

CSR Report  
**2015**

---

Love today,

---

Love your life.

---

# CONTENTS

01	About Lion
04	Message from the Management
06	<b>Lion's CSR</b>
08	History of Lion Group's Business Activities
10	Establishing the Group-wide CSR Management Structure
12	Reviewing the Approach to the 2014 Medium-term Objectives and Setting the 2017 Medium-term Objectives
16	Overview of Lion's Social and Environmental Contribution Activities
17	2014 Highlights ① <b>Promoting Educational Activities for Preventive Dentistry</b>
22	2014 Highlights ② <b>"KireiKirei City – Sakaide" Project (Hand-washing education activities)</b>
24	<b>Organizational Governance</b>
27	<b>Human Rights</b>
28	<b>Labor Practices</b>
32	<b>The Environment</b>
38	<b>Fair Operating Practices</b>
40	<b>Consumer Issues</b>
45	<b>Community Involvement and Development</b>
48	Third-Party Review
49	Lion's Response/Editorial Note

## Editorial Policy

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

### Editorial Policy for CSR Report 2015

- Since 2011, our CSR activities have been systematized in accordance with ISO 26000, an international standard concerning social responsibility. The CSR Report and CSR website also reflect the above.
- The Report discloses the results and evaluations of the 2014 Medium-term Objectives corresponding to the major CSR issues and Lion's management plan, as well as the new 2017 Medium-term Objectives.
- Full details of the activities that have demonstrated progress are provided as 2014 Highlights so that readers can have a better idea of the status of these major activities.
- At the bottom of the pages on each core subject of ISO26000, the URLs of the CSR website that includes details of the activities are given.
- The URLs of Lion's primary web pages have been made to be two-dimensional bar codes (smartphone-friendly website) so that the readers can more easily access to the pages.
- A third-party review by outside experts has been included to provide an objective assessment.
- Information on standard disclosure items as required by the GRI Sustainability Reporting Guidelines is provided.

### Reference Guidelines

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

### Coverage

Lion Corporation and all domestic consolidated subsidiaries are covered, as a rule.

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

### Period Covered

January 1 to December 31, 2014  
(Some parts of the activities include those of 2015.)

# About Lion

## Corporate Data

Corporate Name	Lion Corporation
Address	3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan
Foundation Date	October 30, 1891
Capital	¥34,433.72 million (as of December 31, 2014)
Representative	Itsuo Hama, Representative Director/President
Employees	Consolidated: 6,343 Non-consolidated: 2,499 (as of December 31, 2014)
Net Sales	Consolidated: ¥367,396 million Non-consolidated: ¥261,200 million (as of December 2014)
Plants	Chiba Plant (Ichihara City), Odawara Plant (Odawara City), Osaka Plant (Sakai City), Akashi Plant (Akashi City)
Research Facilities	Hirai (Edogawa-ku), Odawara (Odawara City)
Sales Offices	Sapporo, Sendai, Tokyo, Nagoya, Osaka, Fukuoka

### List of Major Subsidiaries and Affiliates

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

## Net Sales Breakdown by Business

### Consumer Products Business ¥274,427 million

- Oral Care Products ¥55,344 million
- Beauty Care Products ¥20,468 million
- Fabric Care Products ¥83,540 million
- Living Care Products ¥20,179 million
- Pharmaceutical Products ¥38,156 million
- Other Business ¥56,738 million

### Industrial Products Business ¥59,793 million

### Overseas Business ¥86,202 million

### Others ¥28,682 million

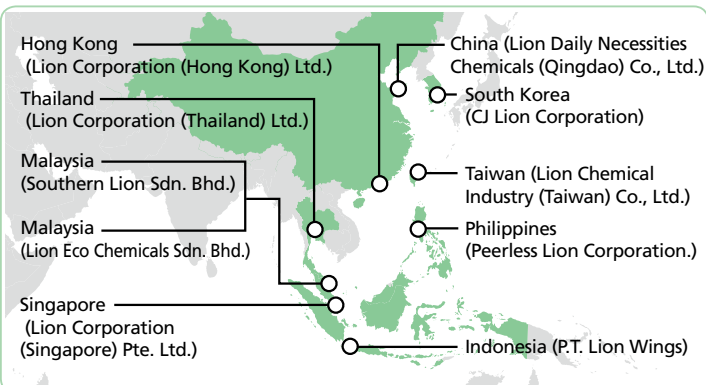
### Adjustment \* -¥81,709 million

### Consolidated Net Sales ¥367,396 million

\*Intra-segment and inter-segment sales

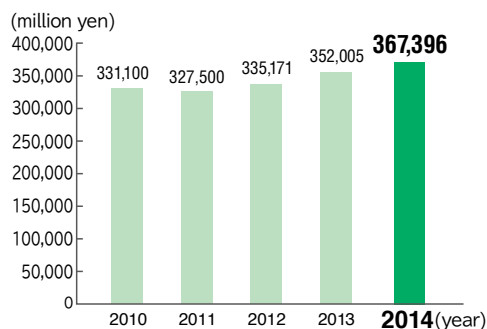
## Location of Overseas Group Companies

Overseas sales compared to previous year: **112%** Ratio of overseas sales(consolidated): **23%**

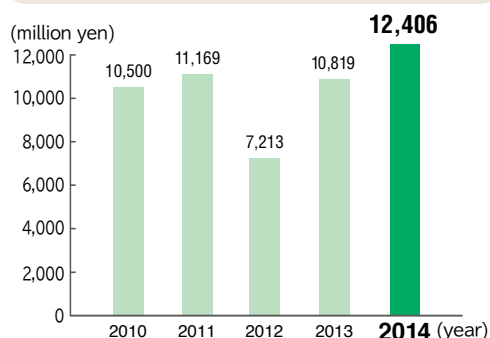


## Performance Transition (consolidated)

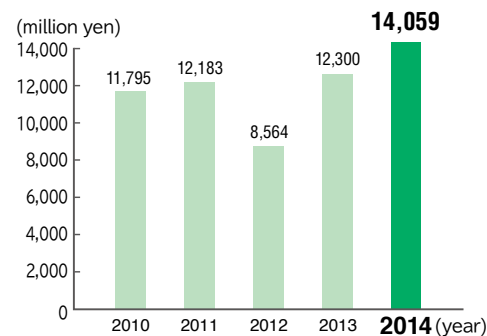
### Net Sales



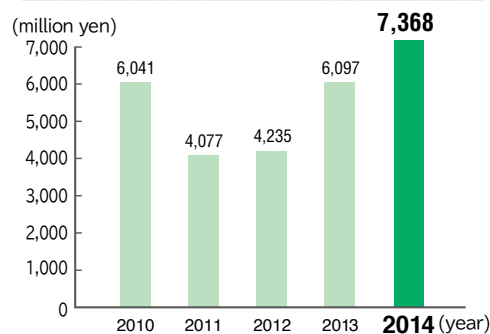
### Operating Income



### Ordinary Income



### Net Income



[IR Library] URL

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





## Main Lines of Business



Product Lineup of Consumer Products Business

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

Consumer Products Business

### Oral Care Products

[ Main Products ]

Toothpastes, toothbrushes, mouthwashes, and interdental products, etc.

Lion provides a wide array of advanced oral care products to support everyone's daily health needs.



### Beauty Care Products

[ Main Products ]

Shampoos, conditioners and treatments, body washes, antiperspirants and deodorants, hair-nourishment treatments, etc.

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



### Fabric Care Products

[ Main Products ]

Laundry detergents, fabric softeners, bleaches, anti-static agents, etc.

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





## Living Care Products

[ Main Products ]

Dishwashing detergents, household cleaners, cooking-aid products, etc.

Lion offers products useful for promoting healthy, clean and comfortable eating and living habits.



## Pharmaceutical Products

[ Main Products ]

Analgesics, cold medicine, Antidiarrheal drugs, digestive medicines, eyedrops, tonics and nutrients, insecticides, etc.

Lion offers an abundant lineup of quality brand products to meet consumers' increasing self-medication needs.



## Gift and Channel-Specific Products

[ Main Products ]

Novelties, gifts, functional food products (mail-order only), etc.

Lion provides a wide variety of special order products for its clients as well as mail-order products that meet people's needs.



## Chemical Products

[ Main Products ]

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

Always bearing our motto, "contributing to the global environment," in mind, we meet people's needs by applying superior technical capabilities and high functionality products based on interface science.



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 components including automobile parts)

## Message from the Management



Representative Director and  
Chairman

藤重貞慶

Representative Director, President and  
Executive Officer

濱 逸夫

## Benefiting Society through Business Activities

With the company motto of "Fulfilling a Spirit of Love," Lion is committed to providing superior products and services, in our business domains of "Health," "Comfort," and "Environment," that are helpful in the daily lives of people.

While the population explosion is becoming a critical issue with concerns about a shortage of food and depletion of water and energy in Southeast Asia, the declining birth rate and aging population has been a problem in Japan and China.

Lion considers it necessary to be aware of such social changes, as well as accompanying changes in people's values.

By realizing the social role Lion is required to play, we are

aiming, through our business activities, to help extend the healthy life-span of the elderly and realize a sound material-cycle society in which resources are conserved and reused.

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

## Creating future value for everyone "Life. Love. Lion."

Under our founding spirit of "contributing to social development through business activities," we have been not only providing products, but also proposing good living habits as a supporter of a culture of oral hygiene and cleanliness.

This spirit is reflected in our present corporate slogan of "Life. Love. Lion."

Lion is determined to provide assistance in achieving the meaning contained in the slogan: Love this day and live life to its fullest, and you will become a torch that illuminates the path to a brighter future.

In its Vision 2020, Lion clearly states that it aims to become a "company that creates value for lifestyle and spiritual fulfillment," a "company that is advanced in the area of environmental responsiveness" and a "company that continues to take on challenges, create and learn." We are looking to contribute to society by continuously offering new value in the areas of Health, Comfort and the Environment.

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

In 2014, the entire company worked to publicize "preventive dentistry" in which both periodical "professional care" by dentists and day-to-day "self-care" are continuously conducted, in anticipation of a super-aging society.

We provided oral care products for self-care, conducted oral health promotion projects through the Lion Foundation for Dental Health, and opened a dental clinic exclusively for preventive dentistry. Consequently, such activities increased recognition and awareness of "preventive dentistry."

