afterwards they were given the opportunity to meet with directors and view a display of new products to promote greater understanding of the Company.

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



Lion Letter
FY2010 Interim Report to
Shareholders (September 2010)

FY2010 Report to Shareholders
(March 2011)

Enhancing Communication Tools

The "Investor Information" section on the Company website was created to make information available to as many investors as feasible in an expeditious and fair manner. The section was fully revamped in July 2010 to make it easier for shareholders and investors to access the information they need.

The website facilitates access to information about Lion, providing materials on business strategy, financial

data and settlements of accounts in addition to an overview of business activities and performance. An investor relations e-mail service and an inquiry form especially for investors are also available. The website has been independently recognized* for the quality of information provided and usability.

To foster better understanding of the Company by a large number of individual investors, investor relations leaflets containing general information about the Company and, for example, information about new product sample sets are created and distributed to individual investors at events.

For overseas shareholders and investors, we operate an English website and publish an annual report in English that includes a message from the president, segment results, financial data, and other detailed information.

* Investor relations website awards:

2010 Investor Relations Site Ranking Excellent Website - Gomez Consulting Co., Ltd.

2010 Listed Company Website Quality Ranking Excellent Corporate Website (Overall) - Nikko Investor Relations Co., Ltd.



Information for investors on
the Company website

Providing Accurate Information at Right Time

Lion conducts a number of events to ensure that corporate information is communicated in a precise, fair, and timely manner to investors in Japan and overseas. Besides earnings briefings, business briefings, new product briefings, and other presentations to securities analysts and institutional investors in Japan, energy is directed into overseas communication, including participation in events organized by securities companies attended by a large number of overseas investors.



Annual general meeting

We also hold regular Company introductions for individual investors. During introductions, we explain our business and strategies and present a broad range of information from environmental considerations and social contribution activities to useful hints for living.

In 2010, 11 Company introductions were held across Japan, attended by more than 1,700 investors. Specifically, a plant tour was conducted in Akashi (September), during which quality control and other manufacturing site initiatives were explained. Also, environmentally themed investment forums (February and August) included presentations made in person by the president and employees in charge of environmental action and product development to promote greater understanding among investors.



Lion's booth at IR Forum 2010 Tokyo (Aug. 28, 2010, hosted by Tuvalu-Forest Corporation)

Incorporating Feedback from Capital Markets

An important investor relations function is to share feedback from shareholders and investors inside the Company. Opinions received during events for individual investors, results of questionnaires, and reports on meetings with domestic and overseas institutional investors are communicated as feedback to directors and others inside the Company each month for reflection in business activities.

Providing a Return to Shareholders

One of Lion's most important tasks is to provide a consistent return to shareholders on an ongoing basis by improving the Company's consolidated earnings. The annual dividend to shareholders during 2010 was ¥10 per share, the same level as in 2009. In 2011, we plan to add a special dividend of ¥1 to the end-of-year dividend to commemorate the 120th anniversary of the Company's founding, bringing the total annual dividend to ¥11 per share.

Introducing New Products to Shareholders

One of Lion's most important tasks is to provide a consistent return to shareholders on an ongoing basis by improving the Company's consolidated earnings. Shareholders owning 1,000 shares or more on December 31 each year receive a complimentary assortment of predominantly new Lion products the following March. By introducing products we try to encourage shareholders to become loyal Lion supporters.



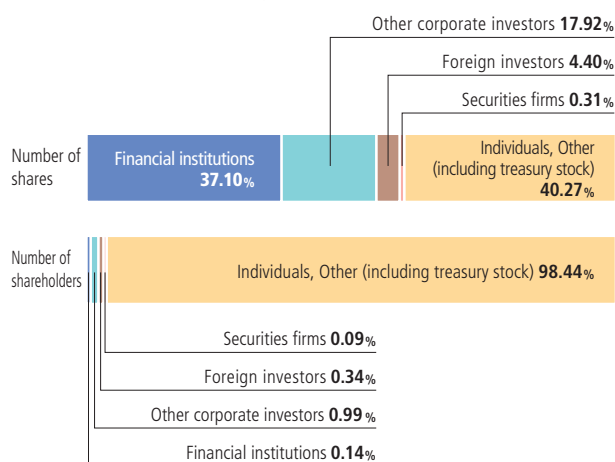
New product sample set sent to shareholders in March 2011



FTSE4Good

Lion is selected for the FTSE4Good Index Series, a global indicator for socially responsible investing.

Information Concerning Shares (as of December 31, 2010)



Contributing to a Sustainable Society in All Business Activities, from Procurement to Sales

Realizing Sustainable Procurement

Approach to CSR Procurement

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

In 2008, we formulated the Procurement Principles*, a set of CSR procurement guidelines clarifying social and environmental considerations. We even implement a regular questionnaire among business partners as a way to achieve thorough communication of the principles.

* Procurement Principles

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

Business Partner Questionnaires

To fully grasp the status of CSR activities pursued by business partners, Lion has been implementing a questionnaire since 2008 based on the 10 principles of the United Nations Global Compact.

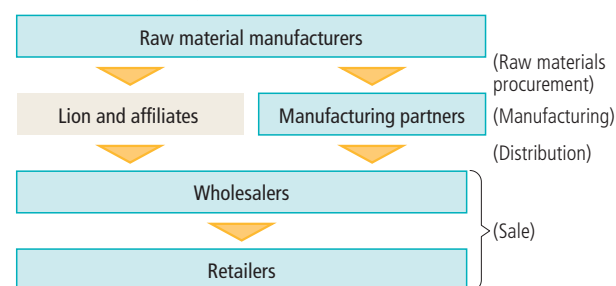
In 2009-10, we asked 481 business partners worldwide, including major partners of overseas affiliated companies and Lion Group companies*, to acquaint themselves with the Procurement Principles and complete a questionnaire. Responses were received from 354 companies (73.6% response rate at the end of 2010). On evaluating the responses, there were no major problems for most of the companies surveyed. However, we realized efforts by three companies were slightly insufficient.

In 2011, we will request improvements by business partners whose efforts were insufficient, and carry out individual briefings and questionnaires for partners who did not reply.

* Surveyed Lion Group companies:

Lion Chemical Co., Ltd., Lion Packaging Co., Ltd., Lion Trading Co., Ltd., Lion Hygiene Co., Ltd., Ipposha Oil Industries Co., Ltd., Lion Idemitsu Composites Co., Ltd. (formerly Calp Corporation), Lion Akzo Co., Ltd., Lion Daily Necessities Chemicals (Qingdao) Co., Ltd., Lion Chemical Industry (Taiwan) Co., Ltd., Lion Corporation (Thailand) Ltd., Southern Lion Sdn. Bhd., P.T. Lion Wings, and CJ Lion Corporation.

Efforts in Supply Chain Management



Evaluating Raw Material Suppliers from a CSR Perspective

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

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

Fair Transactions with Manufacturing Partners

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

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

Teaming Up with Competitors on Delivery

Lion teamed up with competitors in 1989 to establish



Lion Marketing Communication

Planet Logistics Co., Ltd., for conducting joint deliveries to wholesalers. The philosophy behind joint delivery is, "Cooperate on systems, compete in the store." Manufacturers compete fairly in stores, but cooperate on logistics in order to cut logistics costs, improve the quality of logistics, and address environmental issues. At the end of 2010, 18 manufacturers were participating in the joint deliveries.

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

Working with Wholesalers and Retailers on Store Presentations

Cooperation with wholesalers and retailers has been enhanced by the establishment of the Customer Development Department, which promotes the mutual communication and resolution of challenges that lie ahead.

Consistent with these initiatives to promote mutual understanding with wholesalers and retailers, store coordinators from Lion Group company Lion Field Marketing Co., Ltd. regularly visit around 8,300 sales outlets to ascertain the needs of business partners and customers, and work to develop novel and attractive store presentations.

Lion-kai General Meeting

Lion's distribution policy is founded on coexistence and co-prosperity with wholesalers. We hold general meetings of the "Lion-kai" forum to explain the Company's business, marketing, and sales strategies, as well as, through opinion exchange, to promote common awareness of one another's roles in increasing customer satisfaction. As of January 1, 2011, 256 wholesalers were members of the Lion-kai.



Lion-kai general meeting

Spring New Product Presentation

The annual Spring New Product Presentation brings together in one venue all our new products, from household items and pharmaceuticals, to gift products and products for pets. Lion researchers are on hand to provide clear explanations of products, sometimes with demonstrations, while business divisions put forward selling and presentation methods.

Lion Marketing Communication

Lion Marketing Communication 2010 was held in July 2010 with the purpose of urging wholesalers and retailers to support efforts under our brand development plan. Over the two days, 823 wholesalers and retailers attended the event. To complement product features already known and to spur realization of our brand development plan within stores, the event provided practical marketing ideas and information from a standpoint looking at consumer trends.

[Research Presentations by the Behavioral Science Research Institute]

The Behavioral Science Research Institute reported on lifestyle research into ways to release psychological "brakes" affecting recent consumer confidence and achieve fresh happiness from two angles — "Aging as it is experienced in daily life," and "Comfort within today's lifestyles."



Research presentation



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

Lion's Social Contribution Activities

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

See pages 10-13 for more information on communication and education about oral care.

