

# CSR Report 2013



Love today,  
Love your life.

## Editorial Policy

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

The CSR Report 2013 was prepared taking into account the following points.

- Since 2011, CSR activities have been systematized in accordance with ISO 26000, an international standard concerning social responsibility. The CSR Report is also complied following trend. Since the 2013 version, this report contains major CSR issues specified on the basis of the seven core subject of ISO 26000, and medium-term objectives and major indicators for each issue.
- Third-party reviews by outside experts have been included to provide an objective assessment.

## Reference guidelines

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

## Coverage

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

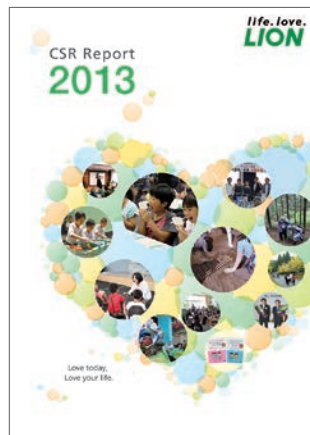
(Regarding the environmental data, overseas group companies are included in addition to the above domestic companies.)

## Period Covered

January 1 to December 31, 2012

(Some part of the activities includes that of 2013.)

## 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 2012. Contents covered in greater detail on the Company website are marked with **URL**.



### Website (CSR Section)

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

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



### Eco Leaflet (Japanese only)

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

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



### Lion 120 Eco Stories (Japanese only)

The Company's environmental conservation activities in addition to the manufacture of products conscious of impacts on water and the environment, ranges widely from academic and research support to promoting environmental activities in collaboration with our customers. The Company compiled our environmental activities and useful information for our customers into a booklet.

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

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## Corporate Data

Corporate Name	Lion Corporation
Address	3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan
Foundation	October 30, 1891
Capital	¥34,433.72 million (as of December 31, 2012)
President	Itsuo Hama
Employees	Consolidated: 6,006 Non-consolidated: 2,442 (as of December 31, 2012)
Net Sales	Consolidated: ¥335,100 million Non-consolidated: ¥254,300 million (as of December 2012)
Plants	Chiba Plant (Ichihara City), Odawara Plant (Odawara City), Osaka Plant (Sakai City), Akashi Plant (Akashi City)
Research Facilities	Hirai (Edogawa-ku), Honjo (Sumida-ku), Odawara (Odawara City)
Sales Offices	Sapporo, Sendai, Tokyo, Nagoya, Osaka, Fukuoka

## Net Sales Breakdown by Business

<b>Consumer Products Business</b>	<b>¥266.04 billion</b>
Oral Care Products	¥52.91 billion
Beauty Care Products	¥20.37 billion
Pharmaceutical Products	¥37.19 billion
Fabric Care Products	¥80.59 billion
Living Care Products	¥21.85 billion
Other Business	¥53.10 billion
<b>Industrial Products Business</b>	<b>¥49.78 billion</b>
<b>Overseas Business</b>	<b>¥59.17 billion</b>
<b>Others</b>	<b>¥29.79 billion</b>
<b>Adjustment*</b>	<b>▲ ¥69.62 billion</b>
<b>Consolidated Net Sales</b>	<b>¥335.17 billion</b>

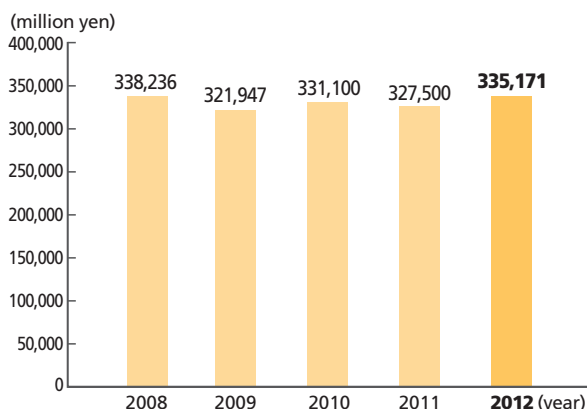
※ Intra-segment and inter-segment sales

## Location of Overseas Group Companies

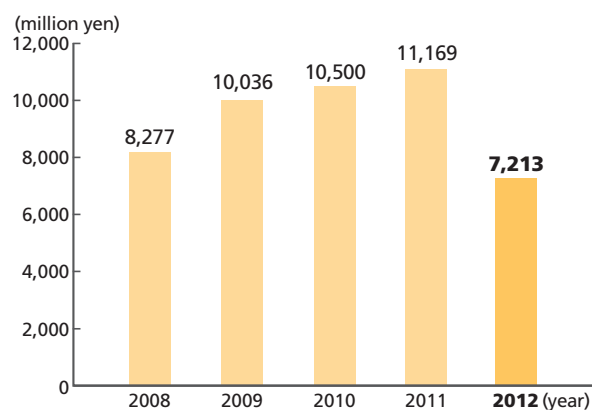


## Trend of Earnings

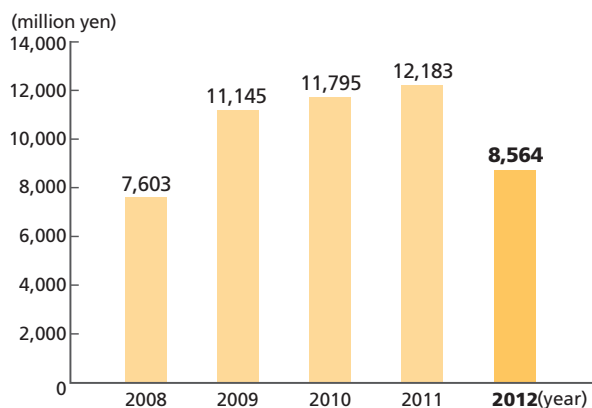
### Net Sales



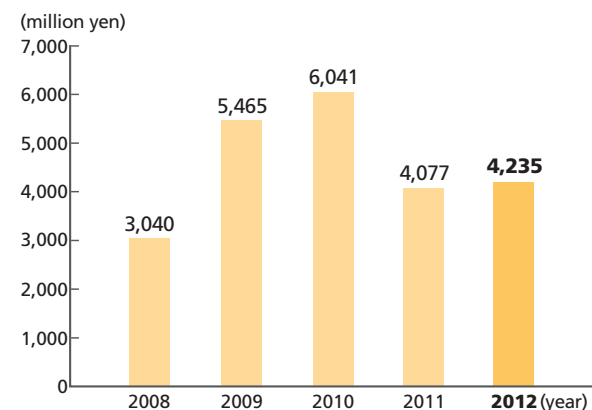
### Operating Income



### Ordinary Income



### Net Income





## ● Main Lines of Business

### Consumer Products Business

#### Oral Care Products

#### Advanced oral care products to help customers stay healthy

##### Main Product Categories

Toothpastes, toothbrushes, mouthwashes, and other dental products



#### Beauty Care Products

#### Hair and skin care products for health and comfort of body and mind

##### Main Product Categories

Shampoos, conditioners, hair-styling products, hair-nourishment treatments, hand soaps, body washes, men's cosmetics, and antiperspirants



#### Pharmaceutical Products

#### A well-rounded range of brands to meet growing self-care needs

##### Main Product Categories

Analgesics, combination cold medicines, gastrointestinal medicines, antidiarrhoeals, eyedrops, tonics and nutrients, anti-inflammatory poultices, acne medications, insecticides, and prescription drugs



#### Fabric Care Products

#### Offering you products you can trust to keep your clothes clean and smelling fresh

##### Main Product Categories

Laundry detergents, fine clothing care products, pre-care products, bleaches, fabric softeners, and maintenance products



#### Living Care Products

#### Products useful for clean and comfortable living and dining

##### Main Product Categories

Dishwashing detergents, household cleaners, and cooking aids



#### Gift Items, Mail Orders

#### Custom products tailored and mail order products suited to meet individual needs

##### Main Product Categories

Novelty items, gift items and mail order items



### Industrial Products Business

#### Chemical Products

#### Always bearing our motto, "contributing to the global environment," in mind, the Company meets the needs applying high technical capabilities and high functionality products based on interface science.

##### Main Product Categories

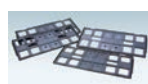
Surfactants, fatty acid nitrogen derivatives, fatty acid methyl ester and its derivatives, electro-conductive carbon black, and various industrial cleaners



Palm tree fatty acid ester electrical insulation oil and application examples (environment-friendly transformers)



Electro-conductive carbon black and application products (packing materials for electronic materials including IC chips)



Industrial cleaners and subjected materials (precision component including LEDs)



# We are steadily moving forward to realize "Vision 2020."

Lion formulated the new management vision entitled "Vision 2020," aiming to "be a company that creates value for lifestyle and spiritual fulfillment," "be a company that is advanced in the area of environmental responsiveness," and a "be a company that continuous to take on challenges, creates, and learns." The company decided to develop a 3-year plan with 3 phases in order to achieve "Vision 2020." In 2012 we started the first phase "V-1 Plan (Vision 2020 Part-1)," the Medium-term Management Plan.

For the first year of the "V-1 Plan," the goal for sales was attained, but unfortunately, operating profits fell below the target because seasonal products stagnated due to unseasonable weather and sales promotion expenses increased due to stiff competition. However, the measures carried out under the four strategies supporting "Vision 2020" which

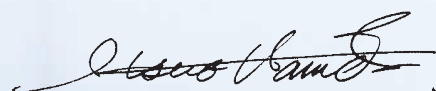
are "qualitative growth of domestic businesses," "quantitative expansion of overseas businesses," "development of new business value," and "enhancement of organizational learning capabilities," have steadily moved forward. We, therefore, believe that we have been proceeding in the correct direction.

For the fiscal year 2013, we will commit ourselves entirely to the achievement of financial targets by overcoming the greatest challenge of recovering domestic profits. Achieving these targets will establish an important milestone to achieve "Vision 2020."

In addition, we will strive to realize the new management vision and seek CSR management by incorporating CSR in management together with the driving force of business activities.



Representative Director, and Chairman



Representative Director,  
President and Executive Officer





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

### Aiming at being a company that creates value for lifestyle and spiritual fulfillment

Lion has worked to provide superior products and services that are helpful in the daily lives of people taking “health,” “comfort,” and “environment” as our business fields.

In 2012 in Japan we investigated consumers’ hygiene awareness and proposed new value in the hygiene field such as liquid detergent for clothing which removes unseen dirt based on prevention and anti-fungal agent for the bathroom. Furthermore, in the health field, our mail-order business for products such as functional foods, which started in 2007, reached the scope of 10-billion-yen. In the future, we will continue to work on the creation of clean, healthy, and comfortable lifestyles and make new proposals toward a valuable future by offering new products with high added value and transmitting innovative information.

We have also created clean, healthy, and comfortable lifestyles overseas especially in Asia. In China, Thailand, and Malaysia our production and distribution systems to meet expanding demand for toothpaste and laundry detergent were successfully enhanced and improved. We have been promoting oral care educational activities such as dental health care activities and sanitary practices through hand washing at kindergartens and elementary schools in Japan. We will contribute to the improvement of lifestyles of local residents by extending the activities to children in Asia.

### Aiming at being a company that is advanced in the area of environmental responsiveness

Since the 1960s, Lion has been engaged in finding the solutions to water environmental problems such as bubbling in rivers and eutrophication in lakes utilizing advanced technological innovations. Since the 1990s, when global environmental issues became more serious, we have continued to develop technologies from the viewpoint of harmony with the environment and efficient use of resources. When we established “Eco Vision 2020,” we considered our role to deal with the main global environmental issues such as “Realization of a Low Carbon Society,” “Realization of a Sound Material-Cycle Society,” and “Harmony with Nature.” We set integrated and advanced goals to work on the reduction of environmental burdens at all the stages from the procurement of raw materials for Lion products to the use and disposal of those products by our customers. In order to achieve these goals, the whole company set those goals after many detailed discussions. Not only through the business

activities of “today for each person,” but also through our products, we will deliver to our customers Lion’s proposes to reduce environmental burdens for “today for each person” through not only our business activities but also our products. We will receive empathy through delivering this proposal to our customers and strive to tackle global environmental issues across the board in collaboration with our customers.

### Aiming at being a company that continues to take on challenges, creates and learns

I aspire to make the organization of Lion “a group with every employee conscious of participation in management and with the courage to take on new challenges across the board” in order to realize “Vision 2020.” In 2012, we set forth a code of conduct, which encouraged employees who were creative and tried hard with risk awareness, and introduced a personnel system, which would evaluate and recognize those who attempted and completed difficult tasks.

I directly talked about my ideas at all the business offices and factories, and I continuously communicate with our employees. In 2013, I started my blog “Hama’s Eye” on the Intranet to directly send messages in my own words about the direction the company is taking, as well as my thoughts.

In order to achieve the important goals of “Vision 2020,” all of us from the top management to every employee will share such goals and continuously attempt hard tasks with courage; we will be an evolving organization, which wisely learns from its successful and unsuccessful experiences.

### Aiming for CSR management

For a company to continue to be trusted in society, it is necessary to incorporate CSR into management. Lion announced its participation in the “UN Global Compact” in 2009, and engaged in CSR activities under the 10 principles in 4 fields including “Human Rights,” “Labour,” “Environment,” and “Anti-Corruption.” The CSR promotion department, which has been lead directly under the president since 2012, has eagerly worked on the activities using the international standard of social responsibility “ISO26000.” After understanding the requirements from society, we matched them to our management challenges, specified the major CSR issues for CSR, and set the medium-term objectives. Going forward, we will also set priority issues for the overseas groups and proceed with our efforts while listening to the voices of our stakeholders.



## Eco Vision 2020

## Environmental initiatives by Lion

As a household consumer products manufacturer, Lion's management takes environmental issues very seriously. We were one of the industry's pioneers in developing products that take the aquatic impact of the product on the environment into consideration, during as early as the 1960s when the issue of foam in rivers started to appear. Continuing this tradition, we are committed to mitigating the environmental impacts in all stages of our activities, from procuring the raw materials to foreseeing the use and disposal of a product by consumers.

Since 2001, we have been running "the medium-term environmental plan for the three years," promoting environmental activities with concrete goals and the year 2012 was the final year of the plan set out in 2010.

## Review of "the medium-term environmental plan for the three years (2010-2012)"

We met our CO<sub>2</sub> reduction target for the business activities area thanks to the more compact packaging of washing powder products, the review of our manufacturing efficiency and our thorough push for energy-saving activities. The targets for logistics and overseas locations were also achieved, as well as for chemical substance management, environmental management structure enhancement, awareness promotion and PR. However, the targets in waste management and water use reduction were not met. We will review and analyze the cause of this underachievement with refreshed determination to push the agenda forward.

Keys: Achieved ○ Not achieved ×

Categories	2012 Target	Results		Related pages
		Principal measures during 2010 -2012	Achievements	
CO <sub>2</sub> Emission Reduction	Reduce energy-derived CO <sub>2</sub> emissions from business activities by 30% or more compared to 1990	Reviewed laundry detergent production Efficiency, more compact packaging and promoting energy-saving activities	○ (33% reduction compared to 1990)	p32
	Reduce specific energy consumption in logistics by 1% or more on average each year	Increased use of bigger trucks, improvement in loading efficiency in transportation	○ *3 (1.6% reduction from the previous year)	p32
	Reduce the CO <sub>2</sub> emission rate at overseas production sites by 1% or more on average each year	Conserved energy by reviewing production conditions	○ *3 (3% reduction from the previous year)	p32
Waste Reduction	Reduce total waste generation by 55% or more compared to 1990	Promoting the recovery of more valuable resources from waste (the target was unmet due to the degradation of the material recovery market, disposal of disaster-affected goods, disposal of cooling water for gas emissions due to incinerator shutdowns, and the increase of waste from production line due to the increased production of detergent raw materials)	× (49% reduction compared to 1990)	p30
	Achieve Zero Emission *1 status group-wide	Implement Lion's waste recycling policies in affiliated companies	× (unachieved in 1 office)	p30
Effective Use of Water Resources	Reduce volume of discharge by 20% or more compared to 2005 *2	Reduce in-process washing water (unmet target due to increased number of washing and increased volume of washing water at specific sites)	× (12% reduction compared to 2005)	p31
Chemical Substance Management	Reduce total PRTR substance emissions by 45% or more compared to 2005 *2	Reduction by reviewing manufacturing conditions and completing new chemical notification under revisions to the law	○ (54% reduction compared to 2005)	p30
	Reduce volatile organic compound (VOC) emissions by 75% or more compared to 2000	Introducing VOC recovery systems and improve product composition	○ (82% reduction compared to 2000)	p30
Environmental Management Structure Enhancement	Carry out environmental management according to the PDCA cycle	Publishing data from overseas sites, set and manage targets regarding CO <sub>2</sub> emissions	○	—
	Identify and perform accounting for environmental liabilities	Understanding the environmental liabilities	○	p27
Environmental Awareness and Communication	Continue promoting Eco Lion activities	Endangered species protection activities and power conservation in summer	○	p32,33

**\*1 Our definition of Zero Emission**  
99% or higher recycling rate, excluding residues from recycling, for total waste generated.

**\*2** The achievement was computed using the objectives for the substances prior to the revision of the law.

**\*3** In addition to the objectives for 2012, the target for the 3 years was also achieved.

# I n Setting “Eco Vision 2020”

In 2011, we published “Vision 2020,” our new management vision for the year 2020. One of its cornerstones is ‘to be an environmentally advanced company.’ For that reason, we clarified the areas and activities of the company’s involvement, reflecting the challenges we face now with regard to the global environmental issues.

## 1. Global Environmental Issues

Global warming	Despite concerted international efforts to reduce emissions of greenhouse gases, it is predicted to increase from 23 billion tons (2000) to 34 billion tons (2020), with the worrying consequence of accelerating global warming.
Shortage and uneven distribution of resources	Water is vital for all living creatures. The demand for water is predicted to increase from 4 trillion (2000) to 5.2 trillion cubic meters (2025) and shortages of water are increasingly apparent in the world.
Loss of biodiversity	With 30 million species on earth, it is said that we have been losing 40,000 species every year since 1975. Before, the rate was about 1000 species a year, therefore the rate of extinctions is clearly increasing.