While washing hands and gargling in the proper way have become more important due to the threat of viruses and other factors, we have started activities to help citizens to establish proper hygienic habits in cooperation with Sakaide City, Kagawa Prefecture, which is the location of the main production facility of Lion's hand soap.

As for the overseas business, a new plant for oral care products started its operation in China, to enhance its production ability.

We are also proactively working on tooth brushing education programs overseas. Not only in Japan but also in Asian countries, we hope to continuously contribute to the formation of forward-looking, healthy, and comfortable living habits, in addition to providing products.

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

With the goal of contributing to the achievement of a "Low Carbon Society," a "Sound Material-Cycle Society," and "Harmonizing with Nature," Lion formulated "Eco Vision 2020" consisting of environmental targets that look toward 2020.

In 2014, the last year of the V-1 term of our medium-term three-year plan, as a result of the activities conducted by all the employees of Lion Group, almost all of the targets were attained. The attained targets including reductions in greenhouse gas emission and water consumption.

Furthermore, with the newly established "Lion's eco-standards" in 2014 Lion started attaching an "Environmental Label" to its products in order to enable customers to readily lead an ecologically friendly life by using Lion products in



their everyday life.

We believe that customers' leading an ecologically friendly life each and every day will lead to global ecology in the future.

Lion will contribute to the realization of a sustainable society with development of advanced green technologies and through communication with stakeholders.

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

In 2014, at the aim of promoting a reform to become a corporate organization that takes on challenges in Japan and overseas and independently grows, and fostering such personnel, we established a system in which people who boldly take on challenges are highly appraised. We also implemented the "Global Human Resources Development Program" to foster personnel with adaptable fighting potential through overseas business. At the presidential sessions I hold at business offices nationwide, I repeatedly speak about our Management Vision. Meetings with employees are also held to discuss specific themes to achieve the vision.

In 2014, by opening a website for lifestyle information called "Lidea," we enhanced our ability to communicate information that is useful for our customers' lives.

Lion will aim to be a company contributing to creation of future value for each person, by understanding about customers the best, and integrating all of our employees' beliefs into our corporate slogan of "Life. Love. Lion."

In order to remain a company that is trusted by society, it is important to integrate CSR within the managerial structure of the company.

Hence, we reviewed our management challenges in light of our understanding of the requirements from society as included in the international standard of social responsibility, ISO 26000, and identified CSR material issues.

Domestic group companies addressed activities set in the medium-term targets of 2012, and, in general, attained the targets by 2014.

From 2015, with the Group-wide medium-term targets including overseas group companies, we will push ahead with CSR activities.

In 2009, Lion announced its support for the UN Global Compact: a global framework to realize sustainable growth.

As its ten principles related to human rights, labor, environment, and anti-corruption are common to the "Lion Group Charter for Corporate Behavior" and "Behavioral Guidelines," we embrace them as behaviors that our employees should adopt.

We will continue to support it and make efforts toward CSR management.





# Lion's CSR

Business Activities Supporting  
Healthy and Comfortable Society  
and Environment

The origins of Lion's approach to CSR can be traced to our founding spirit of "working for the benefit of people and society." With the robust business foundation established based on the Company Motto and the Management Philosophy, Lion has contributed to sustainable development of society through conducting business activities under the management vision and by integrating CSR material issues.



## Sustainable corporate and social development

In 2020

### Management Vision (Vision 2020)

#### Ideal Vision

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

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

In 2017

V-2 Plan

Comfort Business

Health Business

Environmentally-friendly Business

Promotion of PDCA

In 2014

V-1 Plan

CSR Material Issues

⇒ See Pages 12 to 15

## Foundation for Business

Lion Group Charter for Corporate Behavior/Behavioral Guidelines

Company Motto / Management Philosophy



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



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



Behavioral Guidelines (Japanese)  
<http://www.lion.co.jp/ja/company/about/indicator.htm>

# "Life. Love." Belief in our corporate slogan

## The Meaning of "Life. Love."

An accumulation of todays becomes your entire life, and a part of your life happens today.

"Life. Love." means leading life in a careful and positive manner, cherishing every day and every moment leading to the future.

Laughing and crying at everyday affairs, being encouraged by them and feeling and accepting them are also part of "Life. Love."

Believing that it is Lion's mission to provide products useful for such a life, we will offer new proposals towards a valuable future for everyone.

### Corporate message expressing Lion's mission and ideal vision

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

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

### Lion's approach to the "Life. Love." of consumers

#### Through products

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



#### Through social and environmental contribution activities

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



# History of Lion Group's Business Activities

## Oral Hygiene Business

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

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

### Founding ( From 1896 )

Promoting oral hygiene/  
The root of social contribution activities



Lion Toothpowder



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

### Growth ( From 1913 )

Starting educational activities to instill tooth brushing habits in children



A supplementary picture book that comes with the product (This is the root of educational activities about oral hygiene for children)



Lion Dental Clinic for Children

### Mass Production ( 1960s and 1970s )

Expanding the market, and developing world-class products



Completion of the Odawara Plant (Reinforcement of production system)



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

## Culture of Cleanliness and Environmentally-friendly Business

Education about cleanliness and measures for the global environment //

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

### Promotion of awareness of hygiene ( 1891 to 1940s )

Promoted awareness about washing with detergent



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



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



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

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

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



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

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

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



Dash



Murin (phosphorus-free) TOP



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

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



## Expansion (From 1970s onward)

Responding to diversifying oral health issues with more scientific research



Clinica  
(For prevention of cavities)



Dentor  
(For prevention of pyorrhea)



Dentor Systema series  
(For prevention of periodontal disease)

## Present

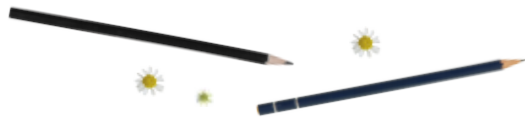
From oral hygiene to systemic health  
Promotion of "preventive dentistry"



Clinica  
Advantage series  
(Promotion of "preventive dentistry")



Educational activities for oral health in Asian countries



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

Expanded a line of products based on plant-derived materials



Shokubutsu-Monogatari  
(Plant Story)



Spark

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

Launched medicated soaps and developed educational activities for children



Educational activities to make hand washing a habit



KireiKirei  
Medicated Liquid  
Hand Soap



KireiKirei  
Medicated Foaming  
Hand Soap

## Present

Response to water resources issues and water use reductions



TOP  
NANOX



TOP  
HYGIA



LOOK Bath  
Antimold Fogger

Contributing to a clean lifestyle in Asia



Overseas NANOX



The "Beat" brand laundry detergent sold in South Korea

# Establishing the Group-wide CSR Management Structure

## Setting objectives and managing progress

### Promotion of CSR Activities

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

By considering world CSR trends, our company's unique business characteristics, potential risks, opportunities and their respective implications, we identified CSR material issues in 2012.

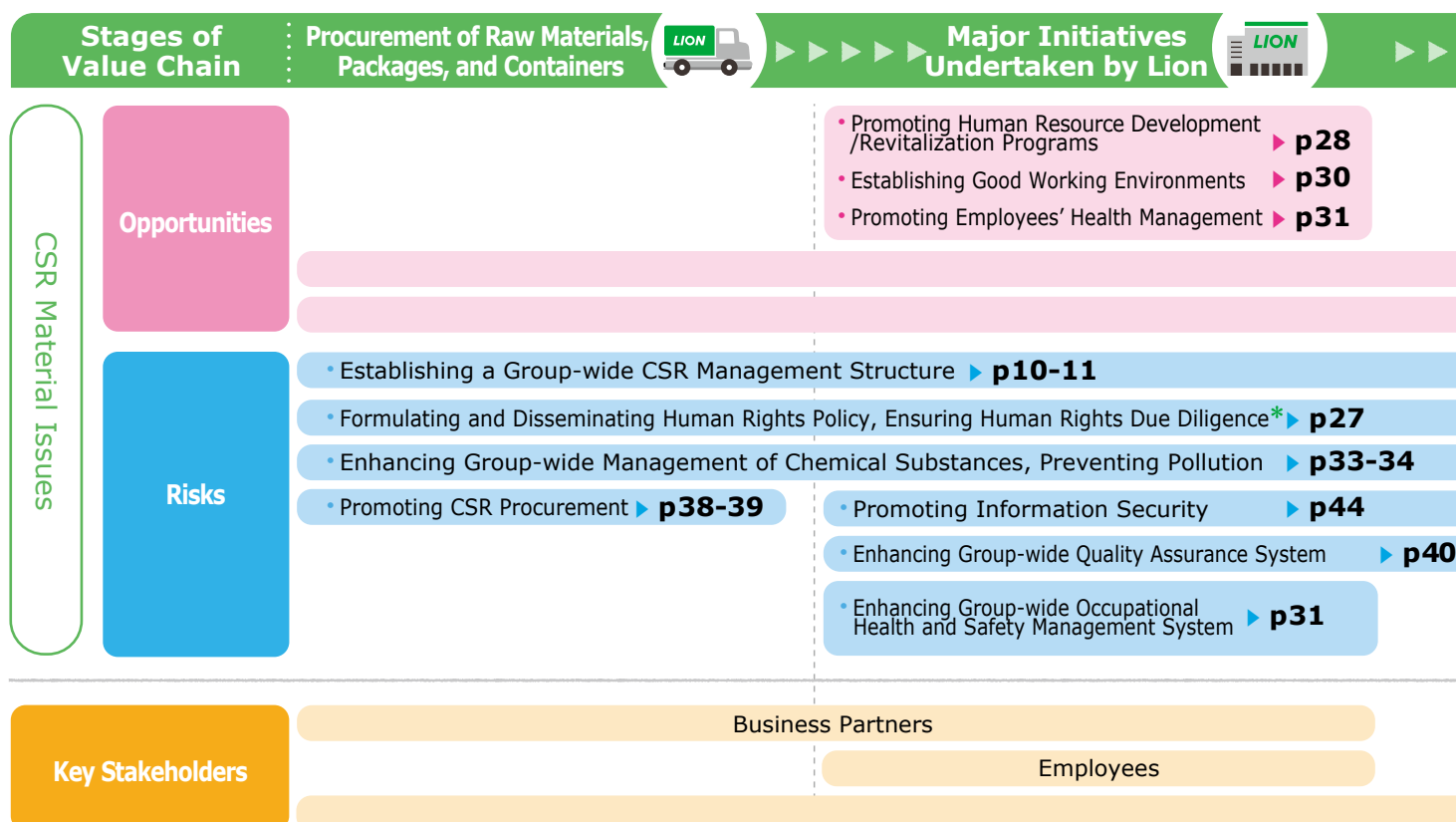
Also, for each of the material issues, we have set a medium-term objective for three years which is consistent with our management plan, and conducted improvement activities through PDCA.