Protection of Water Resources

Lion is inherently linked to water through the act of washing and we bear a responsibility to protect water environments, for example through environmental considerations in our products. Particular initiatives we focus on are promotion of the use of rainwater — a water resource we are all familiar with — and forest maintenance activities in the Lion Forest in Yamanashi, which play a major role in the protection of water resources.

Promotion of Skywater Harvesting



The world's water environments are in disarray, with regions across the globe frequently experiencing flooding and drought. Lion is promoting the use of rainwater as a solution that will take us closer to a water-recycling society.

Sumida Ward, Tokyo, where Lion Headquarters is located, is leading the way in skywater harvesting, with facilities like the Kokugikan making use of rainwater. Lion also works with the local community to promote rainwater use, and Lion facilities — the headquarters building, Hirai Office, and Lion Eco Chemicals Sdn. Bhd. in Malaysia — use rainwater for watering and flushing toilets, and as cooling water for plants.

Support for Skywater Harvesting

Lion supports promotion of skywater harvesting through sponsorship of Rainwater Network Japan's national

conference and donates rainwater tanks to local communities as part of communication and education efforts.

[Sponsorship of Rainwater Network Japan National Conference]

Rainwater Network Japan was established in 2008 as a nationwide organization for the sharing of information about rainwater utilization among citizens, government, corporations and researchers. Lion has sponsored the organization's national conference since its inauguration. At the third conference in August 2010, Lion gave a presentation on its own initiatives.



National conference of Rainwater Network Japan

[Ryogoku Sakasa-kasa]

In June 2010, Lion and NPO People for Rainwater installed a rainwater tank in front of the Kokugikan, donating it to Sumida Ward. It is called the "Ryogoku Sakasa-kasa" — literally, the "Ryogoku upside-down umbrella." The tank's canvas roof collects rain in a tank to be used later by Lion volunteers to water flowerbeds in the vicinity. Passers-by are even able to manually pump water in the tank back up to the roof in order to appreciate the water cycle. This is the first installation of a rainwater collection facility in a public place and the first step in collaborative efforts by citizens, government and corporations to use rainwater in cities. We will continue working with citizens and government to donate suitable tanks to communities nationwide.



The Ryogoku Sakasa-kasa



President Sadayoshi Fujishige and volunteers at the start of Phase II activities at the Lion Forest in Yamanashi

Lion Forest in Yamanashi — A Five-Year Review

Forests serve to absorb CO₂, produce clean water, and control flooding. In 2006, Lion established the Lion Forest in Yamanashi with the objectives of creating benefits for water environments by promoting sustainable management and sound development of forests, and fostering environmental awareness among employees. We are advancing forest maintenance activities by Lion volunteers and use of paper made from forest thinnings.

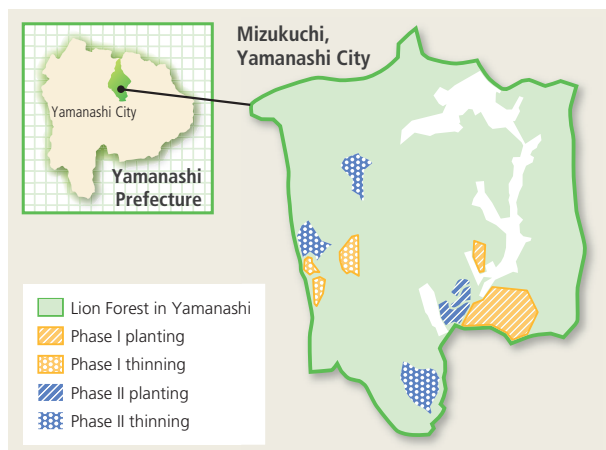
Lion Forest in Yamanashi Area and Forest Maintenance Activities

The Lion Forest in Yamanashi is an expansive forest of around 65 hectares (about the size of 90 soccer fields) located in Yamanashi City, Yamanashi Prefecture. It was opened as the prefecture's first corporate forestry promotion project following the conclusion of a forest maintenance agreement.

Phase I of activities from 2006 to 2010 involved thinning, planting, clearing of underbrush, and building of walkways where it was urgently required. Besides forest maintenance, thinnings are used for craftwork, and we also conduct Forest Biodiversity surveys. As of 2010, around 500 people had participated as volunteers, new employees undergoing training, or administrators.

The area of maintenance will increase from 2011 under Phase II and employees who have yet to take part will be asked to join in.

● Lion Forest in Yamanashi — Maintenance Area



Initiatives Supporting Forest Biodiversity

In June 2010, Lion started joint efforts with NPO Earthwatch Japan to carry out tracking of wildlife that will contribute to biodiversity conservation. The activity involves searching for signs of wildlife and recording them along with information on their location, and we have gathered data for studying the impact of forest maintenance on flora and fauna. In 2010, 12 employees volunteered for two surveys.

Achievements

[Use of Thinnings for Publications]

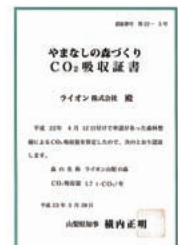
Lion creates the *CSR Report*, in-house magazine and pamphlets using thinnings from the Lion Forest in Yamanashi under a 3.9 paper system*. Around 34 tons were used in 2010.

* 3.9 paper system

Domestic forest thinnings are often not used because of the high transportation costs. A 3.9 paper system is an initiative whereby the party creating the publication bears the cost of transporting the thinnings.

[Contribution to CO₂ Reductions]

In March 2011, Lion received a forest development and CO₂ absorption certificate from Yamanashi Prefecture after absorbing 1.7 tons of CO₂ through thinning, planting and underbrush clearing activities in the Lion Forest in Yamanashi during fiscal 2010.



Yamanashi Prefecture forest development and CO₂ absorption certificate

Lion Values Interaction with Local Communities

Lion interacts with residents in the Mizukuchi district around the Lion Forest in Yamanashi and holds a tree-planting exercise each spring with the children of Yawata Elementary School. Lunches are also arranged with the Mizukuchi women's club, who teach how to make *hōtō* noodles, a popular dish of the region. Ties were deepened in September 2010 when the women's club visited Lion Headquarters for a seminar as apart of their study tour.

Social Contribution Activities (2010)



In 2010, Lion again implemented a wide range of activities in the areas of health, comfort and the environment.

Selected Social Contribution Activities (2010)

March	<ul style="list-style-type: none"> Presented Student Best Poster Award (Lion Award) at Japan Society on Water Environment (JSWE) annual conference Held lessons during spring and summer holidays to teach elementary school students and parents living in vicinity of Tokyo and Osaka facilities about hand washing, tooth brushing, and gargling (March and August) 	
April	<ul style="list-style-type: none"> Hosted 9th Lion Rugby Festival at Chiba Plant 	
May	<ul style="list-style-type: none"> Presented Lion Awards, supporting association activities relating to preventive dentistry and development of young researchers (May, July, September, and October) 	
July	<ul style="list-style-type: none"> Sponsored 12th Japan Water Award Implemented Sumida River Fireworks Project, inviting residents of children's homes to watch Sumida River Fireworks Festival 	
August	<ul style="list-style-type: none"> Provided support for Rainwater Network Japan's national conference 	
September	<ul style="list-style-type: none"> Held science education program for elementary school students in Edogawa Ward, Tokyo Held tooth brushing lessons for children in Thailand 	
December	<ul style="list-style-type: none"> Contributed to development of next generation through support for charity baseball event for kids (Children's Dream Fund) 	

Plant Tours in 2010

Plant	Chiba	Odawara	Osaka	Akashi	total
No. of tours	85	130	68	65	348
Participants	2,056	3,365	1,815	1,915	9,151

Activities of Lion Foundation for Dental Health

For many years, Lion has supported the Lion Foundation for Dental Health (LDH; founded 1964), which became a public interest incorporated foundation in October 2010. LDH continues to contribute to society through activities in the four areas of oral health, research, examination and treatment, and communication, in cooperation with dental associations, universities, government authorities, and other parties.

Selected Activities (2010)



Oral Health Activities for Mothers and Children

LDH supports child-rearing through oral health activities for infants and their parents.

50 locations, 50 occasions
Participants: 864 small children, 1,031 parents



Oral Health Activities at Kindergartens and Schools

LDH provides direct guidance activities for kindergarten and school children and their parents and supports activities of health supervisors.

488 locations, 618 occasions
Participants: 44,029 kindergarten and school children, 2,841 parents, and 2,225 health supervisors



Oral Health Activities at Workplaces

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

242 offices, 502 occasions
Recipients: 29,910



Oral Health Activities for Elderly

LDH provides support for maintenance of oral functions so the elderly can continue to eat using their own mouths and teeth.

57 locations, 57 occasions
Participants: 1,567



Examination and Treatment

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

Recipients: 12,964



Mass Tooth Brushing Exercise for School Children

LDH holds this fun event for teaching elementary school students about the importance of oral health and how to clean teeth.

Participating schools: 139 (incl. online participation)
Participants: Approx. 10,000 children (incl. online), and 950 students from 16 dental hygienist schools

Contributing to Society through Products

Lion has advanced business and social contribution activities around three themes — health, comfort, and the environment. Through our products, we contribute to society together with customers.