Source: Ministry of the Environment, Annual Report on the Environment, the Sound Material-Cycle Society and the Biodiversity in Japan 2010

## 2. Areas of involvement and our action

By promoting ‘Green Innovation’ that supports our strategy of “Vision 2020” and making new discoveries, we contribute to realizing a ‘Low Carbon Society,’ ‘Sound Material-Cycle Society’ and ‘Harmony with Nature’.

### ① Realizing a Low Carbon Society

- Challenge** • Emissions of greenhouse gases from industries in advanced countries are decreasing while emissions from households are on the rise.
- Our actions** • Through the use of more plant-derived raw materials and the reduction of oil-derived plastic packaging, we aim to reduce greenhouse gases generated by households using our products to promote the shift to a low carbon society.  
• Carry out continuous efforts to reduce greenhouse gases generated by our business activities.  
• In overseas operations, set and work towards the targets for greenhouse gases reduction, through our business activities and products.

### ② Realizing a Sound Material-Cycle Society

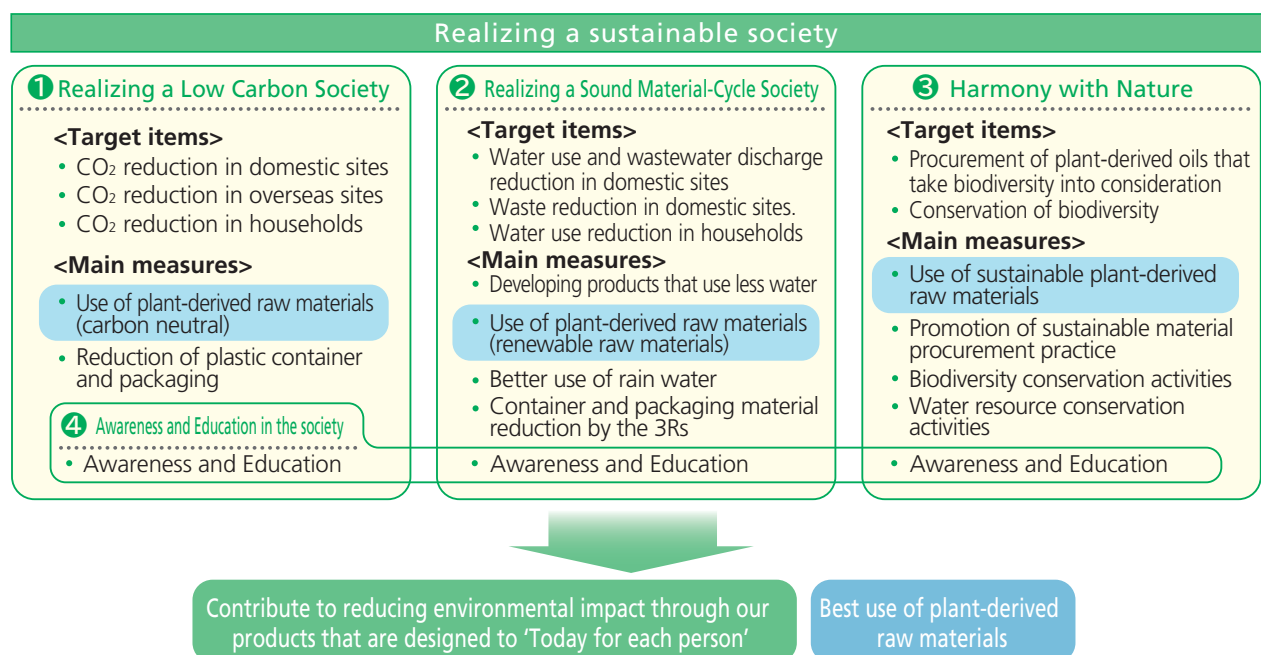
- Challenge** • Serious shortage of water resources, maximum usage of recycled resources.
- Actions** • Through the reduction of water use in our business activities, waste reduction (promotion of Zero Emissions) and wastewater discharge reduction (recycling factory wastewater discharge), as well as offering products that require less water at home, we promote the shift to a recycling-oriented society.  
• In overseas operations, we address and work towards the phased reduction of waste and water use through our business activities and products.

### ③ Harmony with Nature

- Challenge** • Take biodiversity and aquatic environment into consideration throughout the whole life cycle of a product.
- Actions** • We aim to procure raw palm oil from sustainable sources.  
• We engage in water resource conservation activities.

### ④ Awareness and Education in the Society

As well as aiming to achieve the targets on above agendas, ① to ③, we promote awareness on these agenda and encourage behavioral changes in society.



# List of Targets of “Eco Vision 2020”

Categories				Targets for 2014		Targets for 2020	
Realization of Low Carbon Society	Greenhouse gases (domestic)	Within the company	1	Reduction of greenhouse gases from business activities	Turnover unit basis 23% reduction (compared to 2010) 40% reduction (compared to 1990) (Absolute quantity: 39% reduction compared to 1990)	Turnover unit basis 34% reduction (compared to 2010) 49% reduction (compared to 1990) (Absolute quantity: 40% reduction compared to 1990)	
		Outside the company	2	Reduction of greenhouse gases from post-use products	Turnover unit basis 4% reduction (compared to 2010) 51% reduction (compared to 1990) (Absolute quantity: 48% reduction compared to 1990)	Turnover unit basis 9% reduction (compared to 2010) 53% reduction (compared to 1990) (Absolute quantity: 41% reduction compared to 1990)	
	Greenhouse gases (overseas)	Within the company	3	Reduction of greenhouse gases from business activities, overseas	Manufacturing unit basis 1% reduction year-on-year	Manufacturing unit basis 1% reduction year-on-year	
		Outside the company	4	Reduction of greenhouse gases from post-use products, overseas	—	Reduction of 100 thousand tons annually	
Realization of Sound Natural-Cycle Society	Water	Within the company	5	Reduction of water use in business activities	Turnover unit basis 9% reduction (compared to 2010) 30% reduction (compared to 2000) (Absolute quantity: 29% reduction compared to 2000)	Turnover unit basis 15% reduction (compared to 2010) 35% reduction (compared to 2000) (Absolute quantity: 23% reduction compared to 2000)	
		Outside the company	6	Reduction of water usage at household using our products	Turnover unit basis 14% reduction (compared to 2010) 43% reduction (compared to 2000) (Absolute quantity: 39% reduction compared to 2000)	Turnover unit basis 17% reduction (compared to 2010) 45% reduction (compared to 2000) (Absolute quantity: 33% reduction compared to 2000)	
	Waste		7	Zero emissions within the company	Zero emissions in all domestic production sites	Zero emissions in all domestic offices	
	Waste water discharge		8	Recycle of factory wastewater discharge	—	95% wastewater recycle at multiple factories	
Harmony with Nature	Procurement	9	Procurement of plant-derived oils that take biodiversity into consideration	Obtain RSPO* Supply Chain certification and start purchasing certified oils	All palm oil purchased to be RSPO certificated (2015)		
	Biodiversity	10	Energize biodiversity conservation activities	Carried out in all Lion’s unit factories	Carried out in all domestic sites		
Education	Awareness and Education in the society	11	Environment awareness and education for consumers	50% increase of consumer participation in our awareness activities (compared to 2010)	Doubling the amount of consumer participation in our awareness activities (compared to 2010)		

\* RSPO: Roundtable on Sustainable Palm Oil



## V oices of Outside Stakeholders

In order to set relevant objectives with regard to our environmental challenges, consultations with specialists from environmental NGOs were conducted. Consultations with environmental communication specialists were also held in order to share and achieve our objectives together with customers and consumers (dialogues were held between November and December 2012).

### 1. Theme: Our New Environmental Objectives “Eco Vision 2020”



#### Extracts of the comment provided by **Mr. Yasushi Hibi**

Managing Director,  
Conservation International Japan

Lion's new environmental objectives “Eco Vision 2020” are of a high standard in terms of its coverage and progressiveness, making good use of quantitative assessments.

However, as for the objectives and targets for overseas operations, I expect the company to review and improve them to set more challenging targets, including the absolute quantity targets, even for the initiatives during ongoing period.

Lion is in the position of influencing the behavior of consumers. It is important to keep communicating with them such as through their products.

### 2. Theme: Environmental Communication



#### Extracts of the comment provided by **Ms Minako Oishi**

Board Member Chairperson,  
Environment Committee

It is important that communications from the company to consumers is easy to understand with concrete facts. It was felt that the assertion of ‘the product is eco-friendly because it uses plant-based raw materials’ is not sufficient as an explanation.

When using an environmental label, it is important that the label includes information that consumers do not know and are not aware of.. It is desirable to set out criteria covering all the stages of ‘the life of a product,’ not only a part of it.

Consumers can only change their behavior once they are convinced. It is a role and a responsibility of an enterprise to communicate information that leads to consumers’ choice, such as the fact that the use of RSPO certified oils contributes to conserving biodiversity of forests.

I hope Lion will continue to carry out its environmental awareness campaigns at schools.

## P ost-consultation Notes

These consultations were valuable opportunities for us in learning the opinions of the specialists outside our organization.

Firstly, we confirmed that our new environmental objectives “Eco Vision 2020” satisfy a good level. We were also given advice for future efforts such as setting additional targets for initiatives even during ongoing period. We learned that more engagements in environmental initiatives were expected not only in Japan but also overseas, which made us determined to further pursue these activities.

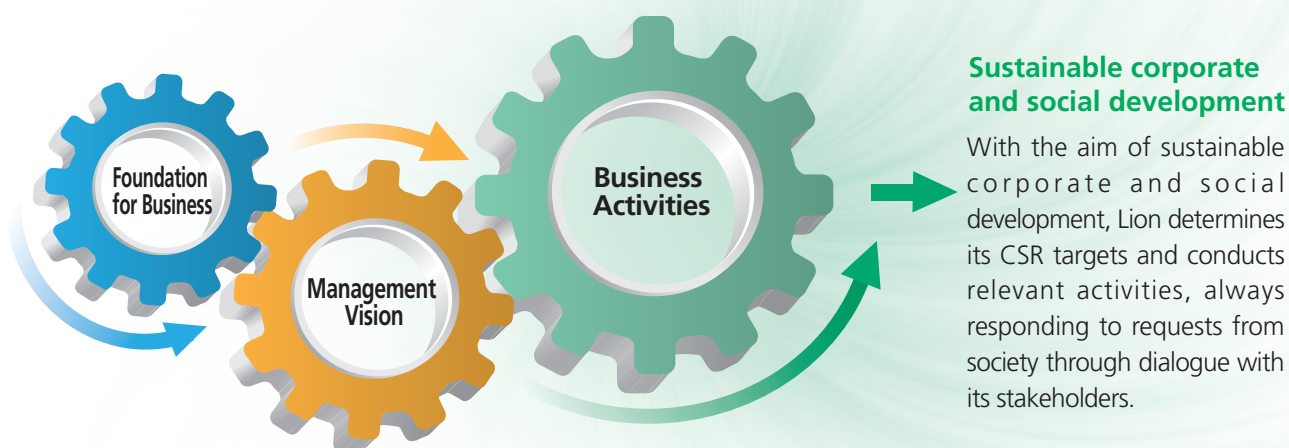
We were also given the advice that by enhancing communication with consumers through environmental labeling etc., we could inspire the consumers to behave in environmentally friendly ways. We have re-affirmed that it is one of the company's important roles to contribute to realizing a sustainable society by enhancing communication and we will further strengthen our commitment.

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

## ● Basic Approach

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

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



### ● Company Motto/Management Philosophy

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

### ● Management Vision and Plan

We promote business activities following the new management vision and corporate message determined in 2011 as our corporate direction until 2020.

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

## ● Foundation for Business

### 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.

## Business Activities

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

products for daily life, as well as promotions and educational activities. A new corporate message was formulated in 2011 under the slogan of "life. love. Lion," we will conduct business activities for both physical and mental health and comfort, aiming to be a company, which creates a valuable future.

### Oral Hygiene Business

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

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

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



Founding (1896~)	Growth (1913~)	Mass Production (the 1960s~ and 1970s)	Expansion (the 1970s ~ onward)	Future
Promoting oral health/ The root of social action programs	Starting educational activities to make tooth brushing habits for children	Expanding the market, and developing world-class products	Responding to diversifying oral health issues with more scientific research	From oral health to systemic health From Japan to other Asian countries

### Culture of Cleanliness and Environmentally-friendly Business

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

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

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



Early Notions About Hygiene (1891 ~ 1940s)	Hygiene Reform in Post-war Japan (1950s)	Response to Water Environment Issues (1960s ~ 1980s)	Response to Petroleum Resources Issues and Resource Conservation (1990s)	Food Poisoning Cases Raise Needs for Disinfectants (1990s ~ 2000s)	Water Resources and Water Use Reductions Combating Odors (2010s)	For the future
Promoted awareness about washing with detergent	Contributed to eradication of parasites with a neutral detergent for both dishes and vegetables	Responded to various water environment issues which occurred as the use of synthetic detergents became popular	Amid an increase in awareness of reducing use of fossil resources, expanding plant-derived products	Launched medicated soaps Developed educational activities for children	Released "TOP NANOX" mixed with uniquely-developed cleaning ingredients	Establishing sustainable society Contributing to a clean lifestyle in Asia



## Aspiring for a New Concept of Hygiene and Health

Lion's new management vision for the future, "Vision 2020" defines the company 'creates value for lifestyle and spiritual fulfillment long into the future.'

With this in mind, we continuously seek what we can do day after day as well as research into solving anticipated social issues, working towards expanding the scale of our business to meet the demands of more people.

In order to offer products that contribute to everyday wellness for everybody, Lion Group is pursuing various types of research.

Our 'Behavioral Science Research Institute' is working hard to respond to consumer requests for 'a safer and more comfortable everyday life,' by identifying the needs and developing products to satisfy those needs.



**Noriko Hara**

Director - Customer Insight Research  
Lion Behavioral Science Research Institute

1

In order to create new value,

### **we must identify genuine needs.**

It is important to find anxiety and dissatisfaction, which you do not even realize you have, and provide products that address these issues.

What can Lion do to make an ordinary day just a little bit happier?

Our Behavioral Science Research Institute is seeking clues to answer this question by closely monitoring people's everyday lives.

Not only analyzing questionnaires and sales data, we seek out unidentified anxieties and dissatisfactions, which people have not even noticed themselves, by closely following volunteer survey participants' lifestyle or using approaches based on psychological studies.



From these investigations that closely observe consumers, we found out that:

- they have anxiety for something that they cannot see, and
- they are unconsciously thinking that 'inside the house is clean but outside is not.'

2

From various investigations, we have developed a new concept of cleanliness,

### **'Preventive Care.'**

Through our offerings of products based on the 'Preventive Care' concept, Lion is responding to the consumers' needs to 'protect families from anxiety about the invisible and realize an easier and more comfortable life.'

Our products are developed based on the concept of 'Preventive Care'



#### **TOP HYGIA**

Laundry detergent based on the concept of 'clothes get more germ-resistant every time they are washed.'



#### **LOOK Bath Antimold Fogger**

A fumigation-type fungicide containing 'silver ion fog' to kill mold-causing bacterium and prevent the growth of black mold in bathrooms.

3

### **We are ready for the needs of the future,**

making the best use of the accumulated outcomes of our studies.

Our aim is for everybody to 'live comfortably and positively everyday with an assured feeling of safety and confidence for the future,' by eliminating peoples' anxiety about the invisible and discomfort in everyday life.

We think it is important to eliminate small anxieties and discomfort in everyday life one by one, using the investigative methods we have developed and the vast data we have accumulated.

We can also predict future needs from changing trends in lifestyle identified in the studies.

In order to offer products as quickly as needs appear we are already on track to develop such products.

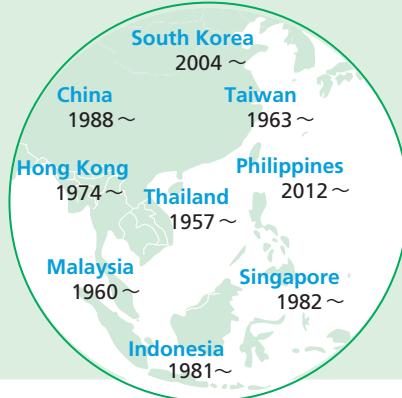
## Activities in Asia

We are pursuing what we do best in overseas countries as well, through the offering of laundry and oral care products as well as communication activities such as 'Oral Health Event of Tooth Brushing for children,' to keep promoting cleanliness, health, comfort and environment of the people.

### Expanding markets

Overseas business that started in 1957 in Thailand has been steadily expanding for the last 55 years to 2012. We have just started the trial-sale of toothbrushes in Vietnam.

#### 55 years of expansion in Asia



### Strengthened production capabilities

We are strengthening our production capabilities in various locations to meet growing demands. New factories for oral care products and laundry detergents have opened in Thailand and Malaysia respectively.



New factory for oral care products (Thailand)



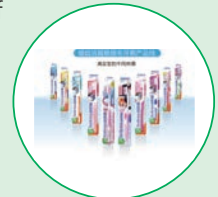
Lion Eco Chemicals (Malaysia) where factory extension works is underway to increase production of methyl ester sulfonate (MES), an environmentally friendly surfactant.

### Quantitative expansion of business

2012 saw significant growth especially in Thailand, South Korea, China and Hong Kong. We will continue to offer products that meet the different needs of different localities.



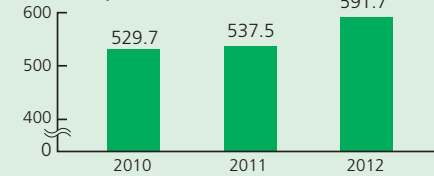
'NANOX,' the No.1 product in liquid laundry detergent market in Hong Kong.



'Systema toothbrush series,' a big hit in China.

#### Turnover of overseas market

(100 million yen)



\*Turnover of consolidated companies

### Promoting oral care habits

In addition to South Korea, Hong Kong and Singapore, we carried out 'Oral Health Event of Tooth Brushing for children' in Philippines and China in 2012.

For related information, see p43

## Topics Environmental activities in CJ Lion (South Korea)

### ● Korea's Green Management Award

Korea Green Management Awards are prestigious environment-related awards organized by South Korea's Ministry of Knowledge Economy (currently the Ministry of Trade, Industry and Energy) and Ministry of Environment. The company received awards in recognition of the 'promotion of environmentally conscious practices that start from everyday life' of all stages of activities from product planning to marketing.