For managing CSR activities in overseas Group Companies, we have visited eight of our group companies overseas to learn about their CSR efforts, and then set medium-term objectives. We will conduct improvement activities through PDCA.

### Specific Processes of Identifying Material Issues



### Value Chain and Material Issues (Activities in 2014 are described in related pages.)



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

## Achievements in 2014

In 2014 which was the final year of the medium-term management plan V-1, for each of the CSR material issues, we promoted activities to achieve its objectives.

## Setting Objectives for 2017

With the commencement of the medium-term management plan V-2, we set medium-term objectives for 2017 on the basis of progress and review of respective material issues in V-1.

Related Information p12-15

### Greatly Progressed Activity 1

~Enhancing Social Contribution Programs Leading to Forming Healthy and Comfortable Living Habits~

#### 2014 Highlight 1 Promoting preventive dentistry

Aiming at forming healthy and comfortable living habits of consumers, Lion conducted educational activities for preventive dentistry through the year.

Rediscovering the importance of "preventive dentistry," each employee conducted the educational activities in a holistic manner, taking into account consumers' life stage, in cooperation with external organizations such as local government, schools, hospitals, and dental clinics.

Related Information p17-21

### Greatly Progressed Activity 2

~Enhancing Social Contribution Programs Leading to Forming Healthy and Comfortable Living Habits~

#### 2014 Highlight 2 "KireiKirei City - Sakaide" Project

For the purpose of spreading sanitary practices and having such practices take root, Lion has launched "KireiKirei City - Sakaide" Project in collaboration with Sakaide City and Lion Chemical Co., Ltd. in Sakaide City (Kagawa Prefecture) where the Lion's hand soap production plant is located.

Related Information p22-23

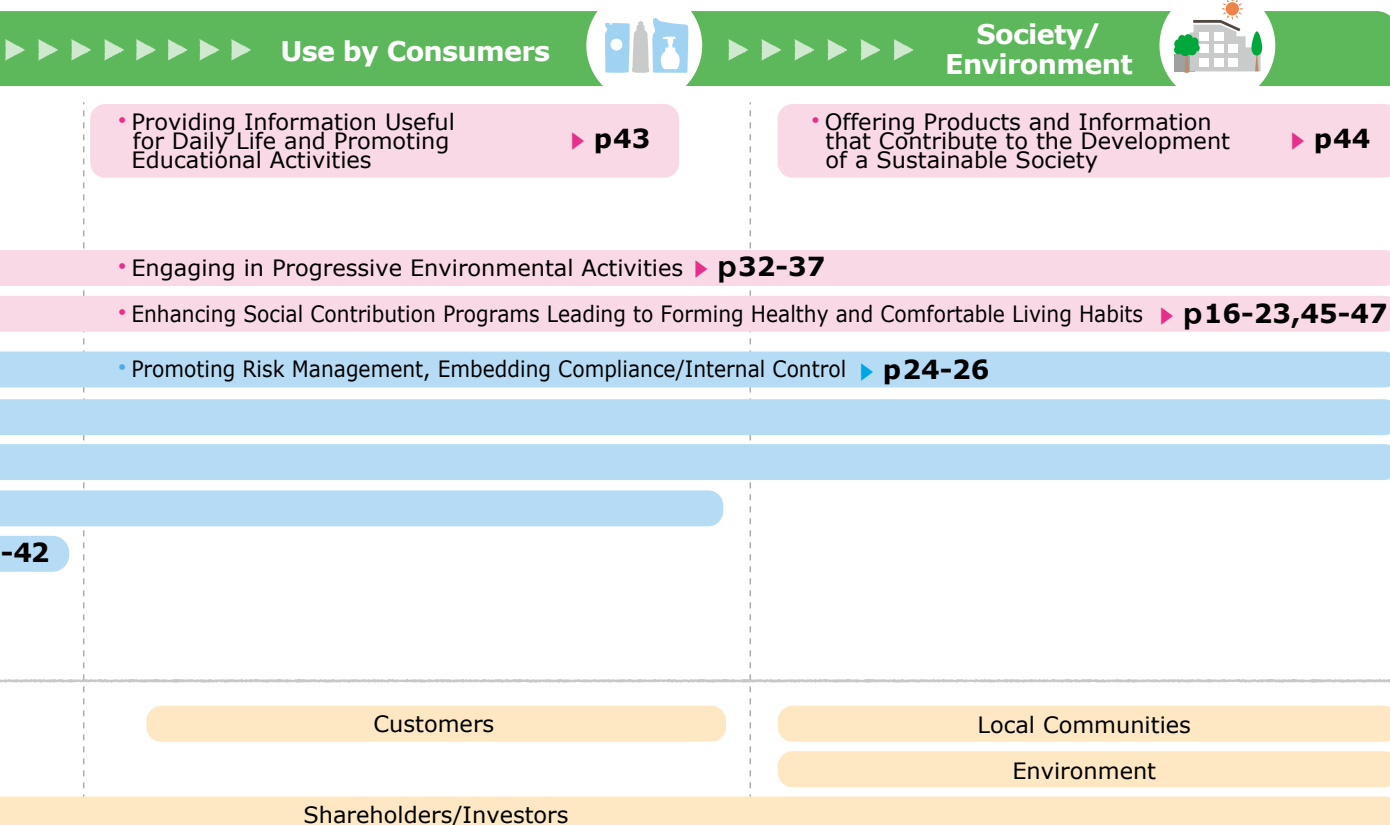
### Greatly Progressed Activity 3

~Promoting Information Used for Daily Life and Promoting Education Activities~

#### Opening a new information website "Lidea"

A new medium for lifestyle information "Lidea" was established on our website by the Lion Comfortable Lifestyle Laboratories that provide useful living information, in order to share ideas (tips and information) that can enrich people's life and mind.

Related Information p43





# Reviewing the Approach to the 2014 Medium-term Objectives and Setting the 2017 Medium-term Objectives in Relation to CSR Material Issues

## Reviewing the Approach to CSR Material Issues in the Medium-term Management Plan (V-1: 2012 to 2014)

For each CSR material issue, we conducted activities to achieve the 2014 medium-term objectives, and attained almost all of them.

Assessment criteria Attained as planned: ○ / In progress but not attained: △ / No progress: ×

Core Subjects	Ideal Vision	CSR Material Issues	2014 Medium-term Objectives
Organizational Governance	Maintaining a Sound Management System that is Continuously Trusted by Society	Disseminating the Lion Group Charter for Corporate Behavior as a CSR policy	
		Establishing the Group-wide CSR Management Structure	—
		Promoting Risk Management *2	—
		Embedding Compliance/Internal Control Systems	—
Human Rights	Establishing a Framework for Respecting Human Rights	Formulating and Disseminating Human Rights Policy	—
		Ensuring Human Rights Due Diligence*3	Strengthening the framework securing respect for human rights
			Disseminating information regarding the hotline and strengthen the advice and whistle-blowing framework
			—

\*1 As to items for which any 2014 objective was not set, "-" is written in place of results.

\*2 As the BCP guidelines were set in 2014, "Reviewing the Business Continuity Plan," which was a material issue, was replaced by "Promoting Risk Management."



## Setting Objectives for the Next Medium-term Management Plan (V-2: 2015 to 2017)

### Non-consolidated (Parent Company) and Consolidated Group Companies in Japan

While continuing our existing activities, we set objectives for CSR material issues for which it was considered necessary to enhance approaches in light of social trends and our management policy.

### Consolidated Overseas Group Companies

We set objectives based on interviews regarding respective companies' CSR activities conducted during the period from 2012 to 2014. Taking into account laws, cultures, and customs which vary depending on countries and regions, we will perform activities in series in light of the situation of each group company.

Achievement from 2012 to 2014 *1	Evaluation	2017 Medium-term Objectives
<ul style="list-style-type: none"> <li>Implementing e-learning on the Lion Group Charter for Corporate Behavior (Once a year) <a href="#">→ Related information p26</a></li> </ul>	○	<b>Domestic</b> Disseminating the Lion Group Charter for Corporate Behavior as a CSR policy (ongoing)
—	—	<b>Overseas</b> Disseminating policies concerning CSR
<ul style="list-style-type: none"> <li>Setting and disclosing objectives and KPI (2013 CSR report)</li> </ul>	○	<b>Domestic</b> Managing progress toward objectives (ongoing)
—	—	<b>Overseas</b> Setting objectives and managing progress
—	—	<b>Domestic</b> Continuously operating Business Continuity Plan (BCP) based on multiphase projections
—	—	<b>Domestic</b> Raising awareness of compliance
—	—	<b>Overseas</b> Enhancing internal control systems
—	—	<b>Domestic</b> Disseminating the Lion Group Charter for Corporate Behavior as human rights policy (ongoing)
<ul style="list-style-type: none"> <li>Disclosing Lion's overview of its approach to human rights in value chains and promoting PDCA for each activity <a href="#">→ Related information p27</a></li> <li>Revising Procurement Principles</li> <li>Establishing and disclosing "Lion Group Supplier CSR Guideline"</li> <li>Having suppliers self-check their CSR activities and feeding assessment results back to the suppliers <a href="#">→ Related information p39</a></li> </ul>	○	<b>Domestic</b> Promoting self-assessment questionnaire of CSR activities by suppliers and offering its feedback. (ongoing)
<ul style="list-style-type: none"> <li>Dissemination through the Compliance Awareness Survey (Annually implemented, Dissemination rate was 96% in 2014)</li> <li>Responding to and sorting out all cases <a href="#">→ Related information p26</a></li> </ul>	○	<b>Domestic</b> Disseminating information regarding the hotline and strengthen the advice and whistle-blowing framework (ongoing)
—	—	<b>Overseas</b> Setting up and operating internal contacts for reporting and consultations

\*3 Steps that an organization should take in order to recognize, prevent, and address negative influences on human rights.