Support for Pink Ribbon Campaign — BATHTOLOGY

Lion has been supporting the Pink Ribbon campaign to eliminate breast cancer since 2008 through sales of our *BATHTOLOGY* in-bath skincare brand, which prevents skin from becoming dry after bathing. Between September and December 2010, we ran a campaign to raise funds for stamping out breast cancer. A special mark was included on the package to indicate our support for Pink Ribbon and a portion of proceeds was donated to the campaign.



BATHTOLOGY body washes (two on left) and bath additives (two on right)

Contributing to Society through TOP

The Lion TOP Eco Project is named after *TOP* laundry detergent. One initiative of the project is the Japan Clean Water Foundation, whereby ¥1 is donated toward river protection activities for every carton of *TOP* sold. In 2010, during the third such campaign, we donated ¥10,095,168.

Another activity is the Waterfront Painting Contest. The aim of the contest is to urge children to think about familiar water environments. A total of 6,413 submissions have been received up to and including the third contest in 2010. Winning entries for 2010 appear on the cover of this report.



Assistance was provided to an association promoting protection of rivers in Hasami, Nagasaki Prefecture

Fight Against Germs Project — KireiKirei

The “Fight Against Germs” Project is conducted through *KireiKirei* products and aims to promote hand washing, gargling and disinfecting. Consistent with hygiene education in the past, activities are pursued around three objectives — learning, thinking, and communicating.



The “Fight Against Germs” Project

[Learning (at Kindergartens)]

The “Chase Away Germs” Rally for kindergarten children aims to promote hand washing, gargling and disinfecting habits from an early age. We send kits containing stickers and posters to kindergartens, and use fun ways to check that children are washing their hands, gargling and disinfecting well. Between 2008 and the end of 2010, more than one million children participated at some 5,000 kindergartens.

[Thinking (at Elementary Schools)]

The aim of the *KireiKirei* “Staying Clean Together” Contest is to create opportunities for children to think about the importance of hand washing and gargling. Slogans and paintings with hand washing or gargling themes were received from elementary school or younger children from across Japan. A total of 263,691 entries have been received up to and including the 8th contest in 2010.

[Communicating (to Everyone)]

Lion donates ¥1 to the United Nations Children’s Fund (UNICEF) for every *KireiKirei* product sold under its “Circle of Beauty Surrounding Asia” campaign. Donations have been used to build sanitation facilities and provide education on hygiene at elementary schools in Myanmar. Donations made in fiscal 2010 came to ¥10,013,593.



Children washing hands before a meal on Global Hand-washing Day
©UNICEF Myanmar/WASH/2010

A Leading Company in Environmental Friendliness Promoting Society's Coexistence with Nature

Environmental Considerations in Product Creation

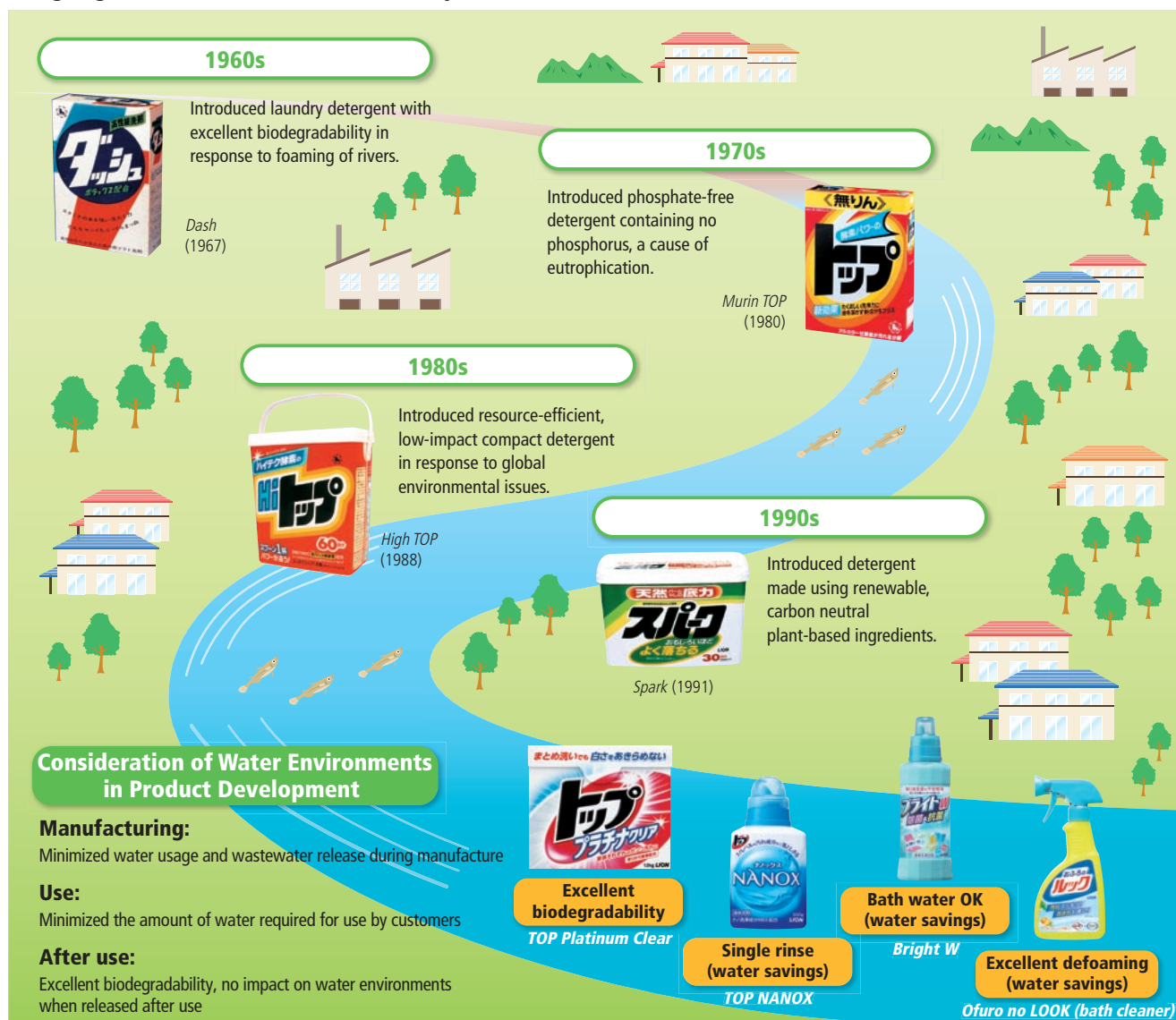
Environmental initiatives are essential for a company like Lion providing products for day-to-day living. Lion's business has an inherent link to water through the act of washing, and we make efforts to reduce the volume of water used and wastewater released during manufacturing, minimize the amount of water customers need during use of our products, and create products

which, after use, are easily biodegraded and do not pollute rivers, lakes or other waterways.

The broad scope of Lion's environmental protection efforts includes support for academic pursuits and research, as well as environmental activities carried out with customers, and it continues to expand.

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

●Ongoing Environmental Protection Efforts by Lion





Lion Forest in Yamanashi

Lion's Environmental Activities (Eco Lion Activities)

Eco Lion activities are environmental initiatives Lion carries out in all its business activities, taking into consideration every stage from research and development to raw material procurement, manufacturing at plants, marketing, logistics, and sales, through to household use and disposal. The entire Lion Group advances environmental activities centering on five initiatives.

Environmental Guidelines*

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

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

Environmental Management System

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

Environmental Management Structure*

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

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

● The Five Eco Lion Initiatives



Legal Compliance

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

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

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

A soil survey conducted after the closure of a research building at Hirai Office revealed specified hazardous substances, such as lead and arsenic, in concentrations exceeding limits stipulated by the Soil Contamination Countermeasures Act. These findings were reported to the Tokyo Metropolitan Government. We will continue to act appropriately in accordance with the law and in cooperation with the authorities.

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

Adjustments are also being made to frameworks in line with revisions to related laws — namely, the Act on the Rational Use of Energy, Act on Promotion of Global Warming Countermeasures, Pollutant Release and Transfer Register (PRTR) Law^{*1} and Chemical Substances Control Law^{*2}.

There were no infringements resulting in a fine or other penalty during 2010.

*1. Pollutant Release and Transfer Register (PRTR) Law:

Officially, the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof.

*2. Chemical Substances Control Law:

Officially, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

Status of ISO 14001* Certification

Lion acquired ISO 14001 group certification covering all its plants in July 2001. Certification was reviewed and extended by the Japan Management Association Quality Assurance Registration Center (JMAQA) at three-year intervals, in May 2010. Continual improvements are made to management systems and environmental protection activities based on audit results.

* ISO 14001:

A global standard governing voluntary environmental efforts by organizations



ISO 14001 Certificate of Registration

Internal Environmental Audits

Employees who are qualified as internal environmental auditors after undergoing appropriate training routinely implement internal environmental audits to verify total conformity to ISO requirements and conduct management reviews. Individual departments take responsibility for rectifying any non-conformity and reporting on improvements. The director of the board responsible for CSR, who chairs the Environmental Action Promotion Committee, carries out executive environmental audits on a regular basis together with safety audits.



Executive safety and environmental audit

Environmental Targets and Achievements

After evaluating the results of the medium-term environmental plan for the three years to 2009, we formulated a new plan for the three years commencing in 2010.

When formulating the new three-year medium term environmental plan, importance was attached to relevance to business activity plans. The three main elements are as follows.