Award Ceremony



Award Certificate

### ● Eco Environmental Brand Award

Our 'Cham Green,' a dishwashing detergent product that is gentle for hands was awarded the Eco Environmental Brand Award (organized by Korea Brand Management Association), in recognition of its environmentally friendly composition such as biodegradability, as well as the use of raw materials that produce fewer greenhouse gases.

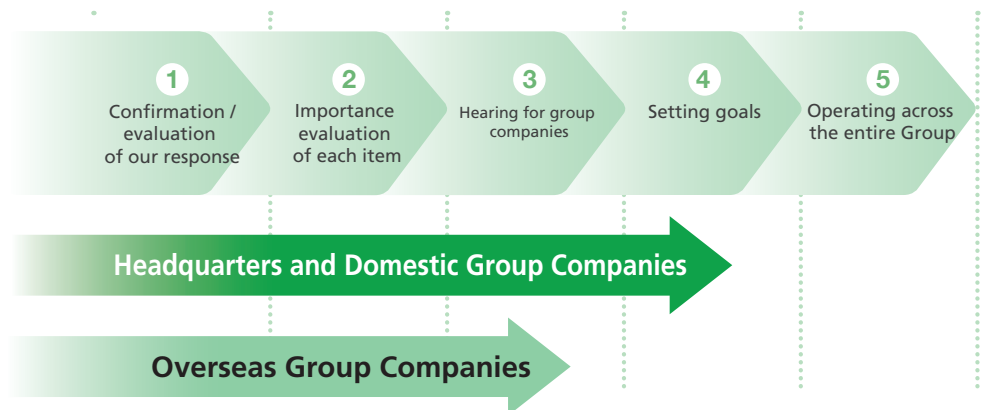


Award certificate

## Promotion of CSR Activities

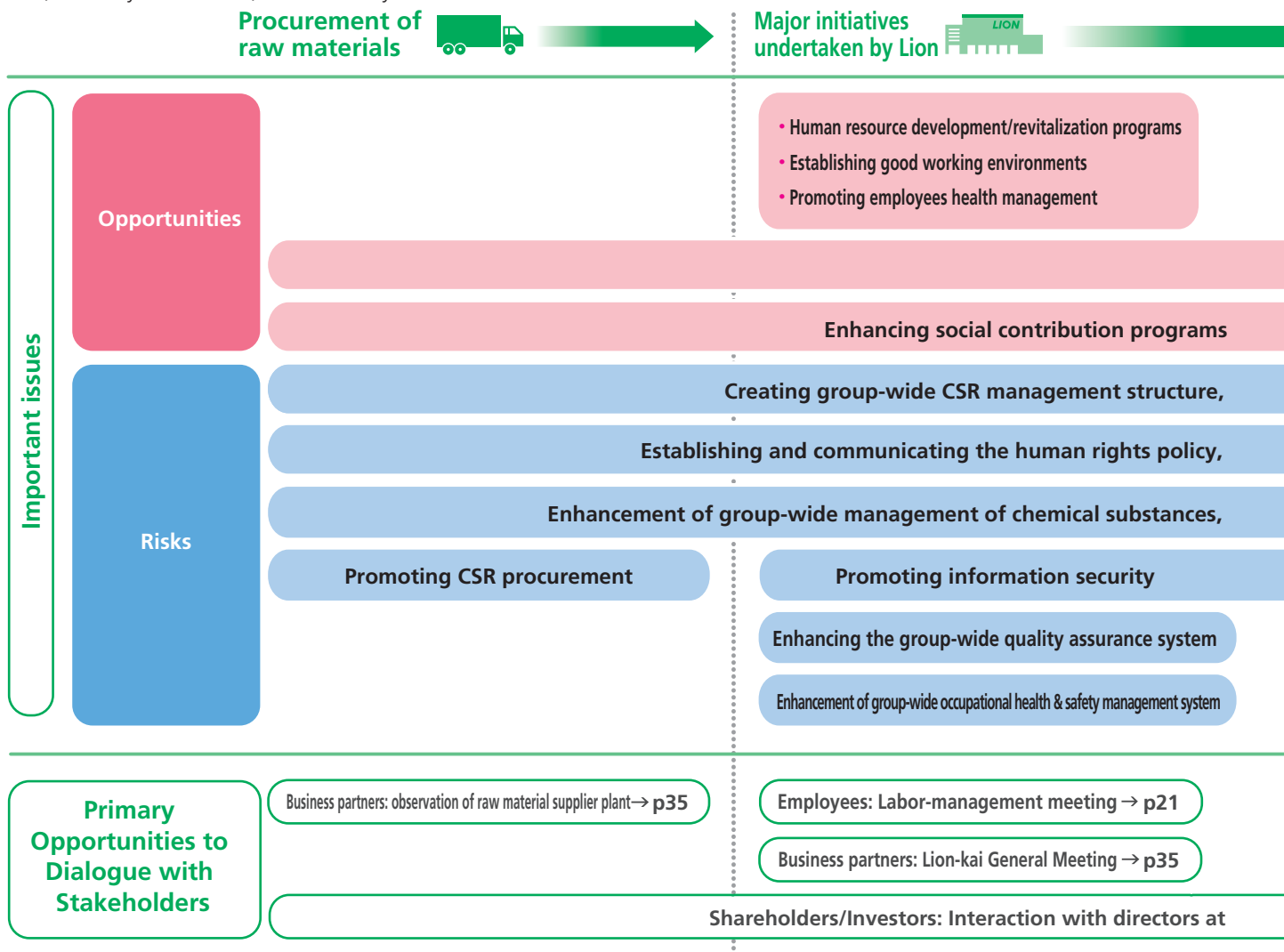
Since 2011, we are promoting our CSR activities based on the ISO 26000, the global social responsibility standard. Listening to, and incorporating the opinions of, third party organizations, we confirm and evaluate our responses and evaluate the importance of each item. Through consultations with the group companies, we will set our goals and operate them in the entire Group.

### Lion Group Companies' Responses



## Value Chain and Important Issues

Among the various ongoing activities the company is pursuing, the 'Important issues' and 'Primary Opportunities to Dialogue with Stakeholders' identified in the consultation hearings, in compliance with the ISO 26000 procedure, are laid out below in each stage of the value chain, from 'Procurement of raw materials,' 'Major initiatives undertaken by Lion,' 'Use by consumers,' and 'Society/Environment.'



\* Human rights due diligence: Steps that an organization must take in order to recognize, prevent and deal with negative influences on human rights.



## Achievements in 2012

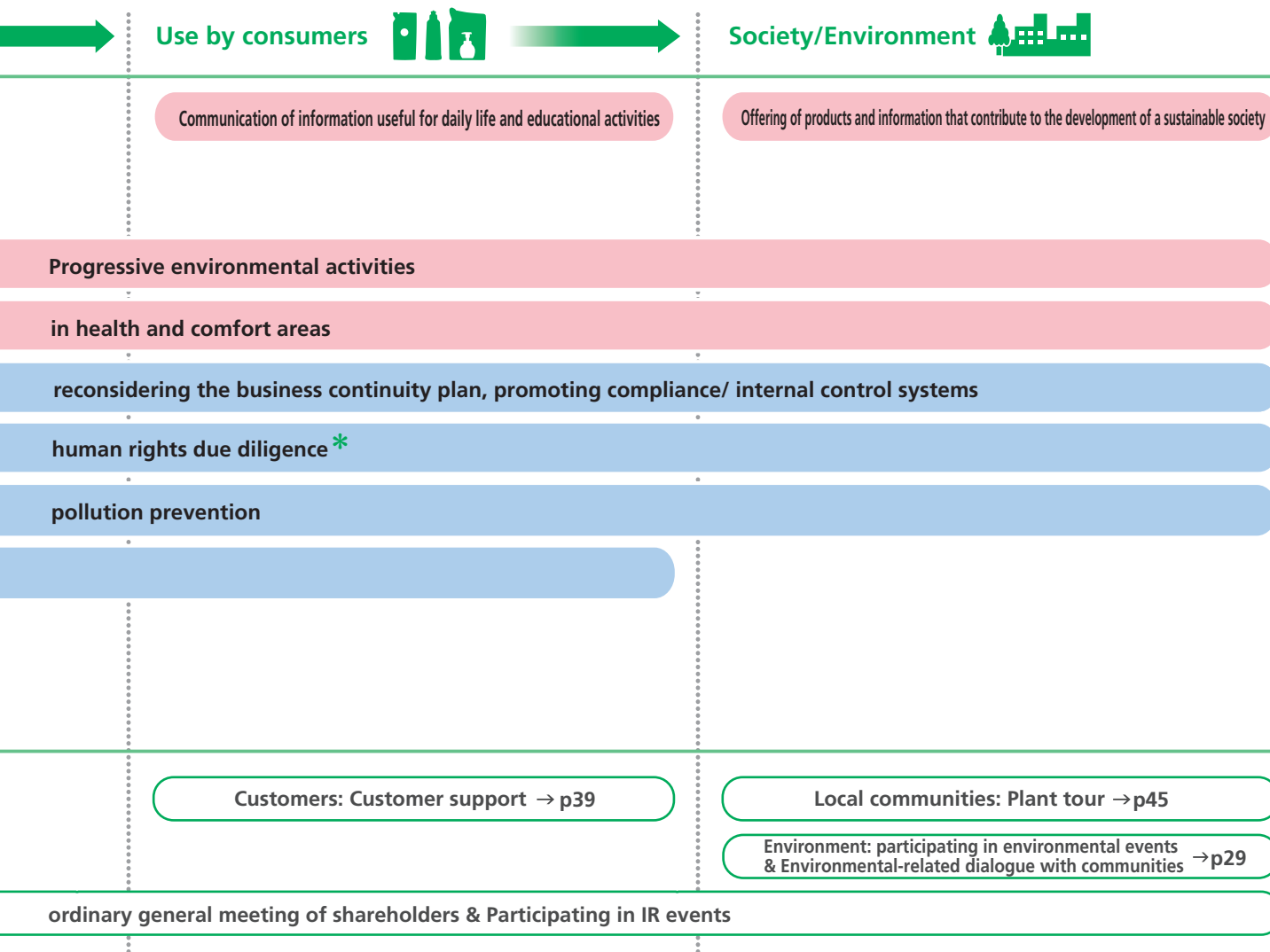
In 2012, we investigated our ongoing CSR activities and identified important issues. The investigation was carried out by relevant divisions in the headquarters, checking more than 200 items specified in ISO 26000. On-site visits are being made for the items requiring on-site checks, which includes the overseas group companies.

Using the outcome of the investigation as well as accounting for world CSR trends, we accounted for our company's unique business characteristics, potential risks, opportunities and considered implications, to establish the important issues. These included the establishment of the CSR management structure, the promotion of human resource development and revitalization programs, the promotion of CSR procurement working together with suppliers, the active communication of information useful for daily life and educational activities, and the enhancement of social contribution programs in health and comfort areas.

## Ongoing efforts

In 2013, we will especially focus on two priority areas of establishing the 'CSR management structure' and 'promoting CSR procurement.'

We will also set the medium-term objectives (see p16-17), aiming to establish a group-wide management structure including the overseas operations.



## ● CSR Objectives and Achievements

Incorporating the feedback from the consultation hearings, the Lion Group has clarified the vision and set the medium-term CSR objectives for 2014, the same target period as the Medium-term Management Plan, with regard to the core subjects specified in ISO 26000.

By managing and reporting the yearly goals and achievements, we will push the activities forward.

Core subjects	Ideal Visions	Important issues	Medium-term objectives (2014)	Objectives for 2012
Organizational Governance	Maintain a sound management system that is continuously trusted by the society	1 Establish the group-wide CSR management structure	<ul style="list-style-type: none"> <li>Disseminate the Lion Group Charter for Corporate Behavior as a CSR policy</li> <li>Set objectives/KPIs and manage progress</li> </ul>	<ul style="list-style-type: none"> <li>Create a draft version of revised Lion Group Charter for Corporate Behavior as part of the CSR policies</li> <li>Identify issues from CSR investigation in accordance with ISO 26000 procedure</li> </ul>
Human Rights	Establish framework for respecting human rights	1 Create and disseminate human rights policy	—	<ul style="list-style-type: none"> <li>Strengthen human rights contents in Lion Group Charter for Corporate Behavior</li> </ul>
		2 Human rights due diligence	<ul style="list-style-type: none"> <li>Strengthen the framework securing respect for human rights</li> <li>Disseminate information regarding the hotline and strengthen the advice and whistle-blowing framework</li> </ul>	<ul style="list-style-type: none"> <li>Disseminate information through a hotline</li> </ul>
Labor Practices	Change the awareness of employees through raising morale and motivation	1 Human resource development/revitalization programs	<ul style="list-style-type: none"> <li>Implement human resource development/revitalization programs</li> <li>Carry out diverse human resources promotion programs</li> </ul>	<ul style="list-style-type: none"> <li>Formulate personnel system necessary for achieving "Vision 2020"</li> <li>Carry out diverse human resources promotion programs (female, re-hired)</li> </ul>
		2 Establish good working environments	<ul style="list-style-type: none"> <li>Achieve the requirements for the Next Generation Support Act Phase 4 Action Plan</li> </ul>	<ul style="list-style-type: none"> <li>Promote and manage progress of the Next Generation Support Act Phase 4 Action Plan</li> </ul>
Environment	Contribute to a sustainable society as an environmentally advanced company	1 Progressive environmental activities	<ul style="list-style-type: none"> <li>Promote and manage progress of "Eco Vision 2020"</li> </ul>	<ul style="list-style-type: none"> <li>Formulate "Eco Vision 2020," the new environmental medium- and long-term plan</li> </ul>
Fair Operating Practices	Promoting social responsibility activities throughout the value chain	1 Promoting CSR procurement	<ul style="list-style-type: none"> <li>Carry out supplier CSR questionnaires and offer its feedback to suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Review and create revised version of CSR procurement system</li> </ul>
Consumer Issues	Pursuing customer satisfaction by creating safe and trustworthy products	1 Offer products and information that contribute to sustainable development	<ul style="list-style-type: none"> <li>Promote and manage progress of "Eco Vision 2020"</li> </ul>	<ul style="list-style-type: none"> <li>Formulate "Eco Vision 2020," the new environmental medium- and long-term plan</li> </ul>
		2 Communication of information useful for daily life and educational activities	<ul style="list-style-type: none"> <li>Enhance the provision of information that contribute to healthy and comfortable life according to lifestyle and life stages</li> </ul>	<ul style="list-style-type: none"> <li>Provide information regarding everyday life using magazines and websites, such as the 'Wellness Research Center' and 'Meisters of Daily Life'</li> </ul>
Community Involvement and Development	Co-existence and co-prosperity with society and communities/contribute to the development of society in health, comfort and environment areas	1 Enhance social contribution programs in health and comfort areas (environmental programs to be dealt with under "Eco Vision 2020")	<ul style="list-style-type: none"> <li>Promoting oral hygiene activities Promote children's brushing teeth education program</li> </ul>	<ul style="list-style-type: none"> <li>Promote children's tooth brushing education program (expansion of participating schools)</li> </ul>
			<ul style="list-style-type: none"> <li>Promote hygiene programs Promote children's wash-hand &amp; gargle program</li> </ul>	<ul style="list-style-type: none"> <li>Promote children's wash-hand &amp; gargle program</li> </ul>

Among the important issues, agenda driving regimens are already in place in the categories shown on the opposite page on the right, based on the PDCA cycle for further improvement. We understand enhancing initiatives within the overseas group will be an issue in the future, and we plan to set up goals as the need arises based on the results of consultation hearings.

	Main Achievements in 2012	Evaluation	Objectives for 2013	Related Pages
Charter for	<ul style="list-style-type: none"> <li>Creation of a draft version of new Lion Group Charter for Corporate Behavior</li> </ul>	○	<ul style="list-style-type: none"> <li>Publish and disseminate revised version of Lion Group Charter for Corporate Behavior</li> <li>Implement e-learning program regarding the revised Group Charter for Corporate Behavior</li> </ul>	14-19
ance	<ul style="list-style-type: none"> <li>Completion of domestic CSR survey and identification of CSR issues</li> </ul>	○	<ul style="list-style-type: none"> <li>Set objectives/KPIs</li> </ul>	
up	<ul style="list-style-type: none"> <li>Creation of a draft version of new Lion Group Charter for Corporate Behavior</li> </ul>	○	<ul style="list-style-type: none"> <li>Publish and disseminate revised version of Lion Group Charter for Corporate Behavior</li> </ul>	19-20
	<ul style="list-style-type: none"> <li>97% response rate of Compliance Awareness Survey</li> </ul>	○	<ul style="list-style-type: none"> <li>Disseminate information through a hotline</li> <li>Understand human rights initiatives at suppliers' sites</li> </ul>	
eving	<ul style="list-style-type: none"> <li>Revision of personnel management system to promote changes in employees' behaviors to be more challenge-oriented</li> <li>Implementation of Global Human Resources Enhancement Program</li> </ul>	○	<ul style="list-style-type: none"> <li>Populate the new personnel management system</li> <li>Formulate and implement a training framework</li> </ul>	21
	<ul style="list-style-type: none"> <li>Initiatives by the Diverse Human Resource Promotion Committee Female employees' subcommittee: organized career forum etc. to understand work of different divisions Re-hiring of retired workers' subcommittee: revised the framework to facilitate re-hiring</li> </ul>	○	<ul style="list-style-type: none"> <li>Implement diverse human resources promotion programs (for females, re-hired, temporary and agency workers)</li> </ul>	22
eration	<ul style="list-style-type: none"> <li>Implement the presentation of Childcare support programs</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote and manage the progress towards the Next Generation Support Act Phase 4 Action Plan</li> </ul>	23
amental	<ul style="list-style-type: none"> <li>Completion of formulating "Eco Vision 2020"</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote and manage progress of "Eco Vision 2020"</li> </ul>	6-9, 26-33
urement	<ul style="list-style-type: none"> <li>Creation of revised draft version of Procurement Principles and draft version of Supplier CSR Guidelines (preliminary title)</li> </ul>	○	<ul style="list-style-type: none"> <li>Revise the Procurement Principles</li> <li>Finalize and publish the Supplier CSR Guidelines</li> <li>Carry out supplier CSR questionnaires and offer its feedback to suppliers</li> </ul>	34-35
amental	<ul style="list-style-type: none"> <li>Completion of formulating "Eco Vision 2020"</li> </ul>	○	<ul style="list-style-type: none"> <li>Plan to strengthen environmental communication</li> </ul>	9, 40-41
ng events Center'	<ul style="list-style-type: none"> <li>Creation, accumulation and communication of daily life information through "Meisters of Daily Life"</li> <li>Regular offering of daily life information on the company's website</li> <li>Information exchange type events for consumers</li> </ul>	○	<ul style="list-style-type: none"> <li>Enhance provision and accumulation of information that contribute to healthy and comfortable life according to lifestyles and life stages</li> </ul>	38
rogram	<ul style="list-style-type: none"> <li>Promotion of Oral Health Event of Tooth Brushing for children (647 schools participated. 322 schools in 2011)</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote children's tooth brushing education program (expansion of number of participating schools, locations and overseas locations)</li> </ul>	42-43
am	<ul style="list-style-type: none"> <li>Promotion of children's wash-hand &amp; gargle hygiene program at kindergarten etc. (ran 'Defeat Germs Campaign' at 1,512 kindergartens where 265,447 children participated. Visited 28 locations in Tohoku region hit by earthquake in 2011)</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote children's hand-washing education activities (expansion of visiting locations)</li> </ul>	44-45

Organizational Governance

Human Rights

Labor Practices

The Environment

Fair Operating Practices

Consumer Issues

Community Involvement and Development

Organizational Governance	Review of Business Continuity Plan, Promotion of compliance/ Internal control systems	19
Labor Practices	Promotion of employees' health management, Enhancement of the group-wide occupational health & safety management system	24-25
Environment	Pollution prevention, enhancement of the group-wide chemical substance management	30-31
Consumer Issues	Enhancing the group-wide quality assurance system, promotion of information security	36-39

**Maintain a sound management system that is continuously trusted by society**



Lion Headquarters

## ● Basic Approach

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

## ● Corporate Governance System

Lion has adopted a system of executive officers in order to strengthen managerial decision-making and executive functions. Supervision of management is conducted through a corporate auditor system. Since January 2012, we have enhanced our governance systems, separating supervision and execution of management.