Core Subjects	Ideal Vision	CSR Material Issues	2014 Medium-term Objectives
Labor Practices	Changing Awareness of Employees through Raising Morale and Motivation	Promoting Human Resource Development/Revitalization Programs	Implementing human resource development/revitalization programs
			Carrying out diverse human resources promotion programs
		Establishing Good Working Environments	Achieving the requirements for the Next Generation Support Act Phase 4 Action Plan"
		Promoting Employees' Health Management	—
		Enhancing Group-wide Occupational Health and Safety Management System	—
The Environment	Contributing to the Development of a Sustainable Society as an Environmentally Advanced Company	Engaging in Progressive Environmental Activities	Promoting and manage progress of "Eco Vision 2020"
		Preventing Pollution	—
		Enhancing Group-wide Management of Chemical Substances	—
Fair Operating Practices	Promoting CSR Activities throughout the Value Chain	Promoting CSR Procurement	Carrying out supplier CSR questionnaires and offer its feedback to suppliers.
Consumer Issues	Pursuing Customer Satisfaction by Creating Safe and Trustworthy Products	Offering Products and Information that Contribute to the Development of a Sustainable Society	Promoting and manage progress of "Eco Vision 2020"
		Providing Information Useful for Daily Life and Promoting Educational Activities	Enhancing the provision of information that contribute to healthy and comfortable life according to lifestyle and life stages
		Enhancing Group-wide Quality Assurance System	—
		Promoting Information Security Measures	—
Community Involvement and Development	Co-existing and Co-prospering with Society and Communities/ Contributing to the Development of Society in the Areas of Health, Comfort and the Environment	Enhancing Social Contribution Programs Leading to Forming Healthy and Comfortable Living Habits	Promoting oral hygiene activities "Promoting Children's Tooth Brushing Education Program"
			Promoting cleanliness activities "Promoting Education Activities for Children's Hand Washing and Gargling"



Achievement from 2012 to 2014	Evaluation	2017 Medium-term Objectives
<ul style="list-style-type: none"> <li>● Revising and Implementing the Target Management System to Enhance Activities to Promote PDCA Toward Attaining Objectives (Japanese) <a href="http://www.lion.co.jp/ja/csr/employee/development/">URL http://www.lion.co.jp/ja/csr/employee/development/</a></li> <li>● Introducing and Implementing the "Global Human Resources Development Program"</li> <li>● Developing Human Resources with an Aptitude for Marketing <a href="#">➡ Related information p28</a></li> </ul>	○	<b>Domestic</b> Embedding measures for promoting PDCA through implementation of the target management system Global human resource development
<ul style="list-style-type: none"> <li>● Holding a "Career Forum" Offering Opportunities to Gain Knowledge about Jobs in Each Department of the Company (Once a year or more)</li> <li>● Introducing and Implementing Regionally Based Employees Program for the purpose of promoting temporary employees to regular employees and promoting diverse working arrangements for regular employees <a href="#">➡ Related information p29</a></li> </ul>	○	<b>Domestic</b> Enhancing the "Diverse Human Resource Promotion Programs" Implementing supporting measures for women to build their career
<ul style="list-style-type: none"> <li>● Achieving the "Next Generation Support Act Phase 4 Action Plan" <a href="#">➡ Related information p30</a></li> </ul>	○	<b>Domestic</b> Promoting work-life balance with measures for building an environment where employees can work healthily and energetically
—	—	<b>Overseas</b> Enhancing opportunities for talks between employees and management
—	—	<b>Domestic</b> Improving the environment to allow employees to work healthily and energetically
—	—	<b>Domestic</b> Improving occupational safety and safety of facilities based on the "Health, Safety and Disaster Prevention Management System"
<ul style="list-style-type: none"> <li>● Formulating the New Environmental Objective "Eco Vision 2020" and Managing Progress thereof <a href="#">➡ Related information p34-35</a></li> </ul>	△	<b>Domestic Overseas</b> Promoting "Eco Vision 2020" and managing progress thereof (ongoing)
—	—	<b>Domestic</b> Promoting pollution prevention (ongoing)
—	—	<b>Domestic</b> Enhancing chemical substances management systems (ongoing)
<ul style="list-style-type: none"> <li>● Revising Procurement Principles</li> <li>● Establishing and disclosing "Lion Group Supplier CSR Guideline"</li> <li>● Having Suppliers Self-check their CSR Activities and Feeding Assessment Results Back to Suppliers <a href="#">➡ Related information p39</a></li> </ul>	○	<b>Domestic</b> Promoting self-assessment questionnaire of CSR activities by suppliers and offering its feedback (ongoing)
—	—	<b>Domestic</b> Promoting "Eco Vision 2020" and managing progress thereof
<ul style="list-style-type: none"> <li>● Creating an "Environmental Logo" and "Environmental Label" and Starting to Attach the Label to Eco Products <a href="#">➡ Related information p44</a></li> </ul>	○	<b>Domestic</b> Promoting environmental educational activities for consumers through products
<ul style="list-style-type: none"> <li>● Creation, Accumulation, and Provision of Living Information by "Meisters of Daily Life"</li> <li>● Holding Information Exchange Events for Consumers</li> <li>● Opening "Lidea," a new website for lifestyle information <a href="#">➡ Related information p43</a></li> <li>● Promoting a New Oral Care Solution Business (ORALYSIS and ORALcom) (Japanese) <a href="http://www.lion.co.jp/ja/csr/highlight/2013/#sec03">URL http://www.lion.co.jp/ja/csr/highlight/2013/#sec03</a></li> </ul>	○	<b>Domestic</b> Enhancing the provision of information that contribute to healthy and comfortable life according to lifestyle and life stages (ongoing)
—	—	<b>Domestic</b> Enhancing group-wide quality assurance system (ongoing) <b>Overseas</b> Reinforcing compliance with regulations in each country and enhancing responses to customers
—	—	<b>Domestic</b> Promoting information security (ongoing) <b>Overseas</b> Enhancing information security management systems
<ul style="list-style-type: none"> <li>● Promoting Educational Activities for Preventive Dentistry</li> <li>● Holding an Oral Health Event of Tooth Brushing for Children (Annually. 2014: in Japan (1,146 schools), and in eight countries and regions in Asia (16 schools in total), approx. 66,100 elementary school students participated in the event. Since 1932 when the first event was held, a total of 920,000 or more elementary school students have participated in it.)</li> <li>● Activities for Oral Health Promotion for School Children</li> </ul>	○	<b>Domestic Overseas</b> Promoting educational activities for oral health Promoting preventive dentistry (recommending self-care and professional care) and education for health instructors and children
<ul style="list-style-type: none"> <li>● Educational Activities for Hand Washing and Gargling (Sakaide City: "KireiKirei City - Sakaide" Project) <a href="#">➡ Related information p22-23</a> (Educational activities at kindergartens and preschools near our business facilities in Ishinomaki City)</li> </ul>	○	<b>Domestic Overseas</b> Promoting cleanliness activities "Promoting Education Activities for Children's Hand Washing and Gargling"

# Overview of Lion's Social and Environmental Contribution Activities

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

Business Activities

Supporting people's lives  
for creating future value for everyone

Management Vision

## Social and Environmental Contribution Activities

In the Health and Comfort Field

(Educational activities for oral health)



(Educational activities for hygienic practices)



Related information is on p46 and 47.

In the Environmental Field

(Water resource conservation activities)



Related information is on p47.

Our Priorities

(Co-existence with communities) (Involvement of employees)

## In the Health and Comfort Field

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

## In the Environmental Field

We strive to reduce the environmental load of our products to create a more eco-friendly lifestyle.

As our main products, such as laundry detergents, toothpastes, hand soaps, and dishwashing detergents, are deeply related to water through "washing," we also actively conduct water resource conservation activities.

## Our priorities

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

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

# 2014 Highlight 1

# Promoting Educational Activities for Preventive Dentistry

## Background of Educational Activities for Preventive Dentistry

### Why is "preventive dentistry" important now?

In recent years, it has been revealed that dental and oral health has significant impacts on health not only in the mouth but also throughout the body. In Japan, the "8020 Campaign" has been developed with the slogan of keeping 20 or more one's own teeth throughout life.

With success in this campaign, the rate at which the elderly have kept their remaining teeth has improved. In anticipation of a super-aging society, it will be necessary to make further efforts in this regard.

### Comparison with a country with advanced preventive dentistry

In Sweden, which is known as an advanced country in terms of preventive dentistry, the average number of teeth remaining in people in their 70's is 21, far more than the number in Japan.

The main reason for this is a difference in awareness of "preventive dentistry" which puts emphasis on "prevention" in addition to "treatment."

In Sweden, which has nationally promoted preventive dentistry since the 1970s, people have a higher awareness of oral care than that in Japan.

A survey conducted by Lion in 2013 revealed that 69% of Swedish people were engaged in preventive dentistry, compared with 26% of Japanese people.

The percentages of receiving periodical dental checkups and of using dental floss and mouthwashes every day are also higher in Sweden. In this way, building up dental health has taken root as a living habit.

### Making Japan a country with advanced preventive dentistry

In recent years, Japan has begun to conduct nation-wide activities to build dental and oral health, shifting its viewpoint from "treatment" to "prevention."

In relation to dental/oral health, "Health Japan 21 (the second term)" \*1 a governmental plan announced in 2012 aims to maintain and improve oral functions, eliminate differences between prefectures in frequency that children have cavities, and increase the percentage of individuals who participate in dental check-up.

\*1 Basic policies determined by the Ministry of Health, Labour and Welfare of Japan to comprehensively promote people's health.