- Realizing a low-carbon society
- Enhancing Lion's environmental management structure
- Strengthening efforts in effective use of water resources and biodiversity

CO₂ Emissions Reduction Targets

2012 Target:

A reduction of **30% or more** compared to 1990

2020 Target:

A reduction of **40% or more** compared to 1990

Environmental Targets and Achievements

◎ : Attained ○ : Almost attained × : Unattained

Category	Target		Achievements		Related pages
	2012	2010	Principal measures in 2010	Attainment level in 2010	
CO ₂ emissions reduction	Reduce energy-derived CO ₂ emissions from business activities by 30% or more compared to 1990;	Reduce by 27% or more	Reviewed laundry detergent production efficiency as an energy-saving measure	◎ (27% reduction compared to 1990)	P44
	Reduce specific energy consumption in logistics by 1% or more on average each year;	Reduce by 1% or more compared to the previous year	Increased use of large vehicles	◎ (1% reduction compared to the previous year)	P44
	Reduce the CO ₂ emission rate at overseas production sites by 1% or more on average each year NEW	Reduce by 1% or more compared to the previous year	Strengthened environmental management structure	◎ (3% reduction compared to the previous year)	—
Waste reduction	Reduce total waste generation by 55% or more compared to 1990;	Reduce by 53% or more	Waste increased from 2009 due to market conditions leading to a decline in volume of items sold	× (52% reduction compared to 1990)	P45
	Attain "zero emissions" status group-wide (currently 8 out of 10 sites have attained that status) NEW	—	Deployed Lion's measures at affiliated companies	(Attained zero emissions* status at 1 affiliated company)	P45
Environmental consideration in products	Reduce wastewater by 20% or more compared to 2005 NEW	Reduce by 17% or more	Made improvements to cleaning methods, but wastewater from cleaning increased due to increased switching between product varieties	× (12% reduction compared to 2005)	P45
Chemical substance management	Reduce total PRTR substance emissions by 45% or more compared to 2005 (separate targets to be set for new substances); NEW	—	Completed preparations for managing substances newly specified under revisions to the law	(42% reduction compared to 2005)	P50
	Reduce volatile organic compound (VOC) emissions by 75% or more compared to 2000	Reduce by 75% or more	Introduced VOC recovery systems and improved product composition	◎ (78% reduction compared to 2000)	P50
Environmental management structure enhancement	Carry out environmental management according to the PDCA cycle	Make environmental data for overseas sites publicly available	Disclosed data via Lion's website	◎	—
	Identify and perform accounting for environmental liabilities	Identify PCB waste and book as environmental liabilities	Finished booking PCB waste as environmental liabilities	◎	P40
Environmental awareness and communication	Continue to promote Eco Lion activities	Formulate and make public a policy for biodiversity initiatives	Defined policy in a revision of the Environmental Guidelines	◎	P52~53

NEW indicates new targets set for the medium-term environmental plan for the three years 2010-2012.

* Lion defines "zero emissions" as the achievement of a 99% or higher recycling rate for total waste generated. However, this does not include residues from recycling. By 2010, 9 out of 10 manufacturing sites in the Lion Group had attained zero emissions status.

Environmental Accounting

Each year, we tabulate environmental protection costs, environmental protection benefits, and economic benefits (actual benefits) associated with environmental protection activities of the entire Lion Group based on Ministry of the Environment guidelines. The tabulation period is the same as the Company's accounting year, January-December 2010.

● Environmental Accounting (2010)

Environmental Protection Costs (million yen)				Environmental Protection Benefits			Related pages
Category	Principal activities	Investments	Expenses	Category	2010	Year-on-year change	
Business area costs	Pollution prevention Air pollution prevention, water pollution prevention, etc.	109	272	NOx emissions (tons) SOx emissions (tons) Particulate emissions (tons) Total COD (tons)	60 15 6 10	7 -8 -1 -2	P45
	Global environmental protection Energy conservation, etc.	194	3,705	Energy usage (t-CO ₂) Industrial water usage (m ³) City water usage (m ³) Wastewater (m ³)	105,353 912,708 424,235 729,624	-385 -1,867 19,388 39,766	P44~45
	Resource recycling Waste treatment, recycling, etc.	2	245	Total waste generation (tons) Final waste disposal (tons) Recycling rate (%) (recycled volume ÷ volume consigned)	8,432 202 95	321 -89 1	P45
	Eco-friendly products Eco-friendly product manufacturing facilities, etc.	1,220	5,738	Plant-based materials, biodegradable materials, compact products, refill products, recycled paper use, recycled PET use, etc.			P46~49
Upstream/downstream costs	Outsourcing fees incurred due to Japan's Containers and Packaging Recycling Act, waste treatment, etc.	—	524	Packaging materials used (tons) Waste (tons)	65,323 2,292	-4,992 -1,272	P48~49
Administration costs	ISO 14001 renewal expenses, environmental education, publishing of reports, exhibits, etc.	1	632				P40, 50
R&D costs	Costs for developing eco-friendly products, etc.	90	1,735				P46~49
Social activity costs	Local environmental activities, donations, etc.	0	22				P51
Environmental remediation costs	Tax imposed on pollution performance, etc.	0	31				P40
Lion Group total		1,616	12,904				

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

Benefits	Year-on-year reduction
Cost savings due to energy conservation	157
Cost savings due to resource efficiency	165
Savings on water and sewerage charges	3
Savings on waste treatment expenses*	5

* Includes sales of items of value.

Eco-Efficiency

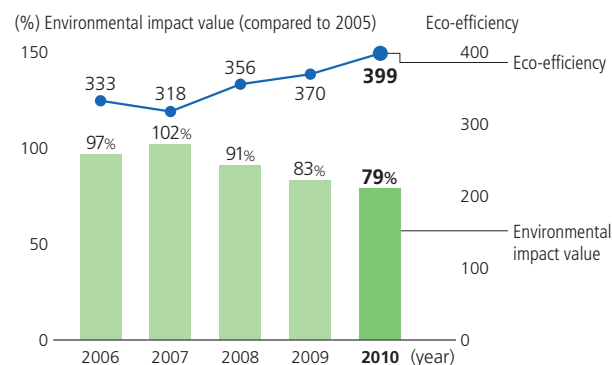
Lion calculates eco-efficiency according to the following formula to evaluate the efficiency of corporate activities in terms of environmental impact. Efforts are then made to improve eco-efficiency.

Eco-efficiency based on LIME improved again in 2010 due to a reduction in the environmental impact value*.

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

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

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



* Environmental impact value is calculated using the LIME2 integrated coefficient list (July 1, 2010 version). The base year for environmental impact value comparison has been changed to 2005.

Overview of Environmental Impact of Lion's Business Activities

INPUT

Energy

Total energy usage (crude oil equivalent)	56,995kL (-434)
Electricity	103,709million Wh (3,535,000)
Natural gas	12,474,000m³ (-1,299,000)
Other fuels (crude oil equivalent)	15,835kL (-192)

Materials

Raw materials (Home products only)	390,000tons (47,000)
PRTR chemical substances	97,000tons

Water resources

Water used	1,337,000m³ (17,000)
Tap water used	424,000m³ (19,000)
Industrial water used	913,000m³ (-2,000)

LION
(Lion Group)

OUTPUT

Emissions into atmosphere

CO ₂ emissions	105,353tons (-385)
Production activities	96,455tons (431)
Non-production activities	8,898tons (-816)
NO _x emissions	60tons (7)
SO _x emissions	15tons (-8)
PRTR chemical substances	26,310kg

Emissions into water

Wastewater	730,000m³ (40,000)
PRTR chemical substances	0kg

Waste

Total waste generation	8,432tons (321)
Consigned for recycling	4,527tons (-255)
Final waste disposal	202tons (-89)

Logistics



Customers



Logistics

CO ₂ emissions	20,207tons (-643)
---------------------------	----------------------

Products

Net sales	331.1billion yen (92billion)
Waste packaging	39,079tons (-25)

Figures in parentheses indicate change from previous year

Reducing Greenhouse Gas Emissions



Looking beyond the Kyoto Protocol, Lion is working toward a large reduction in CO₂ emissions.

Reducing Greenhouse Gas Emissions

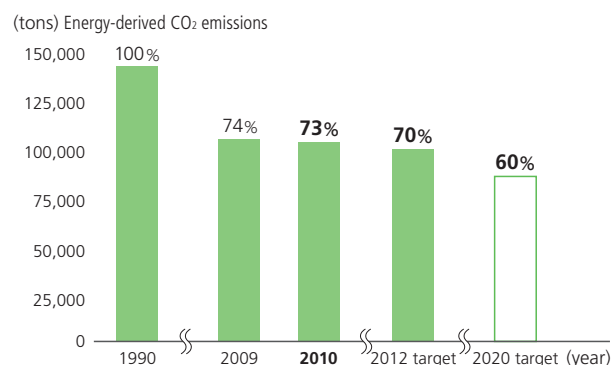
The Kyoto Protocol came into effect in 2005, obligating Japan to reduce greenhouse gases by 6% between 2008 and 2012 compared to 1990 levels. At Lion, too, each individual employee is committed to reducing CO₂ emissions.

Reducing CO₂ Emissions from Business Activities

In 2010, the Production Division worked to reduce CO₂ emissions through persistent energy-saving measures in addition to a review of laundry detergent production efficiency and other efforts. However, CO₂ emissions at affiliated company plants increased due to a rise in production volume.