Supervision and monitoring of management was enhanced with the installation of four independent directors (two external board directors and

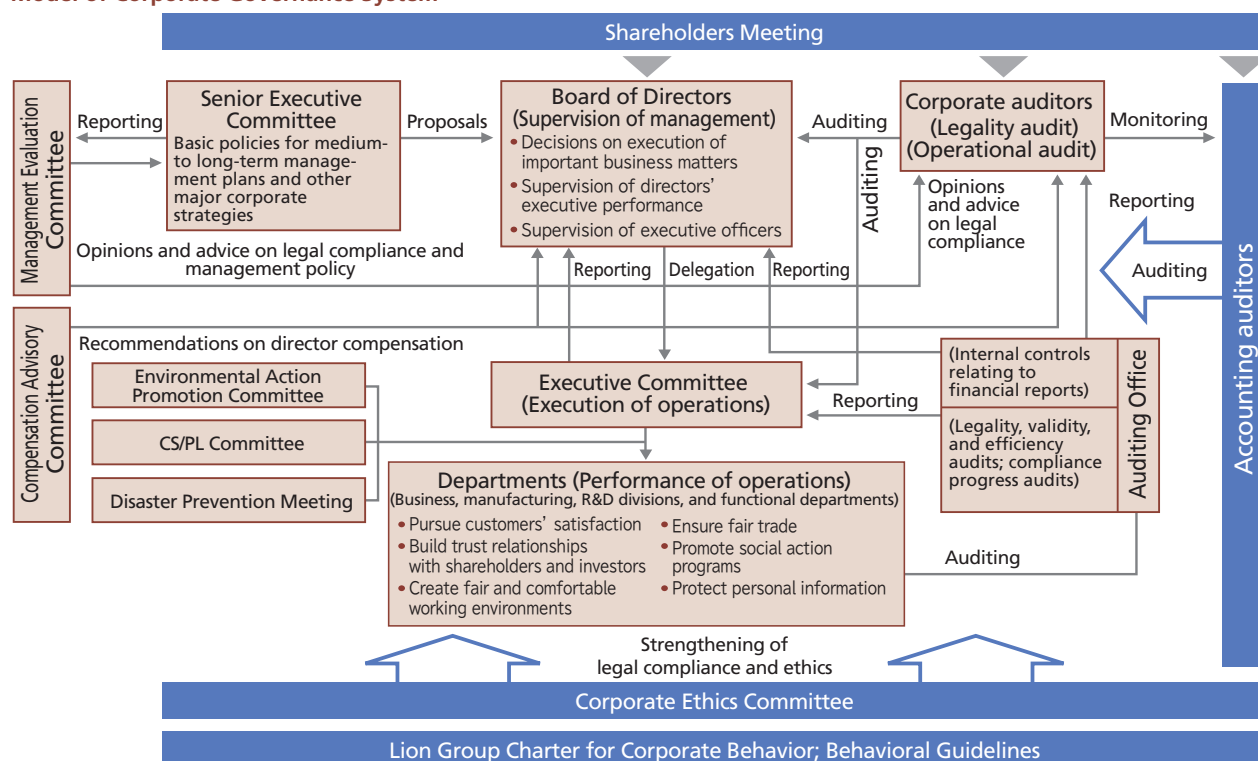
two external auditors) who satisfy the criteria as independent officers, as dictated by the “Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors\*” and as dictated by the Tokyo Stock Exchange. In addition, regular meetings are held between the president and all external directors to exchange information.

Furthermore, a Management Evaluation Committee run by outside experts was set up in October 2003 to ensure that evaluations and opinions of the committee members regarding general management issues such as the concept of the corporate governance system, directions of business and product development, and the view of CSR by outside experts are reflected in management. In order to increase the objectivity and transparency of compensation for directors, etc., "Compensation Advisory Committee" consisting of external directors was set up in December 2006.

The countermeasures for mass purchase of the company's shares, etc. (takeover defense measures) were introduced with the approval obtained at the ordinary shareholders meeting in 2009 and the 3-year continuation was approved at the 2012 ordinary shareholders meeting.

\*The "Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors"  
URL <http://www.lion.co.jp/ja/company/about/pdf/independence.pdf>

## Model of Corporate Governance System



\*Report on Corporate Governance

**URL** [http://www.lion.co.jp/ja/company/about/pdf/abo\\_gov.pdf](http://www.lion.co.jp/ja/company/about/pdf/abo_gov.pdf)



## ● Risk Management

Lion has appointed the Director Responsible for Risk Management who exhaustively controls and supervises the risk of the whole Lion Group. As for the risk management of the environment, quality responsibility, and accident and disaster in particular, each committee discusses countermeasures in advance and the executive committee deliberates if necessary. Each factory was certified to ISO14001 and eagerly works on quality management and environmental protection. In the case where physical emergencies such as natural disasters and accidents arise, in accordance with the Emergency Response System, we collect information, make decisions on policies and measures, and investigate causes; and report to the Board of Directors.

With regard to the Business Continuation Plan (BCP), countermeasures such as backing up headquarters functions, substituting order-receiving functions, alternative production in case of plant shutdown, and stocking products to enable the continuous supply of products were implemented.

## ● Establishment of Internal Control Systems

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

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

Evaluations of internal control effectiveness are carried out by the Auditing Office, which reports findings to the president and corporate auditors, as well as on a regular basis to the Board of Directors. Areas requiring improvements are communicated to the appropriate divisions and the progress of improvements are verified. In 2012, Lion's internal control over financial reporting was deemed effective. A report on internal controls was submitted to the Prime Minister in March 2013 together with the Company's Securities Report.

\*Basic policy of Internal Control Systems

URL <http://www.lion.co.jp/en/company/html/com0501f.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 is publicly available via the Lion's website. An annual program of employee awareness surveys and regular educational activities is also implemented, the latter including e-learning, lectures by outside speakers, and various training courses conducted at each workplace and according to rank.

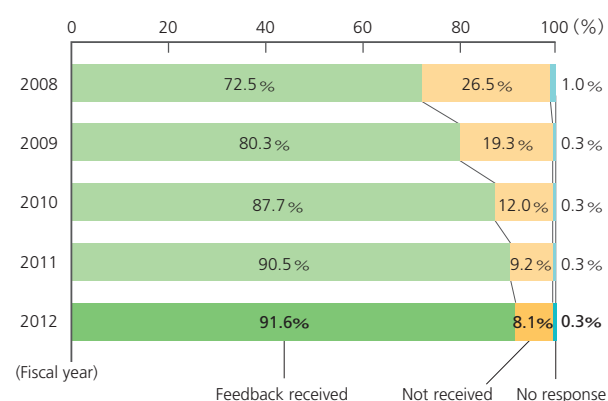
In 2012, in addition to the consent to the Lion Group Charter for Corporate Behavior, e-learning provided training regarding the insider trading regulations against illicit trading, harassment at work, and information security.

### Compliance Awareness Survey

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

The fiscal 2012 survey (conducted in March 2013 with a 97% 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



## Establish framework for respecting human rights

### ● Basic Approach

Lion has stipulated, “Respect for Human Rights” and “Compliance with all laws and regulations, observing the spirit of international rules” in the Lion Group Charter for Corporate Behavior. Moreover, the Behavioral Guidelines refers to the refusal of child labor and forced or compulsory labor, equal employment opportunity and fair treatment of employees, and human rights of suppliers. In 2009, we declared our intention to support the ten principles of the United Nations Global Compact. In the future, we will step up the description regarding human rights in the Lion Group Charter for Corporate Behavior to clarify our attitude conscious about human rights.

### ● Frameworks to Ensure Respect for Human Rights

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

We provide our employees with e-learning for regular training courses of the Lion Group Charter for Corporate Behavior, and make them thoroughly understand the importance of respecting human rights regarding sexual harassment and power harassment. We also conduct compliance awareness surveys to our employees every year to confirm the compliance with the Lion Group Charter for Corporate Behavior. Furthermore, we confirm that human rights are respected under the Lion Group Charter for Corporate Behavior and Behavioral Guidelines at each stage such as employment, evaluation and treatment.

For our customers, we comply with our own “product management system” and aggressively pursue safety and functions on our products; we also make efforts to produce displays, which are clear and easy to read and understand, considering “the vulnerable” such as the elderly and children, by preparing the “labeling manual.” In the studies involving human subjects carried out in the process of product development, we set forth, respecting the Helsinki Declaration, the “regulations for implementation of human study” in order to place top priority on the safety of subjects and ethical considerations and conduct clinical studies under the regulations.

For our business partners, we have released the Procurement Principles, which shows that we consider the social responsibilities such as human rights when conducting procurement. Through questionnaires for CSR procurement, we check whether our business partners have policies for

respecting human rights and eliminating discrimination, and the extent to which they are conscious about human rights. In addition, we have a system in place to confirm the facts and deal with them through a reporting system, which is also available to our business partners.

As for our future approach to strengthen the human rights due diligence process, we believe that it is important to establish a strong relationship with suppliers of raw materials and the CSR procurement system is currently under review. For related information, see p34-35

### ● Contact for Consultation and Internal Reporting

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

In 2012, there were seven instances of consultation or reporting, but no instances of grave misconduct were found and all the cases were addressed and sorted out.

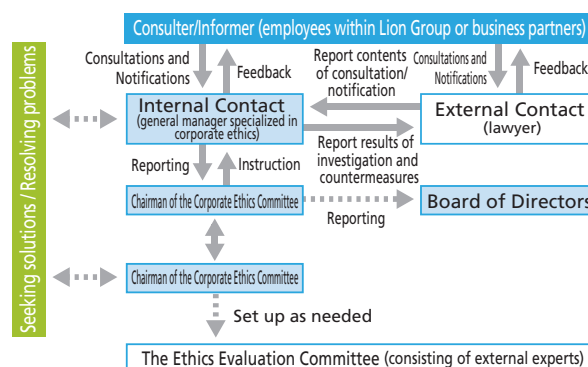
#### \*AL Heart Hotline

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

#### AL Heart Hotline – Consultations and Notifications (2012)

Power harassment behavior	2cases	Customer response issues	1cases
Personnel/labor management issues	1cases	Other	3cases

#### The System of “ALHeart Hotline”



## Change the awareness of employees through raising morale and motivation



Career Forum  
(Diverse Human Resource Promotion Committee)

### ● Basic Approach

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

#### Fair Personnel System

In 2013, Lion introduced a new personnel system to make an organization that challenges across the board based on the Code of Conduct. We encourage our employees to challenge and appreciate those who do challenge. A framework has been in place to increase the understanding and motivation of each employee through feedback from interviews with superiors and self-assessment.

#### Promoting Amiable Labor-Management Relations

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

### ● Human Resource Development

#### Corporate Culture of Challenges, Create, and Learn

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

#### Framework to Strengthen Abilities of Individual Employees

Together with the introduction of a new personnel system, Lion newly defined the type of human resources that is desired by the company. To develop such human resources, we conduct a "leader development program" and "management training" for managerial positions, "training by job position" for non-managerial positions, and "specialized training" for each function. We have also introduced a system where employees with especially advanced knowledge and skills were recognized as "Specialists" as well as encouraging our employees to improve their specialty by continuous efforts.

#### Type of Human Resources Expected by the Company

- Leaders who lead strategies and achieve steady results
- Managerial positions, who have the ability to instruct and support subordinates, and highly-professional specialists to realize assignments.
- Employees who are able to solve their issues by themselves and perform their tasks

#### Frameworks for Developing Tenacity

In 2013, we introduced a new target management system designed to develop individual abilities and activities into results for the organization.

When individuals set up challenging targets, repeatedly conduct effective communication, and test hypothesis to achieve targets, then PDCA (plan-do-check-act) can be quickly cycled on-site. Furthermore, in addition to basic training, we provide the "self development programs" such as "Lion Challenge Cup" which allows employees to present self-initiated group research directly to Lion executives, and a variety of competence development opportunities through the "elective training" for the employees who are interested.

#### Global Human Resource Development

In order to continuously develop global human resources capable of international business and to promote globalization, we introduced the "global human resources enhancement program" for young and mid-career employees in 2011. Participants of this program attend training for about 7 months in Japan and overseas.

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

Furthermore, we have the "overseas retail and distribution sector study tour" for sales personnel at managerial levels, and foster measures such as "overseas academic conference presentation" mainly for research fields.

\*List of main training systems

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

## Human Resource Diversity

Lion has made efforts for promoting human resource diversity in light of the major changes in the composition of the workforce and the need to respond swiftly to changes in the business environment. The Diverse Human Resource Promotion Committee was set up in 2010, which plans and formulates personnel measures for promoting the active participation of diverse human resources.

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

This is the measure proposed by the Diverse Human Resource Promotion Committee for the purpose of supporting career development for young employees. In July 2012, a career forum was held to offer employees an opportunity to gain knowledge about operations of positions/departments to which many employees requested a transfer so that they would be able to set their future visions easier.

The employees who currently worked or used to work in financial/legal departments or household products planning departments (marketing) attended a symposium and those who currently worked in such departments explained what the departments or jobs there were like. The forum was highly appreciated: as high as 90% of the participants said immediately after the forum that it was satisfactory; and 4 months after the Forum about 70% said their awareness and behavior changed regarding career development.



A career forum was held

### Implementation of Measures for Women Promotion (Career Development)

The company believes that we should support career development for women at each life stage to promote their success in their careers. We will continue to support them by utilizing the "career plan sheet," which enables women to design their mid- and long-term career plan by themselves, and eventually with the company's "virtual role models," which is currently being developed using the persona scenario method (a marketing method).

### Support for Transfer of Couples Working for Lion

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

### Employee Motivation Consultation Center

Lion has the Employee Motivation Consultation Center, which helps employees develop a positive approach to their careers.

The center receives inquiries via telephone and e-mails from Lion employees (including employees dispatched to affiliated companies) and temporary employees and conducts interviews, and provides appropriate advice and information regarding their career. We have given advice to about 120 employees in total; and according to a survey on those employees, their satisfaction level is high and there are positive changes in their consciousness and behavior.

### Employing People with Disabilities

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

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

In 2006, Lion began re-hiring employees who reached the mandatory retirement age. The criteria were revised in April 2012 to incorporate suggestions from the employees. The company seeks to increase motivation of both re-hired and current employees through the improvement of the working environment that allows re-hired employees to work in conditions similar to full-time employees. This includes the re-hiring of all applicants, changing duties during the contract period, and awarding performance-based bonuses. Furthermore, explanatory orientations and re-hiring interviews with superiors are conducted three years before the retirement age. The re-hiring rate per retired staff in fiscal 2012 was 76%.

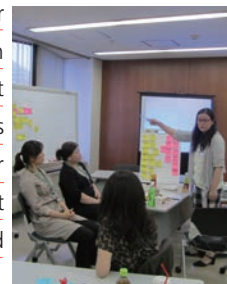
### Improvement of the System for Re-hiring Former Employees

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

## Voices from Participants

**Akiko Kawashima**, Production Engineering Research Center

I attended the activities of the Diverse Human Resource Promotion Committee. This is because I wanted to think about a plan, which would develop my strengths by simulating my own future life stages such as childcare or nursing care, and to provide tools, which could be shared among the employees with similar needs. I completed my career plan sheet, which would make the most of my abilities after discussions with outside advisors or other participants. Use of the sheet enabled me to clearly understand my mid- and long-term targets.





## Promoting Work-Life Balance

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

In 2013, in addition to the management of long overtime up until now, Lion develops better working environments through strict controls on working hours under the new personnel system and the implementation of a labor-management project, which improves business efficiency and reduces overtime labor.

### Support for Childcare and Nursing Care

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

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

#### Support for Childcare and Nursing Care

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

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

#### Presentation of childcare support programs from the Perspective of Career

A presentation of childcare support programs was held to support career development for the employees during life stages where motivation could be decreased. The meeting was productive: for example, an explanation of the supporting system was provided; a

symposium by the employees with childcare experiences was held; a workshop of thinking about future careers of the participants using the career plan sheet; the close role models for childcare were shared; and a woman network was established.

### Next Generation Support Act Phase 4 Action Plan

Period: April 2011 to February 2015

"Kurumin" logo recognizing support for the next generation



**Goal 1** Have seventeen or more male employees take childcare leave during the action plan period.

→ **11 male employees took childcare leave. Another one of sales representative division took has been taken the leave for a year from March 2012.**

**Goal 2** In 2011, raise the age of child applicable to "Exemption from overtime for childcare" from "three years old" to "under primary school age."