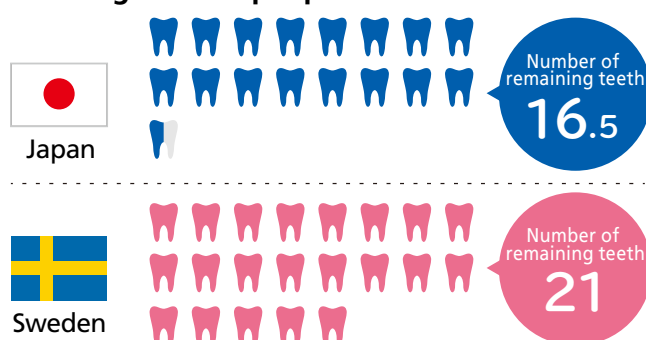
## Toward a healthy and comfortable society

In order to healthily enjoy meals every day, it is said that at least 20 teeth are necessary.

In short, there will be a difference in future quality of life (QOL) depending on the status of dental health.

Lion will continue to promote education on "preventive dentistry" so that consumers can live healthily and comfortably throughout their life.

### Differences in the number of remaining teeth in people in their 70's



※2005 Survey on Dental Diseases (excluding people with edentulous jaw) Conducted by the Ministry of Health, Labour and Welfare

※Hugoson Anders, Koch Goran: Thirty year trends in the prevalence and distribution of dental caries in Swedish adults (1973-2003), Swedish dental journal. 2008

### Major target categories of "Health Japan 21 (the second term)" (~ 2022)

The percentage of individuals who participated in dental check-up during the past year

Current Data 34% → Target 65%

The percentage of 80-year-old individuals with over 20 teeth remaining

Current Data 25% → Target 50%

Development towards a healthy and comfortable society

Improving people's quality of life (QOL)

Boosting the percentage of people practicing preventive dentistry

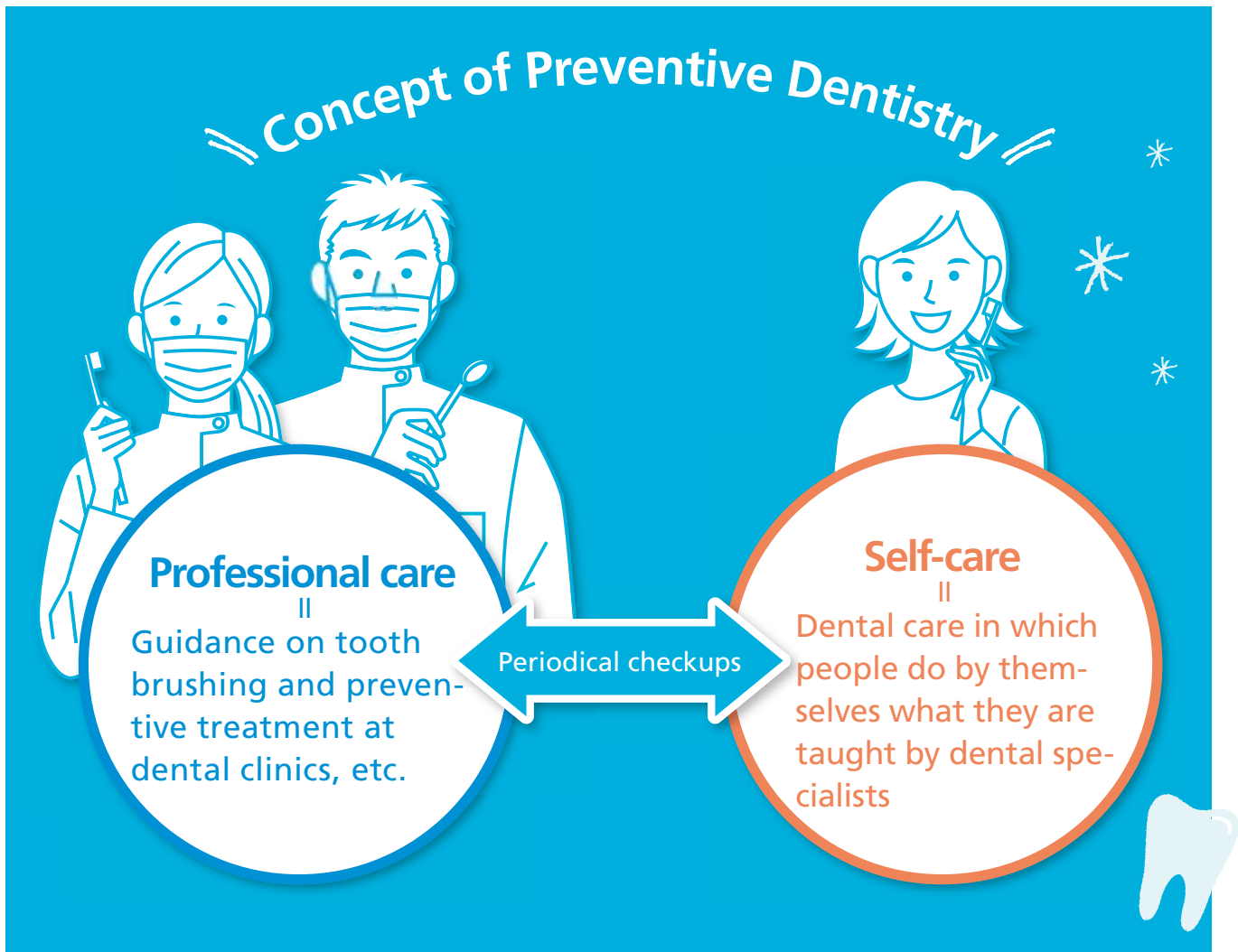
Conducting educational activities for preventive dentistry with participation of employees



# What is "Preventive Dentistry"?

"Preventive dentistry" is the idea that we should focus not on treatment after getting a cavity and periodontal disease, but on prevention before it happens.

In order to proactively protect dental and oral health, Lion considers it important to practice "preventive dentistry" in which both periodical "professional care" at dental clinics, etc. and daily "self-care" with guidance from dentists and dental hygienists are continuously conducted.



## OPINION

### Professional care can change self-care

Yoshinobu Asada, Professor of Tsurumi University,  
Director of Tsurumi University Dental Hospital

Daily self-care is the most important factor in preventive dentistry. However, its effect is totally different depending on whether the care is done with or without guidance from medical practitioners. Points to be kept in mind also vary depending on the person's age and oral status.

Therefore, it is important to review one's own self-care in response to advices from dentists through periodical checkups. Getting praise for better dental conditions from dentists and dental hygienists would lead to self-confidence in one's own self-care.

With the synergetic effects of combining self-care and professional care, the objectives of preventive dentistry could be achieved. This is the reason why both self-care and professional care are said to be important.

# Key Points of "Preventive Dentistry"

For "preventive dentistry," it is important to implement daily "self-care" and regular checkups at "professional care" at dental clinics or other facilities. Now, we are introducing the key points of self-care and explaining about "professional care" provided by the Lion Foundation for Dental Health (Public Interest Incorporated Foundation) (LDH).

## Self-care

### 3 Key Points of "Self-care"

#### Key point 1

**Leave fluorine in the mouth**



Fluorine is an important element to protect dental health.

- ① Brush your teeth with toothpaste containing fluoride.
- ② Rinse your mouth only once.

#### Key point 2

**Completely remove plaque**



Plaque is a bacterial mass that causes problems in the mouth.

- ① Choose a tooth brush capable of thoroughly removing plaque.
- ② Use dental floss, etc. to remove plaque from between the teeth.

#### Key point 3

**Don't let bacteria grow**



An increase in bacteria increases the risk of getting cavities and other problems.

- ① Use mouthwash with anti-bacterial agent.
- ② It is recommended to use a mouthwash immediately before going to bed.

### Conduct self-care suitable for each individual

Lion operates "ORALYSIS," a shop that has an assortment of more than 100 types of oral care goods, aiming to improve customers' self-care. Qualified dental hygienists, "Mouth Concierges," help customers find products that are suited to their specific oral environment.


**ORALYSIS (Japanese)** [URL http://oralysis.oralcom.net/](http://oralysis.oralcom.net/)




## Professional Care

### Professional care provided by LDH

LDH runs dental clinics focusing on the idea of "preventive dentistry."

 **Lion Tokyo Dental Clinic (Japanese)**  
<http://www.lion-dent-health.or.jp/meguro/>

 **Lion Osaka Oral Care Health Station (Japanese)**  
<http://www.lion-dent-health.or.jp/osaka/>

 **Grand Tokyo Oral Health Care Station (Japanese)**  
<http://ohcstation.oralcom.net/>

Grand Tokyo Oral Health Care Station



Lion Tokyo Dental Clinic

# Educational Activities for Preventive Dentistry by Stage of Life

Aiming at helping customers make healthy and comfortable living habits, Lion conducted educational activities for preventive dentistry through the year. With each employee aware of the importance of "preventive dentistry," we worked on company-wide educational activities in light of the consumers' stages of life, in cooperation with outside organizations such as the local government, schools, hospitals, and dental clinics. We also support educational activities for preventive dentistry by LDH.



## Activities with hospitals and dental clinics

### Lion's activities

- Distributing educational movies for oral care at obstetrics and gynecology offices
- Distributing free papers disseminating the importance of "preventive dentistry" to obstetrics and gynecology offices all over the nation
- Opening a maternity dental consultation website to provide consultations on oral care and conducting educational activities for preventive dentistry

Maternity Dental Consultation Room (Japanese) [URL http://www.oralcom.net/maternity/](http://www.oralcom.net/maternity/)



Stages of Life

Pregnant Women

Infant and Toddler

Elementary School Student



## Activities with the local government

### Lion's activities

- Disseminating information on the importance of "preventive dentistry" to be started from infancy, at the time of a checkup conducted by municipalities for children at the age of one year and a half. Distributing leaflets on "parent-child preventive dentistry" and toothpastes with fluoride for children.



## Activities for junior-high and high school students

### LDH's activities

- Conducting educational activities to make use of dental floss take root as a habit for junior-high and high school students.



## Promoting Internal Activities for Preventive Dentistry

### "ALOHA," an activity to protect the dental and oral health of Lion's employees

Since the 1970s, internal dental checkups have been implemented as an effort to protect Lion's employees' dental and oral health. Through the "All Lion Oral Health Activity (ALOHA)," checkups have been conducted for all employees every year since 2002. We encourage employees to receive periodical checkups at a dental clinic, have their oral status checked by dentists and dental hygienists, and distribute information to increase awareness of dentistry by using e-mail.