Offices and R&D divisions also reduced CO₂ emissions through advancement of activities relating to the Challenge 25 Campaign — a national movement for the prevention of global warming promoted by Japan's Ministry of the Environment — and efforts such as full observance of eco-driving when using company vehicles and ongoing introduction of low-emissions vehicles. As a result, CO₂ emissions were reduced 27% in 2010 compared to 1990.

CO₂ Emissions Reductions and Targets



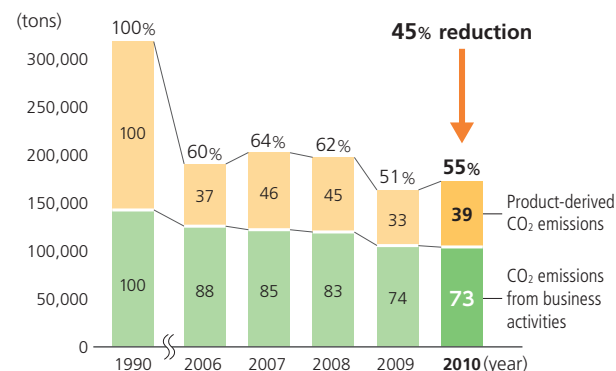
Reducing CO₂ Emissions after Product Use

Lion looks for ways to reduce CO₂ emissions generated after product use through its product-related research and development activities. Specific efforts to reduce product-derived CO₂ emissions include replacing petroleum-based surfactant ingredients with plant-based

ingredients that do not lead to an increase in CO₂ (carbon neutral: See p.47). In 2010, the reduction target was not achieved due to major changes in the product mix caused by a shift in consumer needs.

Total CO₂ emissions, combining emissions from business activities and emissions generated after product use, increased in 2010 from the previous year, with the reduction compared to 1990 falling back to 45%.

Total CO₂ Emissions Derived from Business Activities and Products



Initiatives in Logistics

Lion works to reduce CO₂ emissions and specific energy consumption through efforts to improve logistics efficiency, such as shortening transportation distance using direct shipments from plants, and implementing joint deliveries with other manufacturers. We are also pursuing modal shifts from truck transportation to transportation by rail or ship, and obtained Eco Rail Mark recognition from Japan's Ministry of Land, Infrastructure and Transport in 2005.

In 2010, the modal shift rate for all traffic volume was 22.0%, and 68.7% for long-distance transport over 500km. CO₂ emissions in logistics were 20,207 tons, a 3.1% reduction from the previous year. Specific energy consumption decreased 1.3% from the previous year, and we continued to satisfy guidelines to the revised Act on the Rational Use of Energy by achieving a reduction of 1% or more on average each year from 2006.

Effectively Using and Recycling Resources

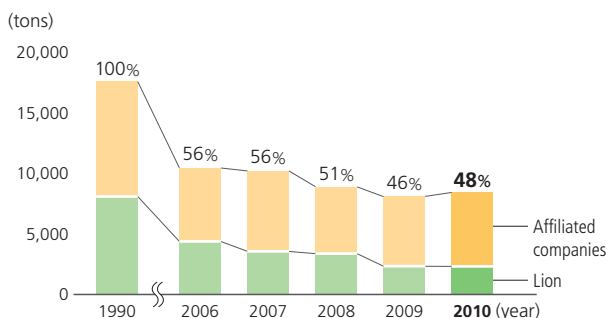
Lion promotes waste reduction and recycling, and is working to protect water resources and reduce wastewater.



Total Waste Generation by Lion Group

In 2010, the Lion Group reduced total waste generation to 48% of the 1990 level (2010 target: 47% or below). Although waste increased due to market conditions leading to a decline in the volume of items sold, we aim to reduce waste to 45% of the 1990 level by 2012 through renewed efforts to ensure thorough sorting of waste and turn waste into valuable resources.

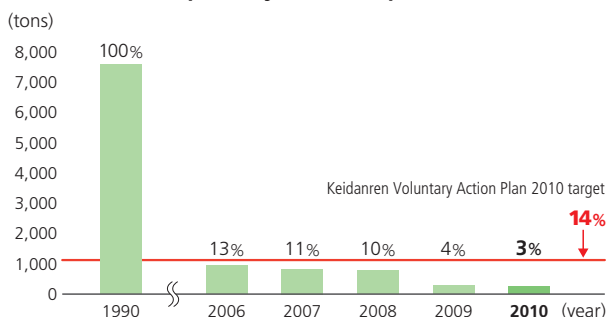
Total Waste Generation by Lion Group



Final Waste Disposal by Lion Group

In 2010, the Lion Group reduced final waste disposal by 97% compared to the 1990 level, well exceeding the target established by Keidanren (the Japan Business Federation), a reduction of 86% or more by 2010 compared to 1990.

Final Waste Disposal by Lion Group



Lion plants attained zero emissions status in 2002 and have maintained that status since.

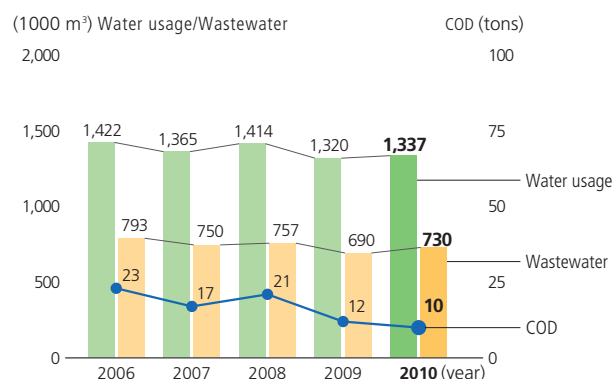
Among affiliated companies, the Ono Plant of Ipposha Oil Industries Co., Ltd. achieved zero emissions in 2010,

following the Oleochemical Division of Lion Chemical Co., Ltd. in 2008, and the Fukushima Plant of Lion Packaging Co., Ltd. in 2009. We will now focus on attaining group-wide zero emissions status by 2012, with attainment at one office still required.

Protecting Water Resources

Lion keeps a constant close watch on water usage and wastewater volume and works to reduce water usage through cyclic use and lower environmental impact. Improvements to facility cleaning processes and water conservation were advanced as we set out toward a new target to reduce wastewater generated by the entire Lion Group to 80% or below by 2012 compared to 2005. However, more wastewater was generated in 2010 than in the previous year due to high-mix production, and the volume was still 88% of the 2005 level. Further efforts will be made to protect water resources through process improvements and other measures.

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



* Chemical Oxygen Demand (COD):

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

Green Purchasing

Green purchasing of office supplies used by employees Company-wide is being advanced by expanding the list of available items. The green purchasing ratio in 2010 was 80% (79% in 2009).

Considering the Environment from a Product-Oriented Perspective

Lion develops eco-friendly products in line with independent standards established from a perspective of life cycle assessments (LCA).

Lion Eco Standards*

When developing products, Lion considers the environment in terms of both product composition (contents) and containers and packaging. The Lion Eco Standards, established from a perspective of LCAs (See p.49), define an "eco-friendly product" as a product that satisfies the criteria of at least one area of evaluation based on a quantitative assessment of environmental impact in the following stages: (1) raw material procurement; (2) packaging material procurement; (3) manufacturing; (4) logistics; (5) household use; and (6) disposal.

Lion recognizes the need to lower as much as feasible the impact of products on the global environment throughout their entire life cycle, and is therefore committed to the development of eco-friendly products.

* Lion Eco Standards (Japanese only)

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

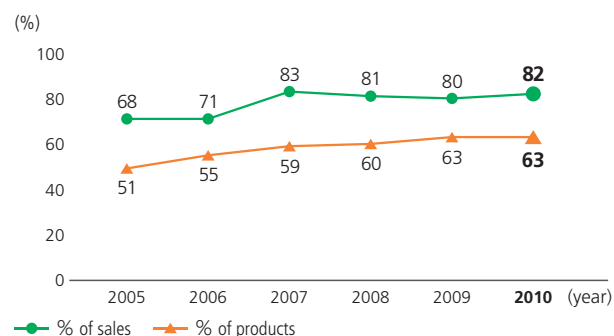
● Areas of evaluation for the Lion Eco Standards

Stage	Evaluation area
① Raw material procurement	Use of plant-based raw materials Use of sustainable raw materials
② Packaging material procurement	Use of recycled materials Use of sustainable materials Use of plant-based materials Use of biodegradable materials
③ Manufacturing	Energy savings and reduction of water usage and wastewater during manufacturing Reduction of chemical substances use Reduction of waste
④ Logistics	Compact size, high concentration
⑤ Household use	Energy savings during use (power savings) Organic substance release per use Reduction of water usage (water savings)
⑥ Disposal	Reduction of packaging and refill availability Reuse and recycling of packaging, other

Percentage of Products Satisfying the Lion Eco Standards

The number of products manufactured by Lion (excluding pharmaceuticals) satisfying criteria for at least one Lion Eco Standards area of evaluation is rising steadily. This currently applies to 63% of all items, or 82% in terms of sales value.