→ **The new system was introduced in June 2011.**

**Goal 3** In 2011, modify "Child sickness leave" to allow employees to take the leave by half a day.

→ **The new system was introduced in June 2011.**

**Goal 4** Within the period of the action plan, implement measures for supporting employees to strike a good balance between work and childcare from viewpoint of career development.

→ **A presentation of childcare support programs including a symposium by the employees with childcare experiences was held in 2012.**

**Goal 5** In 2011, introduce an overseas transfer support system for married couples both working for Lion.

→ **The system for domestic and overseas transfer was introduced in June 2011.**

**Goal 6** Within the period of the action plan, introduce a telecommuting system for employees meeting requirements prescribed by the Company.

→ **Introducing on a trial basis in 2012.**

\*Next Generation Support Act Phase 4 Action Plan

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

#### Employees Data (non-consolidated)

		2010	2011	2012
Regular employees	Male	1,873	1,842	1,828
	Female	583	597	614
New employees	Male	49	47	51
	Female	25	23	24
Re-hired retirees	Number of people	147	142	137
	%	5.6	5.8	6.0
Temporary employees (number of people)		255	289	295
Female employee ratio (%)		23.7	24.5	25.1
Female managers	Number of people	34	37	42
	%	5.1	5.5	6.2
Disabled employees	Number of people	44	43	42
	%	1.8	1.8	1.8
Childcare leave users	Male	3	4	6
	Female	35	25*	29
Reduced working hours for childcare	Male	0	0	0
	Female	48	49*	49
Average overtime per month (hours)		9.9	11.2	12.0
Annual paid leave used (%)		51.9	54.1	46.2
Leaving a job with in three years of entering Company	Number of people	5	1	1
	%	2.6	0.5	0.5

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

※ Data as of December 31 of every year

\* Data was modified after scrutiny.

## Employee Health Management

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

### Guideline for Health

"Life. love." means valuing one's entire life. We desire to be of help for people each and every day. This goal would be achieved foremost on the premise of "health." The good health of our employees who are the Company's partners is not only the foundation of happiness of our employees and their families, but also the foundation of management, which supports healthy corporate growth. Management and employees will work together to conduct proactive initiatives toward maintenance and promotion of good health, aiming to be a healthy and vigorous company which can contribute to people each and every day. On the basis of this idea, we will conduct health management activities in compliance with the guidelines shown below as well as with various laws and regulations, while fully taking into account privacy protection.

#### 1. Improve health management ability

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

#### 2. Create a comfortable working environment

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

#### 3. Promote activities for the future

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

Enacted January 2012

### Organizational Approach to Health Management

Lion has conducted health management activities after discussions at a joint session called "Health Management Promotion Committee" attended by the personnel manager who is also responsible for health management of the company, the health insurance society, and the health support office. The company seeks even more effective health management through the PDCA management based on the analysis of present data, extraction of issues, and setting of approaching themes. In the future, we will continuously make improvements and accumulate the know-how of industrial health.

### Age 35 Health Seminar

Lion has held overnight hands-on seminars called "LIS21 (Lion life innovation seminar 21)" every year since 2001 for employees aged 35. We found that participants of this seminar have a higher degree of awareness of lifestyle habits and that they were able to hold back weight gain five years after the seminar. As we confirmed that the establishment of good health habits while still young leads to prevention of diseases later on, the seminar has been effective to raise our employees' awareness of health.



Walking as part of LIS 21

### Changes One Year After LIS21 Participation

	Participants	No. with changed lifestyles	%
2007	86	79	91.9
2008	91	82	90.1
2009	91	89	97.8
2010	96	87	90.6
2011	57	54	95.0

### Dental Prophylaxis Program (ALOHA\*)

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

#### \*ALOHA

All Lion Oral Health Activity

### Mental Health Initiatives

With our Mental Health Basic Policy established in 2004, Lion has taken proactive measures for the mental health of our employees, aiming to create a working environment where each employee can work with vitality. Consultation after checkups helps each employee feel secure in terms of mental health-care. In addition to in-house consultations provided by industrial physicians, nursing staff, psychiatrists and clinical psychologists, we contract with an independent organization for providing telephone consultation and counseling for employees.

Other than the consultation after checkups, a stress level check test is available for all the employees, which is used for their self-care. Furthermore, we have continued approaches to organizational mental health care; for example, as a measure to make the workplace comfortable, we provide feedback of the stress level compiled and analyzed by section/department, which is utilized for managerial training by full-time industrial physicians.

## ● Safety and Disaster Prevention Initiatives

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

At each business location, the Health, Safety and Disaster Prevention Committee organized in accordance with laws, and mainly promoted activities such as resolving issues unique to each business location, and reflecting employees’ opinions. In addition, a chairperson of the Disaster Prevention Meeting audits individual business facilities on a regular basis.

### Occupational Safety

In 2012, the number of accidents decreased to 11 from 12 and the number of lost time accidents decreased to 3 from 5, compared to the previous year. However, in a plant of one of our domestic affiliates, a serious accident happened with a person falling through a gap of a safety fence put up in its production plant. Lion had been involved in continuous improvements and had strictly complied with laws and regulations through the safety diagnosis of facilities made by outside safety officers and a systematic risk assessment after the accident. However, the company has further stepped up safety measures by sequential improvements of safety fences and handrails in all of the plants of the domestic group. In the future, in order to make the workplace even safer, we will reduce risk by investigating whether the structures of facilities in all the domestic plants meet our “safety design guideline for facilities” and making improvements.

### Safety of Facilities

After the explosion of other company in September 2012, we implemented an investigation on reaction facilities for self-reactive substances, etc. and management conditions of hazardous materials at our domestic plants. As a result, we confirmed that operational control was exercised based on the clear management criteria. In the future, we will continue safety management including operation control and facilities management and will work on sound safety of facilities by ensuring inspections and maintenance on facilities and systematically promoting facility maintenance from a long-term viewpoint.

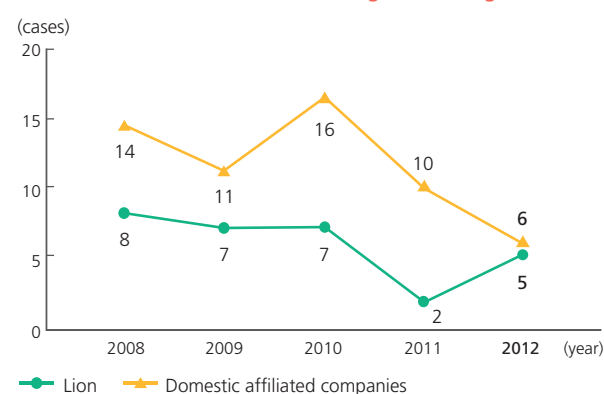
#### Number of Facility Accidents/Disasters

2008	2009	2010	2011	2012
0	0	0	0	0

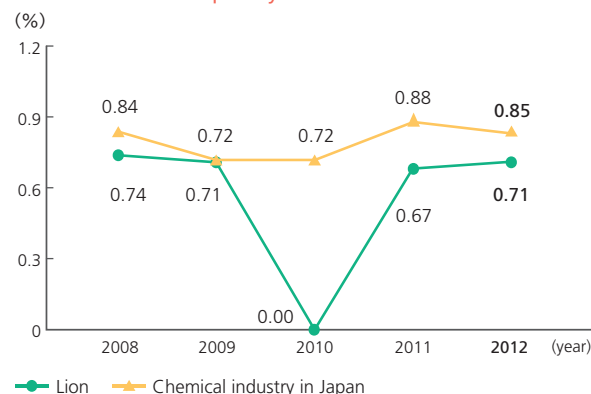
## Response to emergencies

Lion has proceeded with the preparation for various natural disasters including the earthquake that directly hits the Tokyo metropolitan area and has enhanced disaster prevention schemes. In 2012, to address the issues from the emergency drills conducted in 2011, we modified our earthquake manuals established by the whole domestic group and each zone. We held in 2012 the drills such as safety confirmation drills, evacuation drills, disaster leadership drills, firefighting drills, and joint drills with municipal firefighters; and we confirmed the effects of those drills.

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



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



#### \*Frequency rate:

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

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

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

#### Hours without Accident at End of 2012 (Accumulation)

(Unit: ten thousand hours)

Research Division			Production Division			
Hirai	Honjo	Odawara	Chiba	Odawara	Osaka	Akashi
819	86	114	348	386	292	159



## Contribute to a sustainable society as an environmentally advanced company



Presentation at the environmental events

### ● Basic Approach

In 2011, we announced "Vision 2020," our new management vision. As the Company-wide policy to aim at becoming an "Environmentally advanced company," which is included in the Vision 2020, we formulated "Eco Vision 2020" as the new environmental objective. We will work on environmental awareness for customers and reform their conducts through our products, in addition to achieving the targeted values with the aim of "Realizing a Low Carbon Society," "Realizing a Sound Material-Cycle Society," and "Harmony with Nature." For related information, see p6-9

### ● Environmental Guidelines

Lion's Environmental Guidelines adhere to the spirit of the Lion Group Charter for Corporate Behavior, which states: "We shall play a positive and active role in creating a sustainable society, harmonizing economic development and environmental protection." In 2013, we revised the Guidelines, in accordance with the formulation of "Eco Vision 2020." It more clearly expresses our attitude for "Realizing a Low Carbon Society," "Realizing a Sound Material-Cycle Society," and "Harmony with Nature," as well as the stance of efforts overseas.

#### Environmental Guidelines

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

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

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

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

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

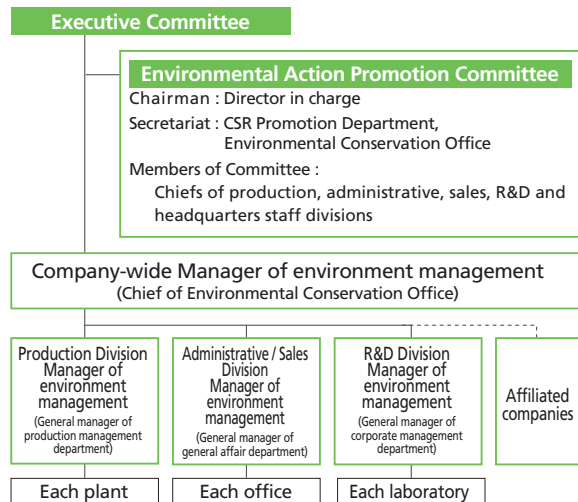
##### (3) Setting and Verifying Implementation of Environmental Objectives and Targets

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

### ● Environmental Management Structure

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

#### Environmental Management Structure



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

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

#### (5) Reducing Environmental Impact Together with Business Partners

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

#### (6) Coexistence with Nature

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

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

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

#### (8) Promoting Disclosure of Information

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



## ● Environmental Management System

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

Systems for environmental management and reporting activities have been enhanced with the aim of global environmental responses. Data on overseas affiliated companies is available on our website.

### \*Environmental Management System

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

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

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

## Status of ISO 14001 Certification

Lion acquired ISO 14001 certification covering all its plants in July 2001. Certification was reviewed and extended by the Japan Management Association Quality Assurance Registration Center (JMAQA) at three-year intervals, in May 2010. Through a maintenance examination taken in 2012, it was verified that the frameworks to maintain management systems were properly operated, conforming to requirements of the standard. Based on the results of the examination, continual improvements are made to management systems and environmental protection activities based on audit results. Also in relation to plans of affiliated companies in and outside Japan, Lion has obtained ISO14001 certifications, and operated environmental management systems in compliance with ISO14001.

### \*ISO14001

A global standard governing voluntary environmental efforts by organizations



ISO14001 Certificate of Registration

## Internal Environmental Audits

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

## Executive Environmental Audit

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

In 2012, we implemented executive environmental audits for Lion Osaka Plant and Lion Akzo Yokkaichi Plant, and confirmed that their environment management was maintained adequately.



Executive safety and environmental audit

## ● Legal Compliance

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

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

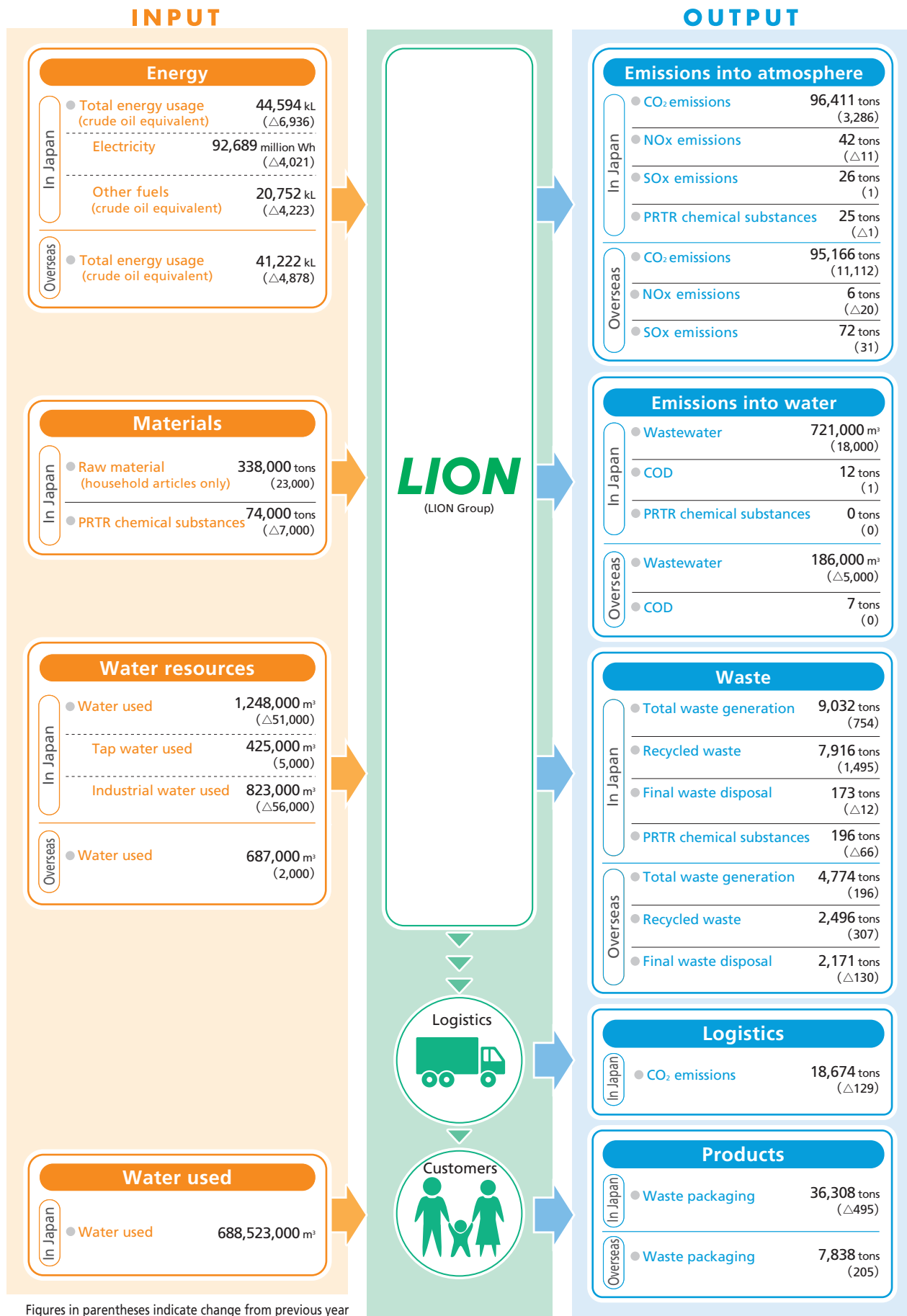
In the past, we have used equipment containing polychlorinated biphenyls (PCB). This equipment has been managed securely in line with legal requirements, and gradually disposed of through Japan Environmental Safety Corporation (JESCO).

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

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

There were no infringements resulting in a fine or other penalty during 2012.

# Overview of Environmental Impact of Lion's Business Activities



## Environmental Accounting

Each year, we tabulate and disclose environmental protection costs, environmental protection benefits, and economic benefits (actual benefits) associated with environmental protection activities of the entire domestic Group companies based on Ministry of the Environment guidelines.

(Tabulation period: January – December 2012)

As for the environmental protection costs in 2012, investments and expenses increased respectively by approximately 2.2 billion yen and approximately 12.4 billion yen. This is because we newly invested in production facilities for super-compact liquid laundry detergent as more production switched from powder to liquid laundry detergents.

(million yen)			
Category	Principal activities	Investments	Expenses
Business area costs	Pollution prevention	47	263
	Global environmental protection	272	3,887
	Resource recycling	0	392
	Eco-friendly products	1,648	5,314
Upstream/downstream costs	Containers and packaging recycling	–	546
Administration costs	ISO14001 registration, Environmental education	0	633
R&D costs	Development of eco-friendly products, etc.	230	1,347
Social activity costs	Environmental improvement measures, Donation	0	32
Environmental remediation costs	Tax imposed on pollution performance, etc.	2	8
Domestic Lion Group Total		2,199	12,422

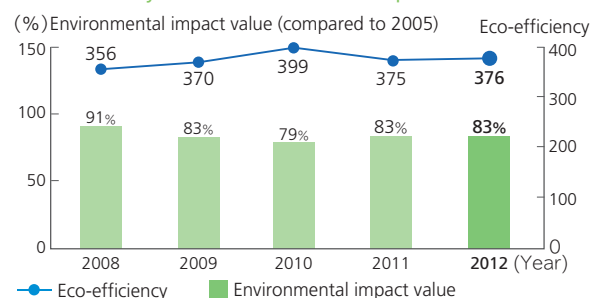
## Eco-Efficiency

Lion calculates eco-efficiency every year 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.

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

※ 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



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

## Environmental Communication

### Participation in Environment-Related Events

Lion wants many people to know about its environmental activities. At Eco-Products 2012, one of Japan's largest environmental exhibitions in which we participated for the sixth time, we introduced our efforts for reducing environmental burdens with a large-sized lift-the-flap book, and made a presentation on water environment conservation activities and initiatives for biodiversity.

We also participated in environment-related exhibitions held in areas near our business locations, including the Sumida Environment Fair 2012 and the Ecomesse in Chiba 2012.