### Conducting a campaign to recommend periodical checkups at a dental clinic

As a part of our educational activities for preventive dentistry, we implemented a campaign for all employees in which part of the costs for periodical checkups at a dental clinic was subsidized for applicants in 2014.

In order to disseminate the importance of "preventive dentistry to consumers, it is important for the company to put it into practice ourselves. Lion has continuously worked on activities to increase its employees' awareness of dental and oral care and facilitate implementation of dental and oral care.





## Activities for elementary school students

### LDH Jointly hosted by Lion, etc.

- Holding "Oral Health Event of Brushing Teeth for Children" for over 60,000 children in Japan and overseas students.

### LDH's activities

- Instruction on how to use dental floss.

### Lion's activities

- Distributing a Y-shaped dental floss which can be easily used by children.



## Activities for other companies

### LDH's activities

- Providing education focused on prevention of periodontal disease and instructions focused on maintenance and improvement of teeth and oral health to employees of various companies.



Junior-high and High School Student

Adult

Elderly

Stages of Life

## Activities for the elderly

### LDH's activities

- Promoting exercises around the mouth to protect dental and oral health. Distributing educational leaflets.



## Educational poster/TV commercials encouraging people to receive periodical checkups

Increasing awareness of "preventive dentistry" through educational posters for dental clinics and TV commercials.



## Positive Outcomes of Educational Activities for Preventive Dentistry

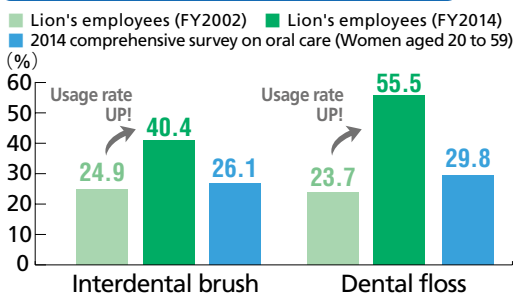
### Increased awareness in the Company

As a result of continuous internal education on self-care, Lion's employees are becoming more aware of this subject, and use interdental cleaning goods (interdental brush/dental floss) more frequently to reduce the area which is not cleaned.

### Increased awareness outside the Company

As a result of the company-wide educational activities for preventive dentistry in 2014, the rate of people who know the expression "preventive dentistry" and the rate of people who understand the idea of "preventive dentistry" increased. We will promote activities to inform as many consumers as possible of the importance of "preventive dentistry."

### Usage percentage of interdental cleaning goods



### Rate of people who know the expression "preventive dentistry"

March 2014 81% → March 2015 88%

### Rate of people who understand the idea of "preventive dentistry"

March 2014 52% → March 2015 61%

\*Surveyed by Lion for 1,000 women in their 20's to 40's



2014  
Highlight

2

# "KireiKirei City-Sakaide" Project

~A project jointly launched

by Sakaide City (Kagawa Prefecture), Lion,  
and Lion Chemical Co., Ltd.~



今日を愛する。  
& **LION**

## Overview of Lion's Hand-washing Education Activities

### Social Issues

Lion has been contributing to the development of a culture of cleanliness and hygiene since its foundation. Presently, by offering products such as "KireiKirei" brand hand soaps, gargles, and hand disinfectants, we are driving efforts to help people realize a hygienic and healthy life. However, it is a social issue that a lot of people do not know the right way to wash their hands.

As a company with the highest share of hand soap sales in Japan, we consider it our responsibility to conduct educational activities to inform the public about correct hand washing practices, in addition to selling products.

### The Concept of Hand-washing Educational Activities

In principle, our hand-washing educational activities are "conducted primarily by employees" with the aim of realizing a healthy life for consumers. With priority areas\*1 set, we are engaged in the activities to achieve the following goals.

\*1 Hand soap production area (Sakaide City), Locations of Lion's business sites in Japan, and Area affected by the Great East Japan Earthquake (Ishinomaki City, Miyagi Prefecture)



The percentages of Lion's employees participating in its hand washing educational activities will be 20% in 2020, 50% in 2030, and 100% in 2050.

**The total number of participating employees from 2012 to 2014  
⇒ 110 (4% of all employees)**

### Major Hand-washing Educational Activities

Activities at kindergartens and preschools such as "Project to Fight against Bacteria \*2" and "Everybody Let's Arautan! Hand Washing Work Out," activities at restaurants and public facilities, activities to set up "KireiKirei Hand Soap," and event activities at stores have been conducted.

\*2 A project with activities to deliver check seals, leaflets, kits for hand washing and gargling to kindergartens nationwide.

### "KireiKirei City - Sakaide" Project

Lion Chemical Co., Ltd.'s Oleochemical site, the main factory for producing the "KireiKirei" Hand Soap, is located in Sakaide City, Kagawa Prefecture. The "KireiKirei City - Sakaide" Project was launched jointly by Sakaide City, Lion, and Lion Chemical Co., Ltd. in 2014, for the purpose of spreading hygiene practices and habits to the citizens of Sakaide and having such practices take root.

The activities centering on hand-washing educational activities will be conducted until 2017 mainly by citizens of Sakaide City and our employees.



## Major Activities in "KireiKirei City - Sakaide" Project

### > Activities at kindergartens and preschools <



Teaching children under the themes of "importance of hand washing" and "the correct way to wash your hands," while having fun together in the Hand Washing Workout and through picture story shows.

### > Activities to set up hand soaps <



Posters



Attention tools

We set up "KireiKirei Medicated Foaming Hand Soap" at kindergartens and preschools, elementary and junior-high schools, public facilities, and other sites. In addition, we provide hand washing-related posters and tools calling for attention.

### > Activities for teachers <



Hand washing classes are held for teachers of kindergartens, preschools, elementary and junior-high schools.

### > Activities for citizens <



Events such as a hand washing class for citizens are implemented and "KireiKirei" branded products are provided on a continuous basis.

#### Voice of the Person in Charge

**Mr. Shuji Tamai,**  
Policy Division, General Affairs Department, Sakaide City

Although it is rare for the city government to conduct an activity jointly with a specific company, we launched a project together with Lion and Lion Chemical Co., Ltd. for the common purpose of promoting healthy and hygiene practices and habits among the citizens of Sakaide City with the aim of having such practices take root. We feel greatly invigorated when we see children joyfully smiling while attending the hand washing work out.

We will do our best to promote the project for the citizens of Sakaide City!

**Hijimaro Kobayashi,**  
Lion Chemical Co., Ltd.'s Oleochemical site

Lion Chemical has aimed to be a community-based company since its foundation.

As a company producing "KireiKirei Hand Soap," we

believe it is our corporate responsibility to disseminate hygiene practices and habits to the citizens of Sakaide City.

It makes me very happy when I meet and receive appreciation from the many individuals, who have taken part in the activities of the project.

I will devote my everything to ensure the success of this project.



Left: Mr. Shuji Tamai, Policy Division, General Affairs Department, Sakaide City

Right: Hijimaro Kobayashi, Lion Chemical Co., Ltd.'s Oleochemical site





# Maintaining a Sound Management System that is Continuously Trusted by Society

## Basic Approach

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

## Corporate Governance System

### Approach to enhancing functions to audit and supervise management

To evaluate our management objectively from the standpoint of social acceptability, including social responsibilities to be fulfilled by the company and stakeholders' trust, the Management Evaluation Committee run by outside experts was set up in October 2003 to ensure that the opinions of the committee members regarding the concept of the corporate governance system, directions of business and product development are reflected in management.

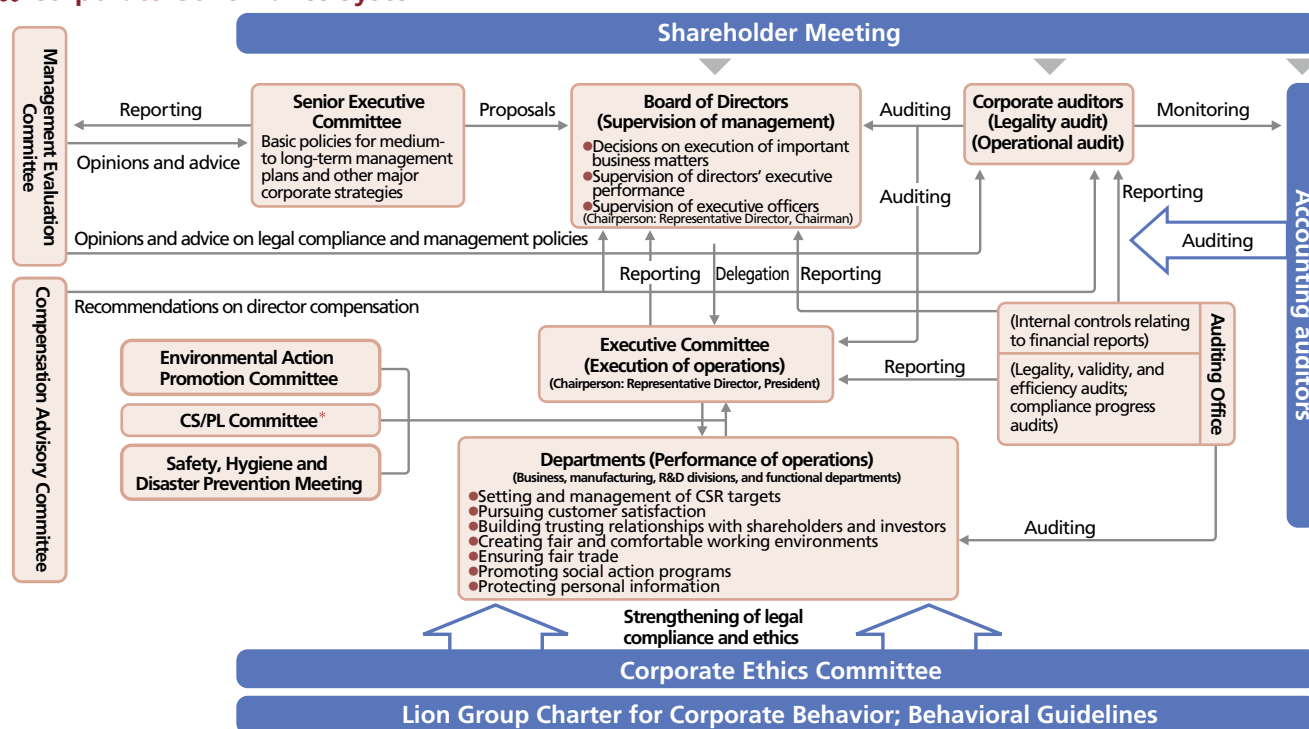
We introduced the Executive Officers System in March 2004, and installed two external directors in March 2006, in order to improve management flexibility and enhance our capacity to audit the Board of Directors. In December 2006,

the Compensation Advisory Committee, consisting of external directors and external corporate auditors, was set up to increase the objectivity and transparency of compensation for directors, and other matters. Also, in January 2013, the Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors was instituted to appoint highly independent external directors/corporate auditors.