● Eco-Friendly Product Ratio and Percentage of Sales



* Products satisfying criteria for at least one Lion Eco Standards area of evaluation

Environmental Considerations in Product Component Development

Lion is promoting development of product components that meet environmental challenges such as global warming prevention and water environment protection. Prime examples of this approach are the development of methyl ester sulfonate (MES) and methyl ester ethoxylate (MEE).

Lion was the first in the world to carry out industrial production of MES, a plant-based surfactant with excellent detergency and biodegradability. MES is used in *TOP Platinum Clear* and other Lion laundry detergents. MEE, which even in small amounts has high detergency, is used in *TOP NANOX*.

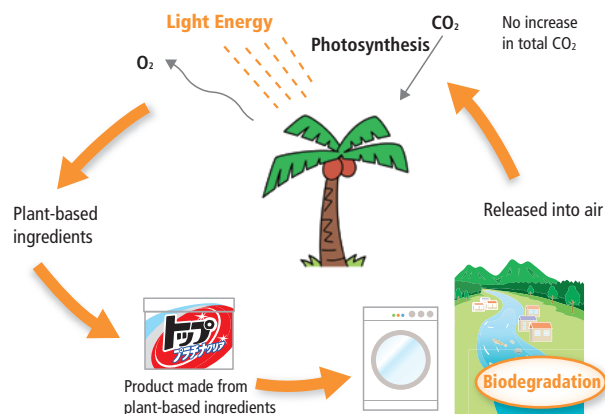
Environmental considerations in products containing MES and MEE are introduced on Lion's website.

Superior Properties of MES

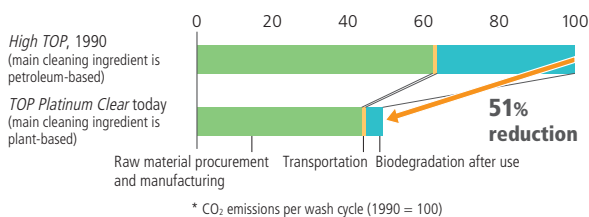
1. No Increase in Atmospheric CO₂

After use, surfactants are decomposed in the environment to become CO₂ and water. When surfactants made from plant-based ingredients are decomposed, they do not release any additional CO₂ into the atmosphere (they are carbon neutral). The surfactant MES, made from plant based ingredients, does not add to the amount of CO₂ in the atmosphere.

Carbon Neutrality



Comparison of CO₂ emissions related to laundry detergent



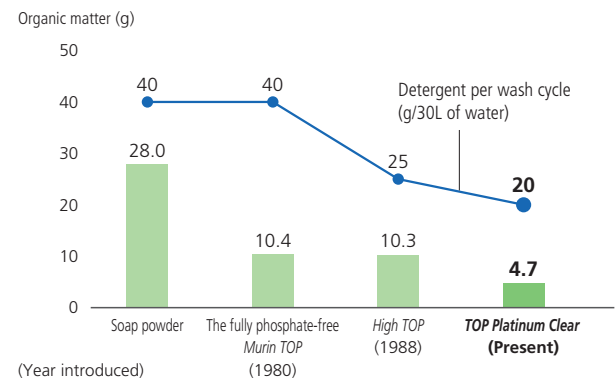
2. High Biodegradability

After use, surfactants are broken down by microorganisms in the environment (biodegradation). Since MES is easily biodegraded, it will not remain in the environment for a long time.

3. Excellent Detergency

Increasing the cleaning power of detergents reduces the amount required per wash. This means less organic matter is released, reducing the impact on water environments. The current *TOP Platinum Clear* product contains MES, which has excellent detergency.

Organic Matter Released Per Wash Cycle



MES has other superior properties, including the ability to retain high detergency in hard water and compatibility with enzymes that break down stains.

Post-use Ecological Risk Assessments

Surfactants are released into the environment after use. Lion helps the Japan Soap and Detergent Association (JSDA) conduct concentration surveys and ecological risk assessments of four types of surfactant in river systems in and around Tokyo and Osaka (four times a year) (See p. 52-53).

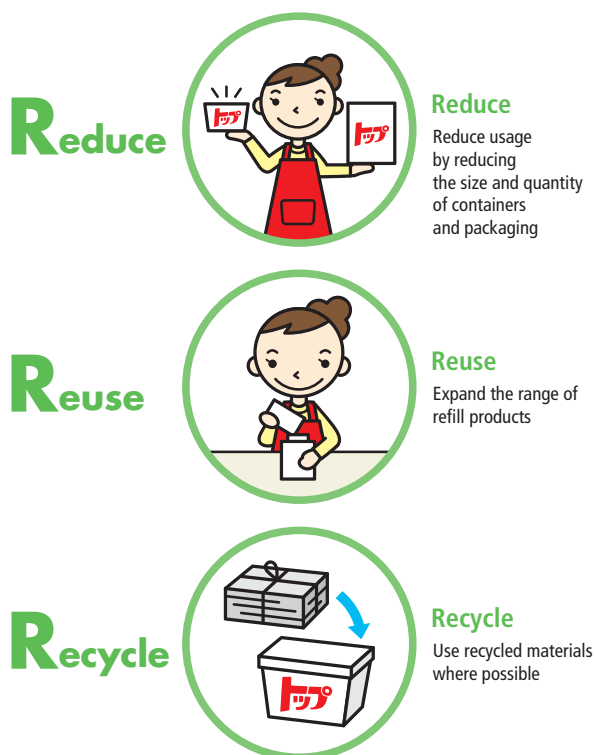
As the developer of MES and MEE, Lion independently surveys and evaluates concentrations of the surfactant in the same public waterways to verify their negligible impact on ecosystems. The Company's efforts to minimize environmental risk are ongoing.

"3Rs" for Reducing Containers and Packaging

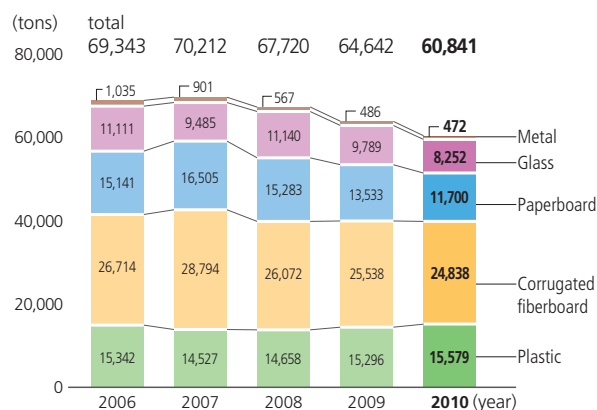
Lion actively promotes implementation of the "3Rs" (Reduce, Reuse, Recycle) as a container and packaging material reduction initiative.

The Lion Eco Standards (See p. 46) provide for container and packaging reductions, prescribing related criteria under stages (2) packaging material procurement, (4) logistics, and (6) disposal.

●"3Rs" for Reducing Containers and Packaging Materials



●Container and Packaging Material Usage by Lion



Reduce

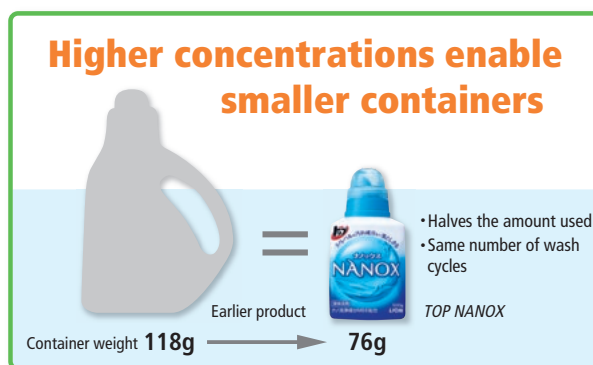
Smaller Products and Innovations in Container Design

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

Although more plastic was used in 2010 compared to 2009, total container and packaging material usage decreased by 3,801 tons to 60,841 tons due to a reduction in usage of all other materials.

Lion will continue efforts to reduce container and packaging material usage by making products smaller and innovating with container design.

●Making Products Smaller



Reuse

More Refill Products

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



Refill products



Recycle

Use of Recycled Materials

[Use of recycled resins]

PET resin recycled from plastic drink bottles constitutes 20% or more of material for containers for products such as the dishwashing detergents *CHARMY Awa no Chikara* (Power of Suds), *Charmy V Quick*, and *Charmy Mild*. Measuring spoons for powder laundry detergents make use of recycled resin from old washing machines and other electrical appliances.



Product containers made using recycled PET resin

[Use of paper made with recycled pulp]

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

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



Product containers made using recycled pulp

Life Cycle Assessments (LCA)

The importance of quantitatively evaluating the environmental impact of products at each stage from raw material procurement to disposal through life cycle assessments (LCA) is being increasingly recognized. Lion is also advancing LCA efforts that encompass the concepts of carbon and water footprints. Cross-functional initiatives by related departments in this area will allow further enhancement of our eco-friendly product lineup.

Environmental Considerations in Chemical Products Business

Environmental Solutions Business

Besides the home, Lion provides eco-friendly products meeting the diverse needs of various industries. The Company's Chemical Products business undertakes this function, and engages in developing and providing industrial chemicals. In addition to plant-based ingredients like fat and oil derivatives and surfactants, an extensive range of products are supplied. They include precision cleaning agents and electro-conductive materials for information and electronics industries, products for paper and pulp, and chemicals for civil engineering and construction.