Lion's exhibition booth at Eco-Products 2012

### Eco First Companies Association Activities

The Eco First Companies Association\*, an independent organization run by companies recognized by Japan's Ministry of the Environment (MOE) as front-runners in environmental action, held a "Ecotowaza (Eco Proverbs) Contest about human- and earth-friendly energy" supported by the MOE. Winning entries were commended at the venue of "Eco Products 2012."

The Association held the "Environmental Message EXPO2012" open widely to the public, in which environmental activities of participating companies are announced, summarized in a message consisting of approximately 13 letters. It also conducted activities in collaboration with the environmental administration, for example, participating in "Eco-Life Fair 2012" hosted by the MOE.

\*Eco First Companies Association

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



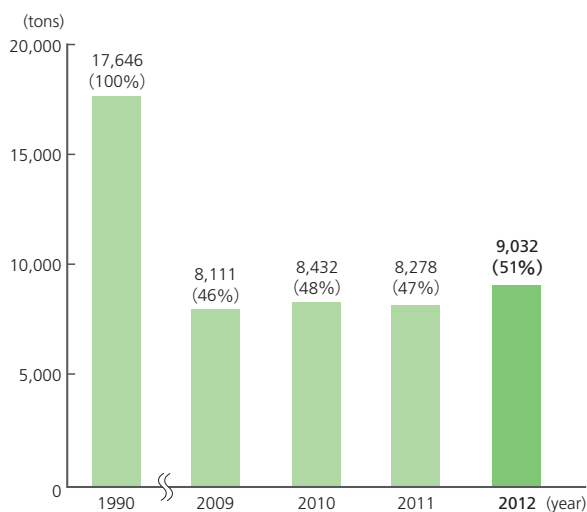
Presentation at "Environmental Message EXPO2012"

## ● Pollution Prevention

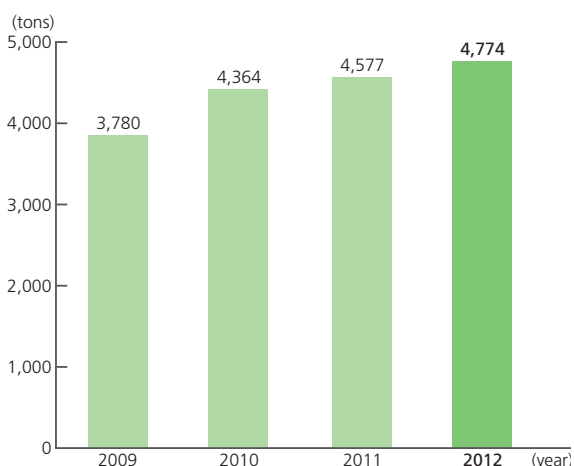
### Total Waste Generation by Lion Group

In 2012, total waste generation of the domestic Group companies increased from a year earlier due to the disposal of products damaged by the disaster, disposal of waste gas cooling water arising from the cessation of incinerator, and the increase in waste from processes due to the expansion of detergent materials production volumes. Accordingly, while decreasing total waste generation by 49% compared to the level of 1990, we failed to achieve the target of a 55% reduction or more compared to the level of 1990. We will strive to reduce more waste generation, through improving and reviewing production processes.

#### Total Waste Generation (domestic Group companies)



#### Total Waste Generation (overseas Group companies)



### Final Waste Disposal by Lion Group

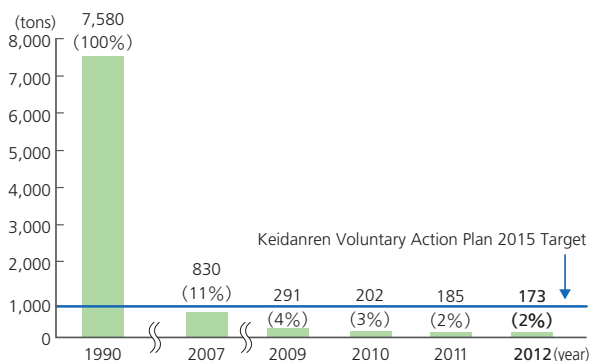
In 2012, the domestic Group companies reduced final waste disposal by 98% compared to the 1990 level. Accordingly, since 2007, we have continuously attained the target set by Keidanren (the Japan Business Federation), a reduction of 89% or more by 2015 compared to the 1990 level.

All of Lion's four plants also attained zero emissions status in 2002, and have maintained that status since then.

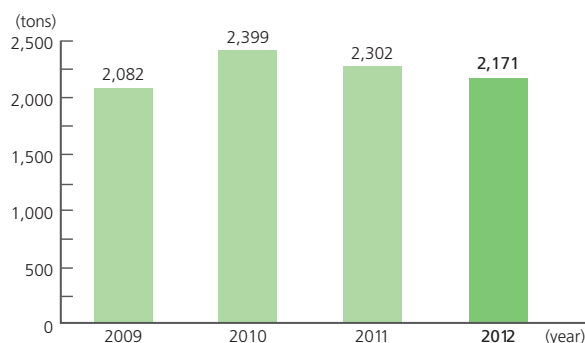
Among domestic affiliated companies, 5 of 6 production

sites have already achieved zero emissions. However, as one production site that handles ammoniac sludge, which generates odor during disposal, has not achieved zero emission, the target for 2012. Therefore, zero emission for the entire domestic Group companies could not be attained. We will focus on attaining zero emissions status in the entire domestic production sites by 2014.

#### Final Waste Disposal (domestic Group companies)



#### Final Waste Disposal (overseas Group companies)



### Production Activities Conscious about Air and Water Quality

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

Data on management of chemical substances, including notifications in compliance with the PRTR system is summarized in site reports for each business location\*, and available on Lion's website. In 2012 in Japan, we reduced total PRTR substance emissions and VOC emissions respectively by 54% compared to the 2005 level (target was set with substances determined before the revision of law), and by 82% compared to the 2000 level. As a result, we achieved the 2012 targets for both of them (reduction by 45% or more compared to the 2005 level, and reduction by 75% or more compared to the 2000 level).

We will continue to work on measures to reduce total PRTR substance emissions (a target was set with substances determined after the revision of law) and VOC emissions respectively by 15% or more, and by 25% or more compared to the 2010 level, in 2014.

#### \*Site Report

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



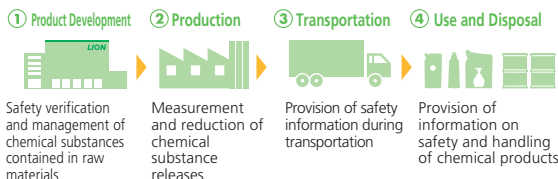
## Appropriately Handling Chemical Substances\*

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

\*Appropriately Handling Chemical Substances

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

### Lion's Chemical Substance Management



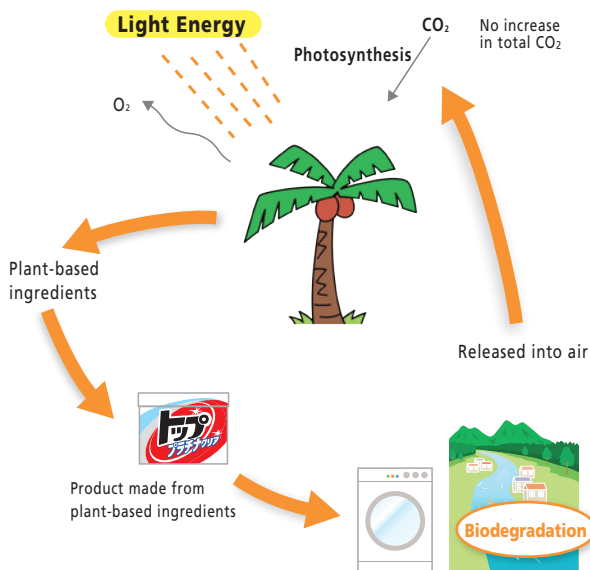
## Sustainable Use of Resources

### Switching from Petroleum to Botanical Resources

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

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

#### Carbon Neutrality

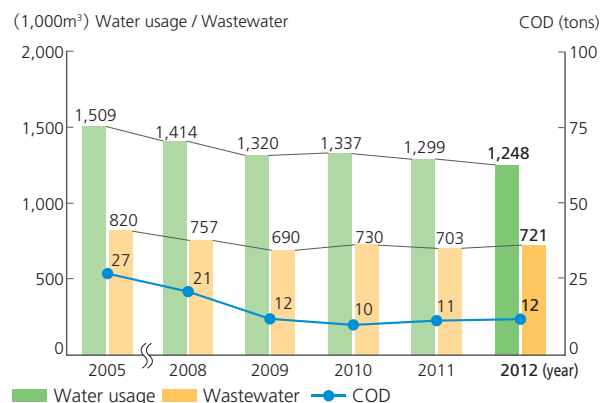


## Effective Use of Water Resources

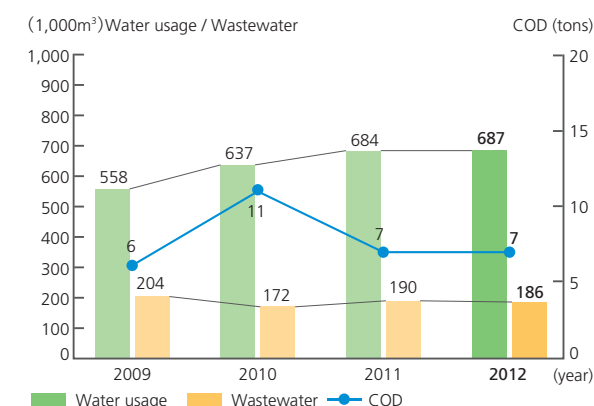
Lion keeps a constant close watch on water usage and wastewater volume and works to reduce water usage through cyclic use and lower environmental impact. In Japan, while we took measures to reduce the use of in-process washing water, we failed to achieve the target in 2012 of a 20% reduction or more compared to the 2005 level. This is because the usage of in-process washing water increased from a year earlier due to the impacts from higher production volume of products that use more washing water, which resulted in only a 12% reduction compared to the 2005 level. Further efforts will continue to be made for protecting water resources through process improvement, as well as the reuse of recycled plant effluent.

In addition to a reduction in water usage in business activities, we will work to reduce water usage by customers using our products at home through the development of water-saving products.

#### Water Usage, Wastewater Volume, and COD\* (domestic Group companies)



#### Water Usage, Wastewater Volume, and COD\* (overseas Group companies)



#### \* 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 2012 was 81% (82% in 2011).

## Climate Change Mitigation and Adaptation

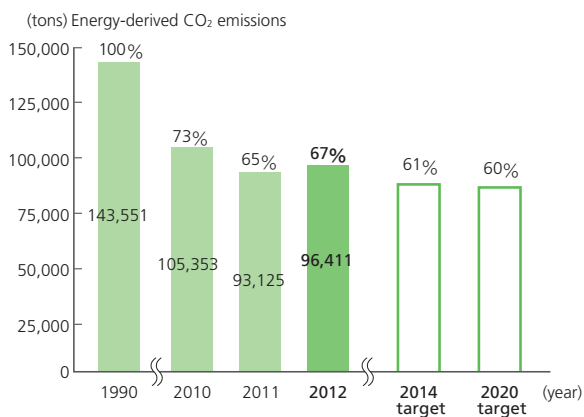
### Reducing CO<sub>2</sub> Emissions from Business Activities

Lion worked to reduce CO<sub>2</sub> emissions through persistent energy-saving measures in addition to making laundry detergent more compact, a review of production process by the Production Division, and introduction of energy-saving equipment during facility renewals. Furthermore, the entire Company including Administrative & Sales Division and R&D Division advanced activities relating to the Challenge 25 Campaign – a national movement for the prevention of global warming promoted by Japan's Ministry of the Environment. However, as CO<sub>2</sub> emission factor in relation to electric power of each electric company increased due to a prolonged shutdown of nuclear power plants, CO<sub>2</sub> emissions in 2012 increased from a year earlier, while decreasing 33% compared to the 1990 level. On the other hand, the target for 2012, a reduction by 30% or more, was achieved.

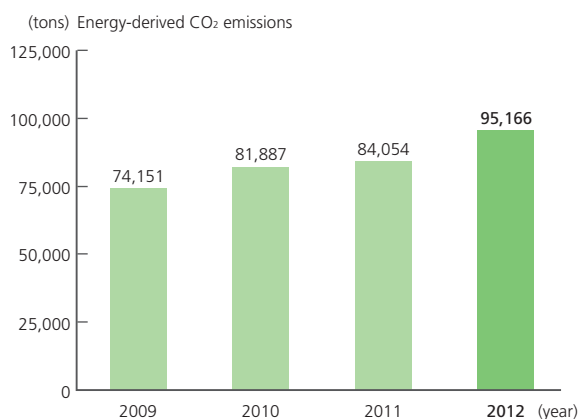
We will aim to reduce CO<sub>2</sub> emission per unit sales by 23% compared to the 2010 level (39% compared to the 1990 level on an absolute quantity basis) in 2014.

While CO<sub>2</sub> emissions overseas increased year on year with the expanded production volume, we attained a year-on-year 3% reduction of the CO<sub>2</sub> emission basic unit. We will continue to strive to reduce the CO<sub>2</sub> emission basic unit by 1% or more every year.

#### CO<sub>2</sub> Emissions Reductions and Targets (domestic Group companies)



#### CO<sub>2</sub> Emissions Reductions (overseas Group companies)



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

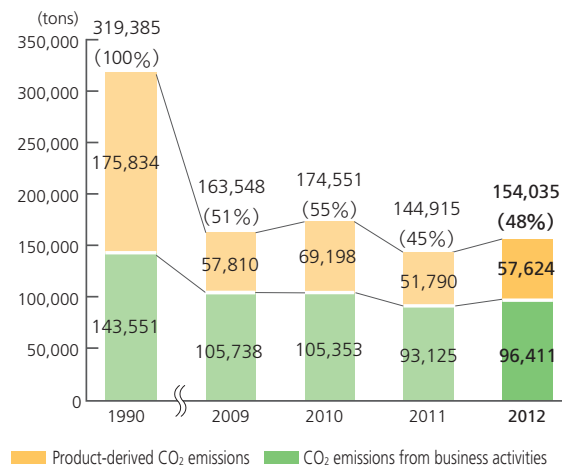
Lion focuses on ways to reduce CO<sub>2</sub> emissions generated after product use through its product-related research and development activities. Specifically, we have worked on replacing petroleum-based surfactant ingredients with plant-based ingredients that do not lead to an increase in CO<sub>2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

For related information, see p.31

Combining emissions from business activities and emissions generated after product use, our total CO<sub>2</sub> emissions decreased 52% in 2012 compared to the 1990 level. Accordingly, we attained the target of a 50% reduction compared to the 1990 level, of which we assured the Ministry of Environment as an Eco First Company.

We will strive to reduce both CO<sub>2</sub> emissions from business activities and emissions generated after product use, including overseas Group companies.

#### Total CO<sub>2</sub> Emissions Derived from Business Activities and Products (domestic Group companies)



### Initiatives in Logistics

Lion works to reduce CO<sub>2</sub> emissions and specific energy consumption through efforts to improve logistics efficiency, such as improving the transport-loading rate and implementing joint deliveries with other manufacturers. We are also pursuing modal shifts from truck transportation to transportation by rail or ship. In 2012, the modal shift rate for all traffic volume was 22.6% (19.9% in 2011), and 72.1% (66.3% in 2011) for long-distance transport over 500km.

As a result, we reduced our total CO<sub>2</sub> emissions from logistics by 0.7% from the previous year to 18,674 tons. Furthermore, with a reduction of specific energy consumption by 1.6% from a year earlier, Lion's target of a year-on-year reduction of 1% or more was achieved.

We will continue to make efforts for reducing CO<sub>2</sub> emissions in logistics, with the goal of reducing specific energy consumption by 1% or more year on year.

## Biodiversity Conservation

### Approach to Biodiversity Conservation

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

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

### Surveying Environmental Impact

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

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

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



River water sampling points

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

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

### Biodiversity Conservation Activities at Each Business Location

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



#### Breeding of Sakawa River System Killifish

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



#### Construction of a Biotope

On the premises of Chiba Plant, employees completed the construction of "Chiba LEOTOP", a handmade "Biotope". They also challenged to do rice planting and harvesting with the aim of creating Satoyama, an undeveloped woodland near populated area, in Chiba.



#### Support for Sea Turtle Protection

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

## Promoting social responsibility activities throughout the value chain

### ● Basic Approach

In the Lion Charter for Corporate Behavior, Lion prescribed to the compliance with all laws and regulations, observing the spirit of international rules; compliance with public rules; fair, transparent and free competition, and fair trade; and sustain a healthy and normal relationship with political and administrative organizations. In the Behavioral Guidelines, the Company has also stipulated for the respect of others' intellectual property rights and banned the inappropriate acquisition or use of information or rights, and compliance with relevant laws and regulations by suppliers.

The Lion Charter for Corporate Behavior and the Behavioral Guidelines are available on our website for inside and outside stakeholders. In 2009, we declared our support for the ten principles of the United Nations Global Compact to clarify our attitude conscious about anti-corruption.

### ● Frameworks to Ensure Fairness of Business

The Corporate Ethics Committee, chaired by the director responsible for corporate ethics, makes an effort to foster compliance awareness within Lion. → For related information, see p19

Considering it important to fulfill social responsibilities together with our business partners with a shared commitment to co-existence and co-prosperity, we have disclosed the Procurement Principles stipulating appropriate and rational transactions in compliance with relevant laws, regulations, and social norms, as well as procurement in consideration of social responsibilities such as global environmental conservation.

We also implement a survey on CSR procurement in order to confirm whether the business partners have policies in relation to the "establishment of healthy and normal relationships with political and administrative organizations" and "promotion of business in consideration of the environment". Furthermore, a hotline for business partners is in place. However, we know our approaches to the business partners are not necessarily adequate.

### ● Initiatives for Value Chains

For our value chain CSR initiatives, we consider enhancing our alliance with suppliers of raw materials and manufacturing partners to be one of the important issues. In order to mitigate negative effects of our business activities on the environment and the

society, and continuously develop mutually beneficial businesses, it is necessary to share information on CSR activities between the business partners and for Lion to initiate the activities.

As market demand for palm oil used for environmentally friendly surfactants "MES," which is plant-derived detergent material developed uniquely by Lion, has been increasing, we have recognized that it is a priority issue for us to procure and substitute more raw materials with sustainable palm oil.