"The Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors" (Japanese)

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

### Corporate Governance System



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

#### \* CS/PL Committee

CS = Customer Satisfaction

PL = Product Liability

Cross-departmental committee to promote quality assurance activities.

## Promotion of Risk Management

### Improving systems to respond to various risks in business

In order to continue providing our customers with safe and reliable products, we have appointed a Director Responsible for Risk Management who exhaustively controls and supervises the risk of the whole Lion Group. Countermeasures against risks regarding the environment, quality assurance, and accidents and disasters are discussed at various kinds of meetings in advance and the Executive Committee deliberates upon the relevant matters if necessary.

In cases where physical emergencies such as natural disasters and accidents arise, in accordance with the Emergency Response System, we report the relevant facts to the president and corporate auditors, among others, and report how the situation is being handled to the Executive Committee and the Board of Directors.

#### ✿ Enhancing Business Continuity Plan (BCP)

Lion is enhancing its own systems for procurement of raw materials, packages, and containers, production and logistics in order to minimize damages, achieve early restoration, and provide products to customers even in cases where a large earthquake, spread of infectious disease (pandemic), or other contingencies occur.

The BCP is annually confirmed and reviewed at a meeting of the Executive Committee, mainly by the corporate planning department, for the purpose of enabling a strong BCP that is always suitable to management environment in which it must function. In 2014, the "BCP Guidelines" was formulated, which shows basic policies, preferential businesses, and priority operations. We publicized it through our intranet and internal newsletter to further disseminate BCP inside the Company.

## Internal Control Systems

### Enhancing systems to audit the appropriateness of operations

Systems have been put in place to ensure the appropriateness of the Lion Group's operations in accordance with Japan's Companies Act and the Ordinance for Enforcement of the Companies Act. With regard to systems for evaluating and auditing internal control over financial reporting as prescribed in Japan's Financial Instruments and Exchange Act, we have been establishing controls at the company-wide and business-process levels. Evaluations of internal control effectiveness are carried out by the Auditing Office, which reports findings to the president and corporate auditors, as well as to the Board of Directors on a regular basis.

#### ✿ Internal Audits

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

Results of inspections and findings are reported to the president. The results at the corporate level are summarized and reported to the Executive Committee twice a year for PDCA management of audit work and sharing of information with the business execution departments.

## UN Global Compact

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

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

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





## Embedding Compliance

### Efforts for legal compliance and enhancement of a sense of ethics

The Corporate Ethics Committee, chaired by the Director Responsible for Corporate Ethics, proactively works to foster compliance awareness within the Lion Group.

The basis for compliance is the "Lion Group Charter for Corporate Behavior"<sup>\*1</sup>. This is distributed in pamphlet form to all employees working for the Lion Group and is publicly available via Lion's website.

According to an annual program, e-learning and other educations are periodically provided. In 2014, in addition to going through and committing to the "Lion Group Charter for Corporate Behavior," our e-learning program provided pharmaceutical education, training regarding the basics of labor management, risks as relevant to social media, and information security.

#### ❖ Compliance Awareness Survey<sup>\*2</sup>

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

The 2014 survey (about a 97% response rate from around 3,932 employees) solicited opinions on a range of issues including problems with work environments.

#### ❖ Raising Awareness of the Hotline

To ensure full communication with temporary staff and all our employees, an internal and external reporting system, the "AL (All Lion) Heart Hotline," has been set up by the company.

In 2014, there were twelve instances of consultation or reporting, but no instances of grave misconduct were found and all the cases were appropriately addressed and resolved.

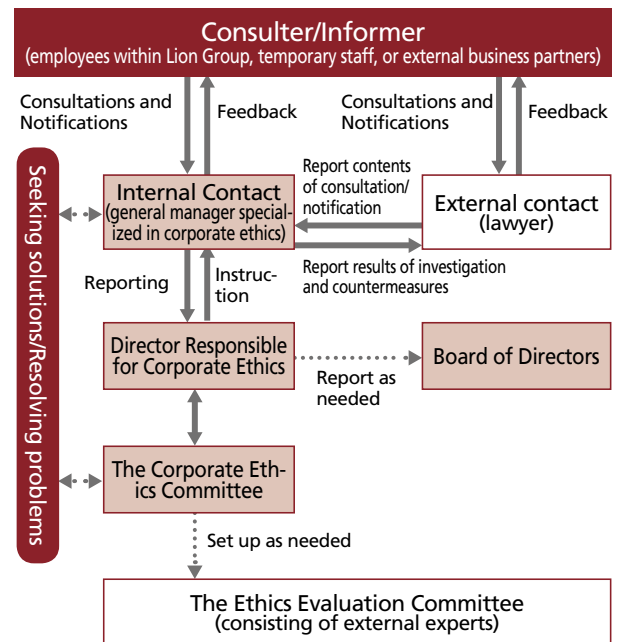
**AL Heart Hotline (Japanese)**

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


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



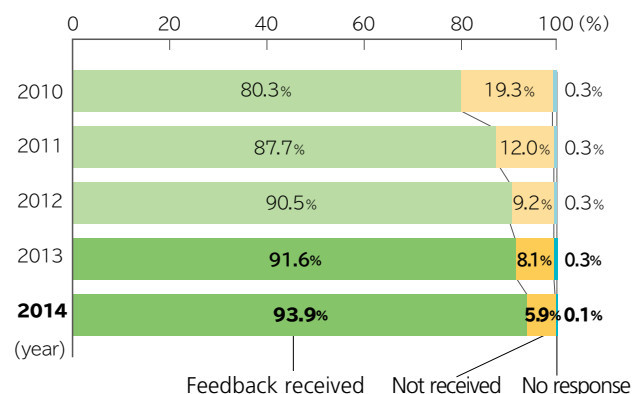

#### ❖ The System of AL Heart Hotline



#### ❖ AL Heart Hotline Consultations and Notifications (2014)

Power harassment behaviors	5 cases
Personnel/labor management issues	4 cases
Expenses/company assets management issues	1 case
Other	2 cases

#### ❖ Percentage of Employees Who Received Survey Feedback



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

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

#### \*2 Compliance Awareness Survey

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



# Establishing a Framework for Respecting Human Rights

## Basic Approach

Lion has stipulated that we shall "respect human rights" and "observe the spirit as well as the letter of all laws and international rules" in the "Lion Group Charter for Corporate Behavior." Moreover, the "Behavioral Guidelines" refers to the refusal of child labor and forced or compulsory labor, promoting equal employment opportunities and fair treatment of employees, and human rights of suppliers. In 2009, we declared our intention to support the ten principles of the United Nations Global Compact.

## Disseminating Human Rights Policy

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

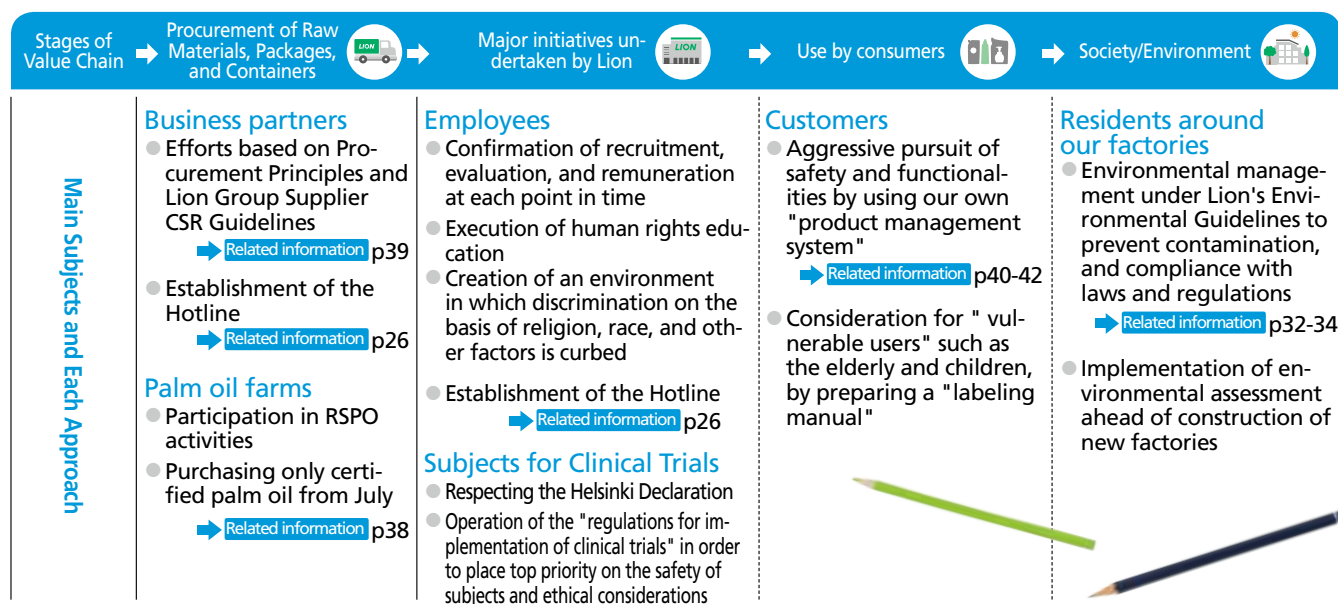
Lion has stated its policies regarding respect for human rights in the "Lion Group Charter for Corporate Behavior" and "Behavioral Guidelines." To ensure thorough communication of the Charter to directors, Lion Group employees, and temporary staff, we provide an opportunity on an annual basis via e-learning or by document by which we ensure the Charter is read and consented to. Also, we conduct a questionnaire survey every year to confirm the extent to which the Charter has taken root.