In this way, providing highly functional industrial chemicals across a broad spectrum of industries, Lion is supporting global efforts to reduce environmental impact and creation of a sustainable, recycling-oriented society.

Eco-Friendly Chemical Products

[Transformer Oil Derived from Plant-based Ingredients]

The majority of chemical products are made from petroleum, but Lion seeks to make effective use of renewable resources even in the production of industrial chemicals and proactively engages in development of products made from plant-based ingredients such as coconut oil and palm oil.

One successful product we have developed is high-performance transformer oil (palm or coconut fatty esters) for use in transformers at plants and substations. This oil is highly biodegradable and received Eco Mark environmental certification.



Transformer

[Lowering Environmental Impact with Water-Based Detergents]

In the manufacturing of electronic and information devices, environmental concerns have led to calls for detergents that can replace CFC-based detergents and chlorinated solvents. Lion has developed and supplies a water-based detergent that contains no petroleum-based solvents.

Appropriately Handling Chemical Substances



Showing consideration to safety and the environment in all processes from product development through to use and disposal, Lion works to ensure strict chemical substance management and to reduce chemical use.

Approach to Chemical Safety Management



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

Product Development

[Selection of chemical substances for use in products]

The type and quantity of chemical substances to be used in a product are determined during the development stage. The properties of a substance are not the only consideration. We also examine safety and environmental impact.

Production

[Compliance with PRTR Law*]

Each year, Lion declares release and transfer volumes for chemical substances targeted by Japan's Pollutant Release and Transfer Register (PRTR) Law. In 2010, release and transfer volumes of substances newly included under revisions to the law were also ascertained.

* PRTR Law

Pollutant Release and Transfer Register Law

[Compliance with Chemical Substances Control Law]

Japan's Chemical Substances Control Law was overhauled in 2009. Previously, only certain chemical substances manufactured or imported had to be declared. From 2011, all chemical substances need to be declared (but only if one ton or more is manufactured or imported). Lion will file declarations for all covered chemical substances

in accordance with the law after ascertaining volumes manufactured or imported, usage, and other data.

[Voluntary initiatives for preventing air pollution]

Lion also implements voluntary initiatives for reducing emissions of chemical substances that cause air pollution, including nitrogen oxides (NOx), sulfur oxides (SOx), particulate matter, and volatile organic compounds (VOC). In 2010, we managed to reduce VOC emissions by 78% compared to 2000, thereby attaining our 75% reduction target.

Transportation

[Provision of safety information during transportation]

"Yellow Card*" and "Container Yellow Card*" systems are used when transporting items such as raw materials and intermediate products. These cards are distributed to carriers and attached to freight, and provide emergency procedures and other information to refer to if an accident occurs.

* Yellow Card and Container Yellow Card systems

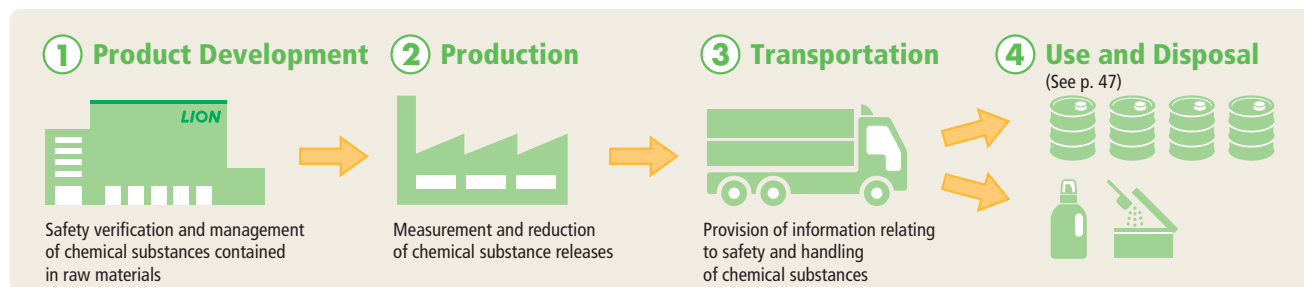
Yellow cards for emergency contact purposes. Printed on the cards to ensure readiness in the case of a chemical spill or other accident during transportation is information such as chemical substance properties and emergency procedures. Yellow Cards are held at all times by freight carriers. Container Yellow Cards are attached to containers holding chemical substances. The cards are created according to independent standards determined by a large group of chemical manufacturers.

Use and Disposal

Please see "Post-use Ecological Risk Assessments" on page 47.

Chemical substance management data for the Lion Group can be viewed on Lion's website.

● Lion's Chemical Substance Management



Fostering Environmental Awareness within the Lion Group and Environmental Communication

Lion endeavors to heighten environmental awareness among employees and to communicate environment-related information to society as a whole.

Fostering Environmental Awareness within the Lion Group

Regular Environmental Education and Communication

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

Education provided during 2010 included programs for new employees, employees in charge of waste management, employees in charge of chemical substance management, and internal environmental auditors. An additional eight employees took part in an internal environment auditor training seminar.

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

Environmental Communication

Participation in Environment-Related Events

Lion wants many people to know about its environmental activities. At Eco-Products 2010, Japan's largest environmental fair, we introduced efforts such as considerations for the environment through products, water environment protection activities, and biodiversity initiatives.

We also participated in environment-related exhibitions held in areas near business locations, including Ecomesse in Chiba 2010.



Eco-Products 2010

Interaction with Communities and Organizations

Lion participates in activities of the Japan Chemical Industry Association's Responsible Care (RC) Committee, through which the chemicals industry strives for ongoing improvements to safety and environmental considerations throughout the life cycle of chemical substances, from

development to disposal.

For the 7th Sakai-Senboku area Responsible Care dialogue meeting held in February 2010, Lion organized a tour of the Osaka Plant and introduced the Company's business activities and environmental initiatives.

In December, Lion participated in dialogue with consumer groups, hosted by the RC Committee, where we gave a presentation on environmental considerations incorporated into our detergents.

Environmental Activities for Wholesalers and Retailers

Lion's environmental activities were introduced to wholesalers and retailers at Lion Marketing Communication 2010, a briefing on marketing measures, in order to convey to them our commitment to environmental considerations throughout the supply chain. A magazine for wholesalers belonging to the Lion-kai forum also introduced the Company's environmental initiatives in an article on water environment protection activities.



Kyoei, a magazine for Lion-kai wholesalers

Environmental Communication Using Posters

Posters illustrating Lion's CSR activities are produced and used as a tool not only for employee education, but also for communicating our environmental activities to visitors to the Company.



CSR activity posters (2010)

Biodiversity Initiatives

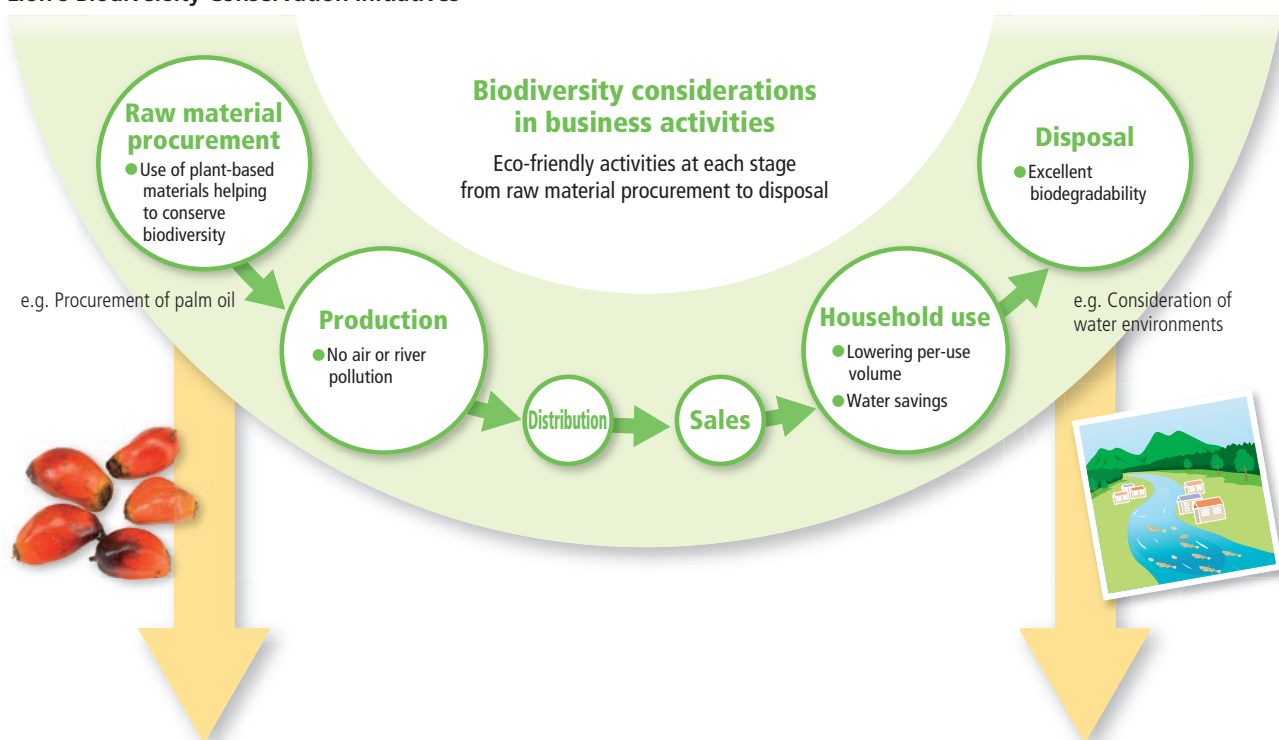
Lion advances biodiversity conservation efforts from two angles: biodiversity considerations in business activities, and protection of rare species.