### Promotion of CSR Activities with Business Partners

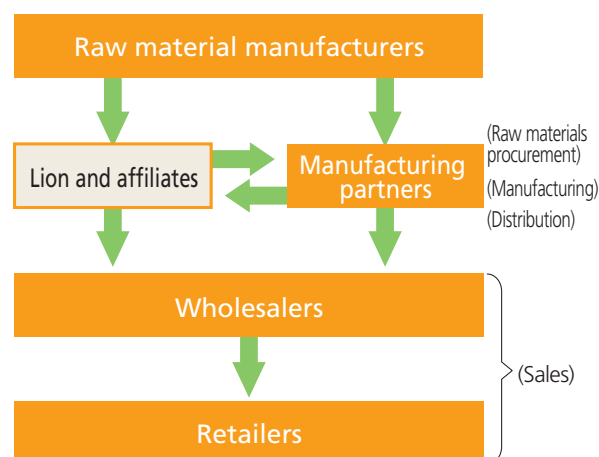
In line with its Purchasing Activity Principles, Lion procured raw materials and finished products appropriately. Lion also promoted the development of a supply chain management system. In 2008, we formulated the Procurement Principles\*, clarifying social and environmental considerations. In 2009, we asked domestic and overseas business partners to acquaint themselves with the Procurement Principles and complete a questionnaire.

Through the questionnaire, we required business partners and Lion to share CSR information and expertise, as well as cooperate mutually in order to enhance efforts we have made thus far. Now, we are preparing CSR guidelines and reviewing systems to work with the business partners.

\*Procurement Principles

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

#### Lion's Value Chain





## Aiming for Sustainable Procurement of Palm Oil

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

In an attempt to resolve such problems, Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO)\* since 2006. In 2012, the Oleo chemical plant of Lion Chemical Co., Ltd., which is where palm oil is delivered to, acquired a supply chain certification of RSPO, and started to use palm oil certified by RSPO. Aiming to switch completely to palm oil certified by RSPO by the end of 2015, Lion will work to procure more sustainable palm oil.



Storage tanks for certified oil at Lion Chemical Co., Ltd.

RSPO Certificate

\*RSPO (Roundtable on Sustainable Palm Oil)

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

### RSPO Certificate

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

## Evaluating Raw Material Suppliers from a CSR Perspective

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

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

## Fair Transactions with Manufacturing Partners

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

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

## Teaming Up with Competitors on Delivery

Lion teamed up with competitors in 1989 to establish Planet Logistics Co., Ltd., for conducting joint deliveries to wholesalers. The philosophy behind joint delivery is, “Cooperate on systems, compete in the store.” Manufacturers compete fairly in stores, but cooperate on logistics in order to cut logistics costs, improve the quality of logistics, and address environmental issues. At the end of 2012, 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

The foundation of Lion’s distribution policy is co-existence and co-prosperity with wholesalers. We hold general meetings of the “Lion-kai” forum to explain the Company’s business, marketing, and sales strategies, as well as through opinion exchange to promote common awareness of one another’s roles in increasing customer satisfaction. As of February 2013, 241 wholesalers were members of the Lion-kai.



Lion-kai General Meeting

### ● Respect for Intellectual Property Rights

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

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

## Pursuing customer satisfaction by creating safe and trustworthy products



Educational event with Meisters of Daily Life

### ● Basic Approach

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

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

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

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

### ● Appropriate Information Provision

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

#### Labeling in Local Language

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



Thai



Korean

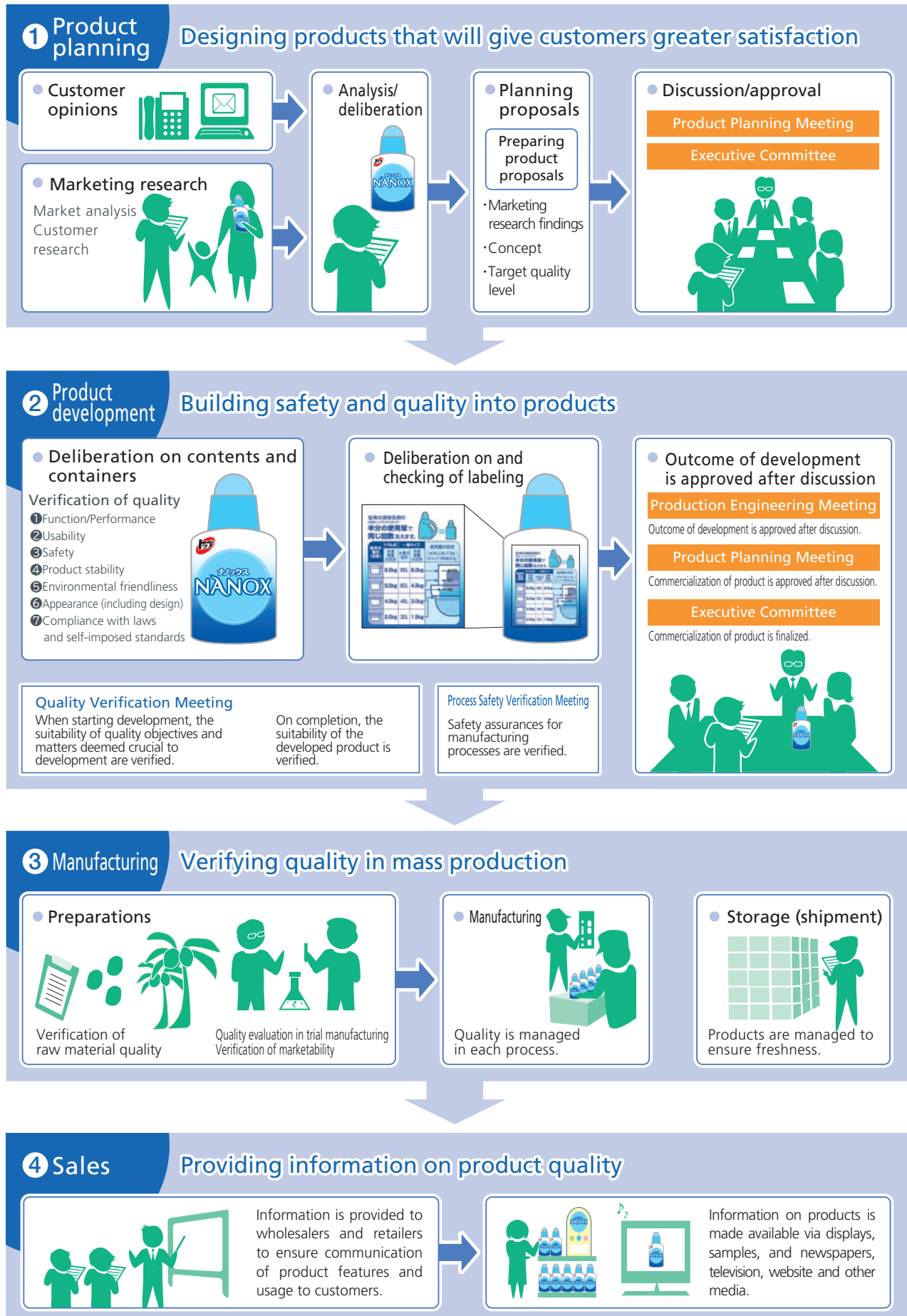


Chinese

Labeling of KireiKirei Hand Soap

#### Flow of Product Development Incorporating Customer Opinion





## ● Approach to Safety and Reliability

Lion evaluates the safety of raw materials and safety during product use to ensure that our customers can be at ease when using our products.

### Safety of Raw Materials

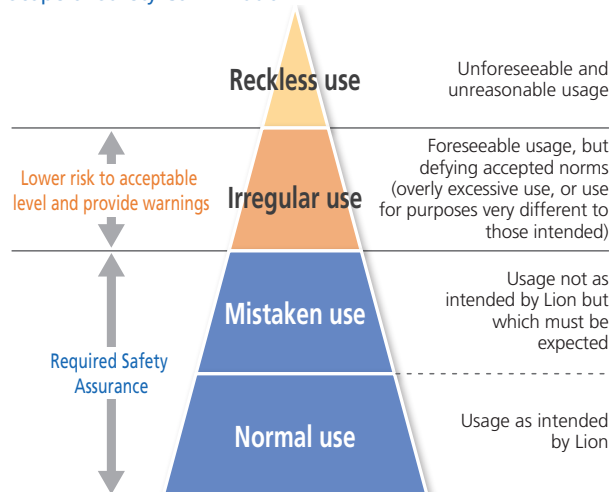
Use of raw materials is allowed only after verifying safety, and only after implementing sample evaluations and a supplier survey in order to ensure specific quality. Before use, raw materials undergo quality inspections using parameters and testing methods according to category—drugs and food; quasi-drugs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

### Safety During Product Use

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

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

#### Scope of Safety Confirmation



Guidance and advice from after simulating various situations of use is provided through our Quality Verification Meetings, which comprises of members from related divisions. The aim is to prevent damage caused by product use and lapses in the safety confirmation process.

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

## ● Enhancing Information Provision to Customers

In order to support our customers' healthy and comfortable life, through Lion's website and other tools we provide lifestyle related information as well as information about how to use our products.

"The Lion Comfortable Lifestyle Laboratories," a new point of contact for life-related information established in August 2011, provides opinion leaders and other relevant people with information on health and living according to their life-stage and life-style through seminars and events.



Educational Activities to Provide Living Information by Meisters of Dairy Life

We create, accumulate and provide living information, for example, by periodically answering customer's questions on the website by four Meisters of Dairy Life with expertise on oral care, health care, laundry and cleaning.



Information provided by the Lion Comfortable Lifestyle Laboratories

\*Website of the Lion Comfortable Lifestyle Laboratories:

URL <http://kaiteki.lion.co.jp/>

## ● Information Security

Lion has established a number of guidelines and regulations to prevent information leaks. They are a basic policy of our information management, information management regulations, privacy regulations, information security regulations, and guidelines for the management of information technology and equipment. For the appropriate practice of information transmission by employees using social media, which is recently spreading, such as social network services and blogs, "Lion Group Social Media Policy\*" and basic rules were established in 2012. Employees also undergo e-learning programs each year to enhance their awareness for the prevention of leaks.

\*Lion Group Social Media Policy

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



## ● Responding to VOC

VOC\* from our customers is recorded in a privacy-protected database, and after personal information is removed, it is then made available to the entire company via an information sharing system in order to make further improvements and develop new products. VOC deemed to have an especially strong influence on customer satisfaction is reported to management as a VOC daily letter, in an effort to grasp customer perspectives, through quick deliberation and implementation of solutions mainly by planning divisions. In 2012, 241 VOC daily letters were issued.

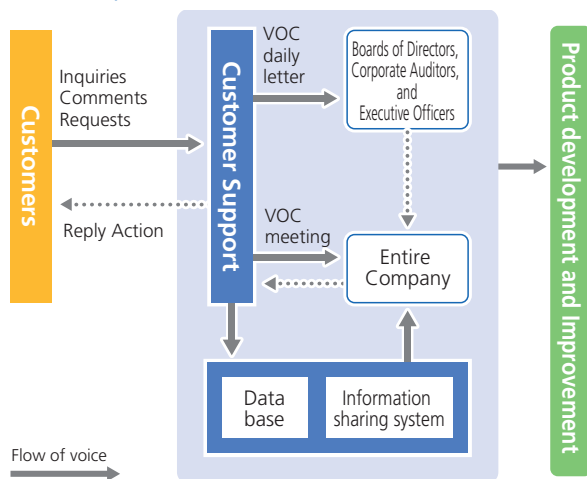
### \*VOC

Voice of Customer

### \*Customer Support

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

### Flow of Response to Customers



### Overview of Inquiries and Complaints During 2012

Around 117,000 inquiries and complaints were received in 2012 (a 122% increase from 2011). Since January 2011 when a toll-free consultation line was opened, products labeled with the toll-free number of the consultation line have been launched into the market. Accordingly, with the increased number of inquiries by telephone, the number of entire inquiries received expanded.

Overall, 79% were inquiries about product usage, outlets selling Lion products, product safety and so on; 11% were product complaints, relating for example to dissatisfaction with effects after use or flavor and scent; 9% were related to product problems, such as damage to flooring caused by detergent. We will make efforts for creating the environment in which customers feel easy about consulting, and quickly responding to consultations with sincerity. The number to call can be found in List of Inquiries\* on Lion's website.

### \*List of Inquiries

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

## Fostering a Culture of Utilizing Customer Opinion

Lion is working to foster a corporate culture whereby all employees consider and act from the customer perspective.

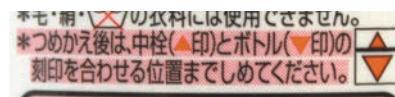
In 2012, for the purpose of learning the importance of thinking from the customer's perspective, newly-appointed directors and mid-career researchers, planning division employees and a division that conducts research and studies human behavior(142 in total) fielded telephone calls from customers. Also in the seminars for promoted employees, 113 employees learned the importance of thinking from the customer's perspective through discussions based on customer consultations. Customer opinions are reported at regular meetings of individual departments in an effort to share information.

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

## Improvement Case Based on Customer Opinion

### Improving a Container of Top Precare for Stains on Collars and Sleeves

An inside plug with sponge to apply liquid detergent evenly on collars and sleeves is used for Lion's Top Precare for Stains on Collars and Sleeves. After finishing detergent, the bottle can be reused by opening the inside plug and refilling with detergent. However, we received customer complaints that all the detergent spilled because the inside plug came off with the transparent cap when it was turned to apply the detergent after a refill. Therefore, we marked inside plugs with ▲, and bottles with ▼ in order to enable customers to confirm that the inside plug is fastened, and added a warning label.



Warning on labels

### \*Casting customer opinions into shape

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



Product with marks

### 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 fire incidents.

As of February 28, 2013, the rate of recalled products was 45.7%, or 1.48 million products. Please make sure to return these products if you have any.

### Contact number for Varsan Hyosatsu Jet Spray returns:

Toll-free Phone : 0120-670-225

Hours : 9 a.m. to 5 p.m. (except Saturdays, Sundays, public holidays, year-end new-year period, and summer holidays)

## Considering the Environment from a Product-Oriented Perspective

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

material procurement; (3) manufacturing; (4) logistics; (5) household use; and (6) disposal. In this way, Lion develops products, considering the environment in terms of the product composition (contents), as well as containers and packaging. In order to lower the impact of products on the global environment throughout their entire life cycle as much as possible, Lion is earnestly committed to the development of eco-friendly products and information provision.

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

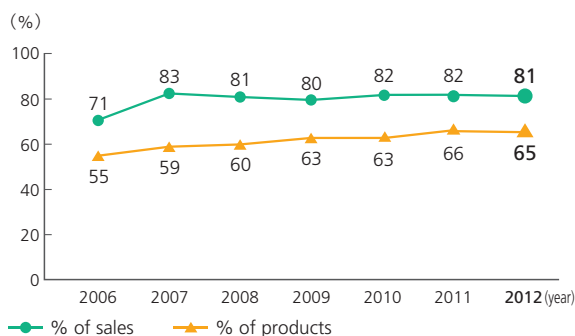
Stage	Evaluation area	Evaluation criteria
1 Raw material procurement	Use of plant-based raw materials Use of sustainable raw materials	<ul style="list-style-type: none"> <li>● Percentage of plant-based raw materials in composition of organic substances is 50% or more.</li> <li>● Biodiversity-conscious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

※ The Lion Eco Standards does not explicitly require materials that do not contain hazardous chemicals or have good biodegradability because these matters are obvious minimum requirements.

### Percentage of Products Satisfying the Lion Eco Standards

The percentage of products manufactured by Lion (excluding pharmaceuticals) satisfying criteria for at least one Lion Eco Standards area of evaluation is 65% of all items, or 81% in terms of sales value.

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



### Environmental Considerations in Product Composition Development

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

For related information, see p.31

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

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

\*Excellent features of MES

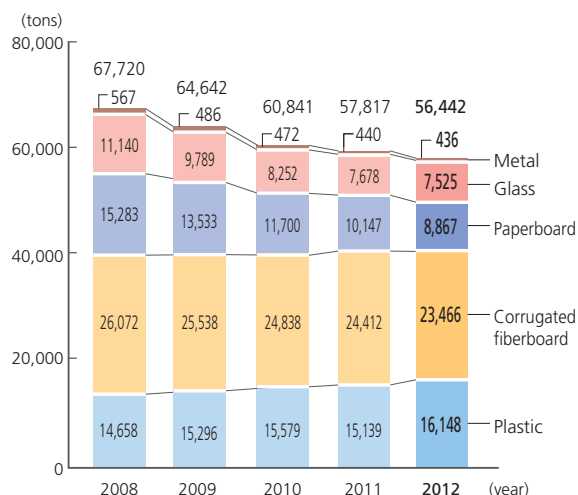
URL <http://www.lion.co.jp/ja/csr/env/resources/>

## ● “3Rs” for Reducing Containers and Packaging

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

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

### Container and Packaging Material Usage by Lion



## Reduce

### Smaller Products and Innovations in Container Design

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

In 2012, total container and packaging material usage decreased by 1,375 tons from a year earlier. Although plastic usage increased due to the expansion in laundry liquid detergent, the decrease in the usage of other materials surpassed this amount.

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

### Making Products Smaller

Higher concentrations enable smaller containers

Container weight  
118g → 71g



## Reuse

### Expanding the range of refill products

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



Refill products



## Recycle

### Use of recycled materials

#### Use of recycled resins

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



Product containers made using recycled PET resin

#### Use of paper made with recycled pulp

White paperboard made with recycled pulp is used for containers and packaging for such products as toothpaste and detergents. It is stated clearly on powder laundry detergent containers that the recycled pulp content is at least 70%. Corrugated boxes used for transporting products have 94% recycled pulp content.