Approach to Biodiversity Conservation

Lion attaches a priority to incorporation of biodiversity considerations into its business activities and has assumed

a leading role in tackling such issues as pollution and eutrophication of waterways linked to the use of detergents. Considerations toward biodiversity are paramount and Lion will incorporate them at stages throughout the product life cycle.

● Lion's Biodiversity Conservation Initiatives



Aiming for Sustainable Procurement of Palm Oil

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

Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO)* since 2006. Plantation audits and certified palm oil distribution commenced in 2008, but Lion will continue to work with concerned organizations such as the RSPO to promote sustainable palm oil procurement and use of certified palm oil to prevent unregulated development in palm oil producing nations.

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

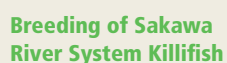
Surveying Environmental Impact

As Lion's products end up being discharged into rivers, streams, and other waterways after use, we assess them during the development stage to confirm they are safe for the environment. We also gather data on residual quantities of detergent constituents in water samples taken from rivers and streams to check that the environment has not been harmed. Thus far studies have found that the risk of wildlife being harmed is extremely low.

Lion is not the only organization engaging in safety assessment and confirmation. Besides acquiring and applying the latest information and technology available in Japan and overseas, we disseminate our own information, contributing to safety advancements.
(See related information on p.47)

Alongside business activities, Lion engages in activities like forest maintenance and breeding of rare species

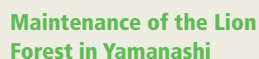
as part of its contribution to local communities and to society. Employees participate in these activities as volunteers, and that experience makes them more aware of environmental matters as they go about their jobs.



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



The Odawara Plant raises fireflies using clean water available at the plant.



As a stage for fostering environmental awareness among employees, forest maintenance is incorporated into new employee training. (See related information on p.35)



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



The Eco First Companies Association, an independent organization run by companies recognized by Japan's Ministry of the Environment (MOE) as front-runners in environmental action, held a COP 10* partner event, an MOE-supported Living Things Ecotowaza (Eco Proverbs) Contest. Judged and supervised by the Japanese Society of Paroemiology, winners of Eco First Companies Association Prizes (first prizes), association member prizes and other awards were selected from a large number of submissions. Awards were presented at a ceremony during another COP 10 partner event, Messe Nagoya. The association also held an open symposium on biodiversity in Nagoya where biodiversity initiatives of member corporations were introduced.

The tenth meeting of the Conference of the Parties to the Convention on Biological Diversity

Third-Party Review

Hopes for the development of open stakeholder dialogue

The themes of the two special features in Lion's *CSR Report* for 2011, the 120th year since the Company's founding, are "Culture Bearer for Oral Hygiene" and "Culture Bearer for Cleanliness." They are enjoyable pieces describing the CSR mentality in place right from the Company's establishment. From the Stakeholder Dialogue, too, we can appreciate the value that Lion places on communication with people who actually use the products, because customers from the general public were invited to take part, not experts, as is often the case. The article tells us these stakeholders feel Lion's environmental protection and social contribution activities have not been adequately communicated.

Communication today is evolving constantly with the ongoing development of information and communication technology. Some business administrators who are quick to catch on to such developments and hope to benefit from online word-of-mouth are beginning to engage in direct dialogue with stakeholders using social media platforms like Twitter, communicating current initiatives that way. You could say more people are seeking out things they can identify with. I think Lion should take time to examine the forms of media stakeholders turn to for information and use for day-to-day living, which may not be mass media outlets like television and newspapers, and to build a framework for open dialogue.

The Great East Japan Earthquake has altered approaches to CSR

Many people died along the Pacific coast of Iwate, Miyagi and Fukushima Prefectures as a result of the massive earthquake and tsunami which hit East Japan in spring 2011. Persistent earthquakes and radioactive contamination are making the path to recovery difficult. On the other hand, the disaster has led to a jump in social awareness among citizens. Many have donated relief funds and volunteered their services, or have thought hard about what they can do to support affected communities. After the 1995 Great Hanshin Earthquake, numerous non-profit organizations emerged to take up services that government authorities were unable to fulfill.

Matters following the recent disaster are even worse. For that reason, corporations are going to have to play different roles in society than in the past. As President Fujishige declared in his opening message, Lion must undertake a fundamental review of corporate activities and rebuild the Company's product development framework and business systems. Stakeholders will identify with that sort of information. I also hope you will use the CSR section of your website effectively to outline new initiatives you were unable to cover in this report.

Further enhance energy conservation through power-saving efforts this summer

In the wake of the recent disaster, the Government has initiated a power-saving campaign. Lion deserves praise for responding quickly to social needs, joining other Eco First Companies in promising the Minister of the Environment to reduce power consumption by 15%. The timing of notification about this commitment via your website was also good. Looking ahead, even if corporations do successfully reduce power consumption, supply in periods of high demand will still have to be complemented using fossil fuels, generating a lot of CO₂ emissions. The rate of CO₂ emissions will change as a result. The disaster may fundamentally alter the environmental programs of corporations. Social needs for renewable energy are likely to rise, too. As such, this is the ideal time for companies to strengthen their environmental positions. As a leading company in environmental friendliness, I trust Lion will take positive action.



Yutaka Kamioka

Representative Director
EOL International (NPO)

Lion's Response

It has been Lion's belief that values and ideas about happiness have reached a major turning point. People want spiritual richness, not material wealth; quality, not quantity. The Great East Japan Earthquake has caused a dramatic change in mentality, and people are thinking hard about the way society and corporate activities should be. Since the disaster, the desire for sustainable living offering spiritual richness has strengthened, and as the president declared in his opening message, Lion, too, will rebuild its product development framework and business systems as we set out to create a society where people feel secure.

We have also put in place frameworks for providing ongoing human support to affected communities in addition to relief funds and supplies. Lion supports employees who wish to engage in volunteer activities by enforcing a special volunteer leave program and bearing transport and accommodation costs. Activities of these employee volunteers are already underway. Their experiences will be shared internally to expand the scope of participation, and efforts will be communicated to people outside the Company as well.

We agree with your comment that very different corporate initiatives dealing with global warming and other environmental issues are required as a result of the recent disaster. Not only will Lion enforce emergency power-saving initiatives, we will also accelerate studies into the use of renewable energy and effective use of rainwater, stepping up our efforts toward realization of a sustainable society. Furthermore, we intend to actively support the environmental efforts of households, helping to improve the environmental compatibility

of lifestyles through development and provision of water-saving and power-saving products.

In order to fulfill our social responsibility, Lion has to be able to accurately identify changing social needs through communication with stakeholders. With that in mind, we carried out our first ever direct dialogue with customers on CSR activities. Discovering that information has been inadequately conveyed to customers in the past, we know we must strengthen CSR communication via our website. The CSR section of our website will be enhanced as an interactive medium with benefits in terms of coverage, speed and visual appeal.

The origins of Lion's approach to CSR can be traced to the Company's founding spirit of working for the benefit of people and society, and this spirit lives on today, 120 years later, in the Company Motto. We believe it is our social responsibility to support the realization of healthy, comfortable and sustainable living through our business activities. Lion will press ahead with its activities while listening to the opinions of stakeholders.



Shuichi Ota

Director, Lion Corporation
Responsible for Corporate Communication (Public Relations, Consumer Service, CSR Promotion),
Personnel, General Affairs, and Investor Relations

Editorial Note

The Great East Japan Earthquake struck as we were preparing this report. The words “sustainable society” seem so much more relevant now than before the disaster. Mentalities will have to change, and corporations will be required to bear even greater responsibility toward society.

The amount of CSR information we need and would like to disclose is increasing, and utilizing the website allows us to improve coverage. On the other hand, we wanted this *CSR Report* to demonstrate Lion’s stance of supporting healthy, comfortable and sustainable living through our business activities. To mark the 120th year since Lion’s

founding, we included special features recounting the history of our business from a CSR perspective. Our corporate activities are CSR activities. We will continue to enhance the *CSR Report* as an effective tool that will remind employees of Lion’s inherent CSR spirit, present right from the start, allow them to engage that spirit, and through dialogue endeavor toward sustainable growth together with society.

CSR Promotion Department, Lion Corporation

Front cover:

Overall winners in the Lion TOP Eco Project Waterfront Painting Contest

"The cool water in the river feels so nice!" by Ami Oogushi (Shizuoka Prefecture)

"Clean and cool! It feels so good!" by Rie Ando (Kyoto Prefecture)



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

from Good Morning to Good Night
More Dreams for Your Life

LION

Lion Corporation

Published:

October 31, 2011

CSR Promotion Department, Lion Corporation

Inquiries:

CSR Promotion Department, Lion Corporation

(Social Responsibility Promotion Team/Environmental Conservation Office)

3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan

Tel: +81-3-3621-6611 Fax: +81-3-3621-6269

Website: <http://www.lion.co.jp/en/>

Next scheduled publication:

October 2012