Product containers made using recycled pulp

Co-existence and co-prosperity  
with society and communities/  
contribute to the development  
of society in Health, Comfort  
and Environment Areas



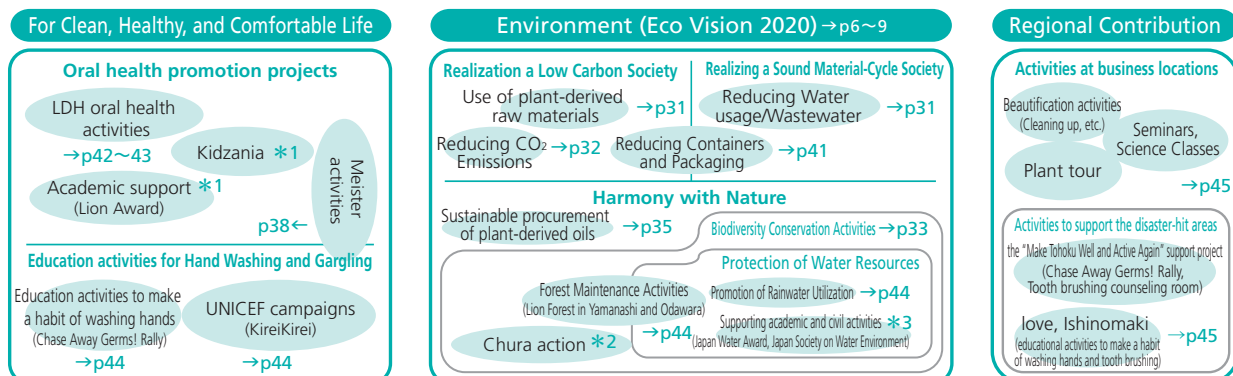
Oral Health Event of  
Tooth Brushing for  
Children

## Basic Approach

Since its foundation, under the corporate philosophy of “contributing to the society through our business activities,” Lion has worked on social action programs, effectively using the Group’s business resources, with the goal of enriching the happiness and lives of people, as well as achieving the sustainable society. To this end, we have regarded “health,” “comfort,” “environment,” and “regional contribution” as priority areas. In terms of “health” and

Lion’s social and environmental contribution activities

“comfort,” we have mainly conducted “Oral Health Promotion Projects” and “Education activities for Hand Washing and Gargling,” which directly link to business activities. In conjunction with “Eco Vision 2020,” we have also tackled three environmental goals, “Realization of a Low Carbon Society,” “Realization of a Sound Material-Cycle Society,” and “Harmony with Nature” through business and social contribution activities.



\*1 Kidzania, Lion Award

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

\*2 Chura action (“Chura” means beautiful or clean in a dialect of the Okinawa prefecture of Japan)

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

\*3 Protection of Water Resources Supporting water environmental researches and civil activities

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

## Activities of Lion Foundation for Dental Health

Under the consistent philosophy of “returning benefits from corporate activities to society” since its founding, Lion has been conducting oral care promotion and education activities since 1913. The Lion Foundation for Dental Health (LDH) was founded in 1964 under the approval of the Ministry of Health and Welfare, and was recognized as a public interest incorporated foundation by the Cabinet Office in 2010. LDH continues to contribute to society in the front line of oral health, leading to a better quality of life for all people, by maintaining and improving the dental and oral health of ordinary citizens through the three projects shown right, in cooperation with dental associations, universities, government authorities and other parties. Lion has provided full support for these activities.

### Three LDH Projects

#### 1. Oral health promotion projects

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

#### 2. Research and investigative projects

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

#### 3. Educational and training projects

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

\* Oral care diffusion and education activities

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



## Oral Health Event of Tooth Brushing for Children

The purpose of the Oral Health Event of Tooth Brushing for children, which has been ongoing since 1932, is to foster schoolchildren's awareness of health, including the importance of dental and oral health, as well as tooth brushing. It is held in Tokyo every year during the period of "Dental and Oral Health Week" (former Japan's Dental Health Week) from June 4 to 10. In 2012, a live Internet video stream of the 69th Oral Health Event of Tooth Brushing for Children was broadcasted to a total of 647 elementary schools including participating schools from all over Japan, as well as Asian countries (China, Korea, Hong Kong, Singapore, and the Philippines) from the main venue at Japan Dental Association Hall in Ichigaya, Tokyo. Approximately 38,500 schoolchildren participated in this international event. As a part of health education, they learned about "healthy gums" for an hour while having fun.



Children participating in the Oral Health Event of Tooth Brushing for Children



The stage of main venue (Japan Dental Association Hall)

## Academic Contribution

In 2011, designated as a research organization to receive an academic research subsidy from the Research Promotion Bureau of the Ministry of Education, Culture, Sports, Science and Technology, LDH became able to promote joint research with a wide range of universities and public institutions. In April 2012, two research themes were adopted as subsidized science research projects, including a three-year joint research project with the Graduate School of Medicine, Kyoto University. LDH intends to promote research that can make academic and social contributions.

## Holding of Seminars

LDH holds various kinds of seminars on the latest dental information and other topics for dental hygienists. Especially, "Lion New Year Seminar," which is held in January every year, was in its 22nd year in 2012. Under the theme of "aiming to extend healthy life-span," four lecturers talked about the roles of dental hygienists for each life stage.



Lion New Year Seminar at Sendagaya Tokyo in January 20, 2013

## "Enjoyable learning materials with DVD" (Two kinds)

LDH produced DVDs for kindergarteners (and their guardians) and for 5th- and 6th-grade children, with which they can learn about "dental and oral health" in a fun manner.

The DVDs were developed as educational material for teachers who provided education about dental and oral health to kindergarteners and their guardians, as well as elementary school children. The DVDs contain the expertise about health and tooth brushing guidance cultivated by LDH. We intend to contribute to the improvement in dental and oral health of more people by promoting the use of DVD learning materials.



Enjoyable learning materials with DVD

\* "Enjoyable learning materials with DVD" (LDH Website)

URL [http://www.lion-dent-health.or.jp/material/material\\_b.htm](http://www.lion-dent-health.or.jp/material/material_b.htm)

## Selected Social Contribution Activities by LDH (2012)



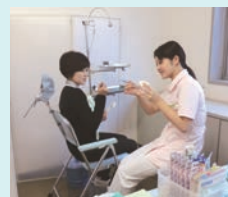
### Oral health activities for mothers and children

LDH supports child-rearing through oral health activities for expectant mothers, infants, kindergarteners and their parents.  
197 locations, 200 occasions  
Participants: 7,979 small children, 2,626 parents/guardians



### Oral health activities for school children

LDH provides direct guidance activities for schoolchildren and their parents/guardians, and supports the activities of health supervisors.  
426 locations, 527 occasions  
Participants: 39,914 school children, 1,105 parents/guardians, and 1,129 health supervisors



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

Advice is provided to workers, principally relating to periodontal disease prevention and oral health care and promotion.  
268 offices, 545 events  
Recipients: 31,360



### Oral health activities for the elderly

LDH provides support for maintenance of oral functions so the elderly can maintain their own teeth.  
44 locations, 45 events  
Participants: 1,165



### Examination and Treatment

Highly specialized and high quality examinations, treatments and preventive dentistry activities are provided in line with the concept of risk control.  
Recipients: 11,637

## ● Educational Activities for Hand Washing and Gargling

Since its foundation, Lion has contributed to the development of a culture of cleanliness and hygiene in society through its products and educational activities. Succeeding them, we have worked on educational activities for hand washing, gargling, and disinfecting through products of "KireiKirei" series.

### **KireiKirei "Germ Buster Project"**

"Germ Buster Project" is an approach to foster hygienic habits of hand washing, gargling, and disinfecting through products of "KireiKirei" in order to have people lead a healthy life every day. The "Chase Away Germs! Rally" is implemented for kindergarteners to help them develop habits of hand washing and gargling from an early age. We deliver to kindergartens nationwide kits containing check stickers and leaflets for hand washing and gargling, KireiKirei Medicated Foaming Hand Soap, and gargle medicine. With them, the kindergarteners check whether they could wash hands and gargle well in a fun manner, and learn preventive measures against cold and flu. In 2012, the rally was implemented at 1,512 kindergartens with 265,447 kindergarteners.



Logo of Germ Buster Project

### **Campaign for Expanding a Circle of Kirei over Asia**

In order to improve hygienic habits of Asian children, we donate part of the proceeds from the sale of KireiKirei series to UNICEF. Since 2010, when we started the donation, a total of 26,361,570 yen has been donated as of the end of 2012. The donated funds have been used for the construction of water and hygienic facilities and activities to promote hygienic habits at 32 elementary schools in Myanmar. As the result of those efforts, children have gotten into the habit of washing their hands after going to the toilet and before meals. Consequently, the numbers of children who suffer from diarrheal diseases and die from the diseases are expected to decrease.



Children washing hands with soaps before meal

© UNICEF Myanmar / 2012

## ● Conservation Work

Lion has been deeply and constantly involved with water through "washing." We believe it is our responsibility to protect the water environment such as delivering eco-friendly products. To this end, we proactively conduct the forest maintenance activities at Lion Forest in Yamanashi to protect water sources, and activities to promote and educate about the use of rainwater, a familiar water resource.

### **Forest Maintenance Activities at Lion Forest in Yamanashi**

Since 2006, regarded the Lion Forest in Yamanashi as a field for raising environmental awareness among employees, Lion has conducted forest maintenance activities with the aim of preserving biodiversity, preserving forests as sources of water, and revitalizing local communities. In 2012, 112 employees in total participated voluntarily in the forest maintenance activities including three ordinary sessions and a session as part of a new employee seminar.

### **2012 Rainwater Utilization Idea Contest**

With the aim of having junior high and elementary school students nationwide think about the importance of water, "2012 Rainwater Utilization Idea Contest" was held again. The contest consisted of four categories: essays, posters, research projects, and slogans, with 6,328 entries in total. In March 2013, the commendation ceremony was held for seven grand prix winning works at Hirai Research Institute. The school incentive award was also presented respectively to an elementary school and a junior high school, which both sent many excellent works to the contest.



The grand prix winning works in the poster category  
Elementary school student's work (above)  
Junior high school student's work (right)



The commendation ceremony of 2012 Rainwater Utilization Idea Contest



## Supportive Activities in the Great East Japan Earthquake Disaster Areas

Following the Great East Japan Earthquake, Lion provided a total of the equivalent to ¥350 million in relief donations and supplies to those affected by the disaster. Moreover, Lion supported its employees to participate in volunteer assistance programs in the affected areas. (75 employees participated during the period from 2011 to 2012.)

Since six months after the disaster, we have also implemented the "Make Tohoku Well and Active Again" support project in three prefectures, Iwate, Miyagi, and Fukushima, using our business resources. We conducted the following activities: "Tooth Brushing Counseling Room" by dental hygienists of LDH (the Lion Foundation for Dental Health) at kindergartens, etc.; the "Chase Away Germs! Rally" (held at 100 places including 13 places visited by the caravan in 2012) to develop hand washing and gargling habits at kindergartens; and the "KireiKirei Nationwide Visiting Team to Encourage Enjoyment of Books" Campaign (held at 46 places in 2012) to establish hygienic habits through picture-story shows. As part of the project, Lion started support activities for Ishinomaki City in Miyagi Prefecture, an area that is closely tied with Tomijiro Kobayashi, the founder of Lion, focusing on: 1) caring for children; 2) supporting creation of communities; and 3) supporting economic restoration. Lion's employees carried out educational activities for hand washing and tooth brushing at 15 places including childcare centers in 2012. In addition, regional products fair at our three business locations in Tokyo, and rugby classes for elementary and junior high school students in Ishinomaki were conducted. Also in 2013, we will continue to support employees to participate in volunteer assistance programs in the affected areas, and conduct the "Make Tohoku Well and Active Again" support project.



Educational activity for hand washing at a childcare center



Ishinomaki Marché (regional products fair)

\*Lion's Approaches to reconstruction from the Great East Japan Earthquake  
URL <http://www.lion.co.jp/ja/csr/reconstruction/>

## Community Activities

### Major social contribution activities in communities

Sending researchers of our research institute in Hirai, Edogawa Ward, Tokyo to science experiment classes for elementary school children



Inviting children from children's nursing home in Tokyo to have them enjoy Sumida River Fireworks Festival from the office rooftop



Holding a tooth brushing seminar for members of women's societies near our Osaka Office



Implementing clean up activities in neighboring areas of each office



Cleaning up the seaside park near our Fukuoka Office

### Plant Tours in 2012

Plant	Chiba	Odawara	Osaka	Akashi	Total
Number of tours	73	140	72	72	357
Participants	1,431	3,621	2,048	2,080	9,180

Following last year I will make third-party comments on Lion Corporation's "CSR Report 2013" (hereinafter referred to as "the CSR Report"). I received necessary explanations on the content of the CSR Report and the company's approaches to CSR at a meeting with the responsible officials of the CSR Promotion Department.

### 1. Approaches to the Environment toward 2020

In the feature of the CSR report, the fiscal 2012 targets and achievement levels of each environmental item are released as a summary of the new mid-term three-year environmental plan. CO<sub>2</sub> emissions were reduced by 33%, which means that the target for reducing the 1990 level by at least 30% was achieved despite a higher CO<sub>2</sub> emission coefficient due to the nuclear power plant shutdowns in Japan. The targets for reducing waste and water were not achieved due to reasons such as product damage and an incinerator shutdown as explained in the CSR Report.

"Eco Vision 2020" was developed along with the new management vision with specific and quantitative targets based on visions such as the realization of a low carbon or a sound material-cycle society, and harmony with nature. Through these activities the Lion Group has made a commitment to become an environmentally-advanced company to realize a sustainable society, which can be highly appreciated. I expect that the company will gain higher confidence from society during and after the next fiscal year by releasing the achievement levels of these targets and demonstrating the contribution to a sustainable society where the economy and the environment coexist. Environmental information on the overseas Group companies was disclosed in response to my previous review. I believe that in the future, the report should also include CSR information with the range of disclosed information clarified from the perspective of control and influence.

### 2. Clarification of CSR Activities

The Lion Group has set the CSR targets on the basis of ISO26000, which is the International Standard of the social responsibility. This year the 2012 CSR achievements of activities and objectives for 2013 were disclosed in the CSR report. Specific targets for each core subject of ISO were established and evaluated with the pages containing explanations; such arrangement allows comprehensive and clear understanding of their activities. As for the organizational governance structure that exerts influence on other subjects, only individual factors such as governance or risk management are separately explained. I expect that explanations will be made in connection with CSR activities.

### 3. Collaboration with Employees

The most important management resources to achieve business objectives are the employees. The Lion Group's basic CSR approach is that the Group contributes through its business activities to cleanliness, health, and comfort of the society; and to realize the idea, it first explains the measures for the employees using figures. Especially the way in which the associated data is shown in chronological order can be appreciated. I believe that in the future, the expansion of employee data will first help employees understand the benefits and strengths of the Group. The increased disclosure of this information to consumers will further improve the understanding of the Group's increasing corporate value. Regarding employee data, a downward trend is observed in the acquisition rate of paid leave, so I hope to see improvements made in this area.

### 4. Approach to Value Chains

Companies that run a business have relationships with many social organizations from raw material suppliers to consumers. Therefore, the business objectives and the CSR activities should be considered in connection with these relationships. In this regard, the CSR activities are explained in relation to the value chains in the CSR report. In particular, the detailed explanations about the management of raw material suppliers from the CSR perspective and the consumer issues, which included safety measures, were appreciated. All botanical resources are planned to be switched to palm oil, which is recognized as an environmentally friendly product. I recommend that the company should provide a clear explanation about the details, such as the purpose and content of this change.

The need for non-financial information including the CSR information alongside the financial information is growing. Moreover, the stakeholders such as investors and consumers are eyeing its role to supplement the financial information. I believe that the clear publication of the company's approaches to social responsibilities and their objectives and achievements will help enhance communication with society to win its understanding, which will become a basis to support sustainable development of the Lion Group.

Note: This review is not intended to express opinions regarding the accuracy and completeness of the content of the CSR Report.



**Yoshito Nakamura**

Certified Public Accountant

Adjunct Instructor of Toyo University  
Adjunct Instructor of the Open University of Japan  
Auditor of the Kawasaki City Council of Social Welfare  
Auditor of the Supporting Organization of JOCV  
Auditor of Foundation for Accounting Research of Construction Industry



Since the company's foundation in 1891, Lion has contributed to the realization of a clean, healthy, comfortable, and environmentally friendly life under the Company Motto, "Fulfilling a Spirit of Love." In order to expand such businesses in Asia, CSR should be incorporated into the management controlling the whole Group.

We have proceeded with the evaluation of the whole Group's CSR activities to establish a system which administers the Lion Group's CSR activities. This report shows that progress was made on the identification of important issues and the determination of medium-term targets. In the future, we will work through substantial discussions to organize a system, which ensures the on-site PDCA cycle of "hypothesis," "verification," and "execution" as core steps.

The third party review appreciates the disclosure of important CSR issues, targets and achievements, which enables the comprehensive and clear understanding of our activities. In the future, we will release the target attainment levels and disclose our progress.

For the "Eco Vision 2020," the demonstration of our willingness to contribute to a sustainable society by setting concrete and quantitative targets was evaluated. In order to achieve the targets, we will strive for technological development to reduce environmental burdens at every stage from raw material procurement to product disposal, and keep

protecting the environment through the use of our products as well as creating new value. Approaches to CSR in collaboration with our clients/vendors have only just begun, but we will steadily continue these activities in the future.

On the other hand, the power of the employees who courageously attempt to tackle difficult issues is essential for our CSR management aims. The innovations induced by each employee have continued to support the company. In the future, we will develop a good working environment, work on human resource development and utilize diverse human resources.

It is one of the important social responsibilities of our company to strengthen and enhance the CSR activities and clearly communicate this information outside the company. We will communicate information about our approaches to CSR via the CSR Report and the website, and fulfill our responsibilities by meeting the demands of the times.



**Itsuo Hama**

Representative Director  
and President

### Editorial Note

Since 2011, Lion has systematized its CSR activities in accordance with ISO26000. Regarding progress in this area, this Report carries important issues and targets specified under the seven core subjects of the ISO. We showed the ideal visions, medium-term targets, and the 2012 targets, achievements and evaluations of each subject in a list to clarify the whole picture, and tried to make the Report easy-to-read and comprehensible.

The feature article is about the "Eco Vision 2020" as our "advanced environmental initiatives" which is one of the CSR issues. Not only did we communicate our target values and activities, we also explained the processes for determining our targets, by providing the background context of global environmental problems, our approach to the scope that is relevant to our company, and opinions from external specialists, so that the overall picture can be understood.

In the future, we would like to show the progress toward these targets and achievements, and to disclose information especially on our overseas approaches.

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

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



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

Published : November 15, 2013

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Next scheduled publication:  
November 2014



FTSE4Good

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



In recognition of its advanced environmental initiatives, Lion has been certified as an Eco First Company by the Japan's Ministry of the Environment.