## Ensuring Human Rights Due Diligence

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

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

### ✿ An Overview of Our Initiatives for Protecting Human Rights



#### Introduction of websites

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





# Changing Awareness of Employees through Raising Morale and Motivation

## Basic Approach

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



## ✿ Promoting Amicable Labor-Management Relations

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

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

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

## Human Resource Development

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

#### ✿ Improving a Training System for Each Function

In training for each function, measures to reinforce specialties in each business are offered.

In 2014, we especially enhanced training for the marketing division. To date, human resources who are active in their respective divisions have been appointed as staff of the marketing division. For further improvement, we designed and started to operate a program to discover human resources who are enthusiastic enough to continue efforts and learning.

This program provides systematic learning opportunities for mastering practical marketing theories and planning and designing based on insights into consumers and competitive strategies, and fosters future marketing personnel by judging their qualifications.

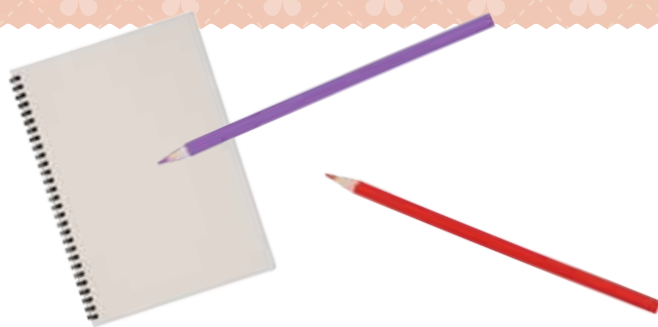
#### ✿ Global Human Resource Development

For expansion of our overseas businesses, we are involved in the development of global human resources on an on-going basis. For three years from 2011 to 2013, we introduced the "Global Human Resources Development Program" for young and mid-career employees, and a total of 83 employees participated in the Program. From 2014, we started an even more practical program for further development of global human resources. This new program helps trainees gain professional knowledge on overseas business in Japan and sends them out to locations overseas for about one year so that they can learn the fundamentals of their business in the field and think on their feet. Furthermore, we provide an "overseas retail and distribution sector study tour" for sales personnel at managerial levels, and in the research fields, develop measures to nurture human resources.



#### \*1 Union shop agreement:

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



## Human Resource Diversity

### Using personnel capable of responding swiftly to changes in the business environment

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

The Diverse Human Resource Promotion Committee\*2 was set up in 2010, which, with participation of employees, plans and formulates personnel measures to make diverse human resources more active.

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

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

Through a video conferencing system and other means, a symposium is held for all employees nationwide and personnel in specific positions describe their teams and contents of their job.

In 2014, the measures were conducted in relation to sales (household products)/sales staff, and marketing-related business (pharmaceutical business department).



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

We support women's career development by utilizing the "career plan sheet" which enables female employees to design their mid to long-term career plan by themselves, and "virtual role models," which depict role models in action we will see some day in the near future as a result of our current effort.

#### ❖ Employee Motivation Consultation Center

Since 2011, the Center has received inquiries via telephone and e-mail and has conducted interviews for the purpose of helping Lion's employees develop a positive approach to their careers. So far, 319 employees in total have used the Center, and positive changes have been seen in their awareness and behavior.

#### ❖ Support Program for Transfer of Couples Working for Lion

Since 2011, Lion has had systems that support households of couples who both work for the Lion Group. When a partner is transferred within Japan or overseas, the spouse can choose from the following three options: 1) accompany the transferred partner while putting his or her own career on hold; 2) leave the company with the right to be re-hired within five years and accompany the transferred partner; or 3) change his or her own work location to that of the transferred partner.

#### ❖ Implementation of Regionally Based Employees Program

Since 2013, Lion has had in place the Regionally Based Employees Program with the aim of finding and keeping excellent personnel from among our temporary employees, who are contributing greatly to the company, as well as enabling regular employees to choose diverse working arrangements.

The regionally based employees can select their workplace from seven regions in Japan that Lion has chosen for this program. Their compensation and benefits are at a similar level to regular employees in the same block. Under the program, ten such individuals were hired from among temporary employees in 2013 and eight in 2014.

#### ❖ Employing People with Disabilities

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

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

In 2006, Lion introduced a re-hiring system of employees who have reached the mandatory retirement age. The criteria were revised in 2012, a year prior to the revision of the law.

The Company improved the working environment to allow 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.

The re-hiring rate per retired staff in 2014 was 85%.

#### ❖ System for Re-hiring Former Employees

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

#### \*2 The Diverse Human Resource Promotion Committee

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



## Promoting Work-Life Balance

### Building an environment where employees can deliver results while working flexibly

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

#### ✿ Building an Environment Where Employees Can Work Dynamically

Since 2010, Lion has worked to reduce prolonged work and encourage employees to take paid leaves.

In 2014, although weekly "No-overtime day" and monthly "No-overtime week" were implemented, overtime work increased due to internal and external responses before the consumption-tax hike.

In order to facilitate understanding of management of working hours, e-learning was continuously provided for all employees. Furthermore, under a labor-management agreement, we conducted activities to systematically offer three days paid leave per year for the purpose of encouraging employees to take paid leaves. We will make continuous efforts in this regard.

#### ✿ Support for Childcare and Nursing Care

As a result of enhancing various programs and increasing employees' awareness, the ratio of female employees taking childcare leave has been 100%. Male employees are also taking the leave in many departments.

In addition, Lion is promoting activities to support career development during the childcare period.

Support for Childcare and Nursing Care (Japanese)

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

#### ✿ The Work-at-home System

In February 2015, Lion introduced the "work-at-home" system as a flexible way to work, in which the workplace is not limited to the office. When productivity can be expected to increase by the system, we allow any employees to use the system regardless of whether they are engaged in childcare and nursing care or not. In this way, reconsidering a conventional way to work, Lion is striving to improve the work-life balance.

While the system is initially available for limited departments, we will expand availability of the system by encouraging employees to use the system and confirming its effects.



### Next Generation Support Act Phase 4 Action Plan

Period: April 2011 to February 2015

"Kurumin" logo



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

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

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

**Goal:4** Within the period of the action plan, implement measures to support employees in striking a good balance between work and childcare from the viewpoint of career development.  
→Presentations of Childcare Support Programs including a symposium by employees with childcare experience have been held since 2012. In the presentations, details of Lion's Childcare Support Programs and treatment of relevant employees are explained, and employees are encouraged to increase awareness of building their career.

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

**Goal:6** Within the period of the action plan, introduce a work-at-home system for employees meeting the requirements prescribed by the company.  
→Tests have been conducted since 2012 and the system was introduced in February 2015.

\*An incorrect description in the previous CSR report has been corrected.

#### ✿ Employee Data (non-consolidated)

		2012	2013	2014
Employees	Male	1,828	1,854	1,799
	Female	614	643	619
New employees	Male	51	67	68
	Female	24	26	29
Re-hired Retirees	Number of people	137	181	142
	%	6.0	7.9	6.3
Temporary employees		295	319	443
Female employee ratio (%)		25.1	25.8	26.6
Female managers	Number of people	42	44	50
	%	6.2	6.2	6.9
Employees with disabilities	Number of people	42	44	43
	%	1.8	1.9	1.8
Employees who took childcare leave	Male	6	5	5
	Female	29	36	34
Employees who took reduced working hours for childcare	Male	0	0	0
	Female	49	43	49
Average overtime per month (hours)		12.0	13.1	14.0
Annual paid leave used (%)		46.2	48.6	48.4
Employees who resigned within three years of entering the company	Number of people	1	3	2
	%	0.5	1.3	1.0

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

※Data as of December 31 of every year.

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

※Employees included in the scope of overtime work have been expanded with the revision of the personnel employment system since 2013.

## Promoting Employees' Health Management

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

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

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

**Guideline for Health (Japanese)**

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

#### ✿ Organizational Approach to Health Management

Lion has conducted health management activities based on discussions at a joint session called the "Health Management Promotion Committee Meeting" attended by the employee who is responsible for health management of the company (The Personnel Manager), the Health Insurance Society and the Health Support Office.

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



#### ✿ Mental Health Initiatives

With our "Mental Health Basic Policy" established in 2004, Lion has taken proactive measures for the mental health of our employees, for example, consultation after periodical checkups for all employees and a stress level check test which started in 2006. In 2014, 96% of employees took the stress level check test <sup>\*1</sup>. The results are compiled and analyzed by section/department in such a way that individuals cannot be identified, fed back to responsible officers, and used for managerial training. In this way, Lion has continued organizational mental health initiatives.

#### ✿ Dental Prophylaxis Program (ALOHA)

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

**[ALOHA] All Lion Oral Health Activity**

➡ **Related information** p20

## Enhancing Group-wide Occupational Health and Safety Management System

### Establishing systems to promote occupational safety and safety of facilities

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

#### ✿ Occupational Safety

In 2014, the number of labor accidents was 11, decreasing 8 from 19 in the previous year, including the number at affiliated companies. The number of lost time accidents significantly decreased to three from eight in the previous year.

In order to prevent major accidents occurring within the entire Company including overseas affiliated companies, Lion will strengthen its structure based on Operational Man-

agement Rules for the Health, Safety and Disaster Prevention Management System and Safety Design Guideline for Facilities, etc., and promote safety measures for production equipment systematically and consistently for an even safer workplace.

#### ✿ Safety of Facilities

Recently, it is conserved that most of the plant accidents that happened at Lion and other group companies were attributed to the diminished sense in safety management and shortfalls in workers' skills and awareness.

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



#### Introduction of websites

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



#### \*1 Stress level check test

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

#### \*2 Occupational Safety and Health Management System (OSHMS)

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



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

## Basic Approach

In 2011, Lion announced its Management Vision (Vision 2020). As its company-wide policy to become an "environmentally advanced company," which is included in Vision 2020, we formulated our new environmental objective "Eco Vision 2020" in 2013. We will work on communication by, for example, increasing customers' environmental awareness through our products, in addition to achieving targeted values with the aim of "realizing a low carbon society," "realizing a sound material-cycle society" and "realizing a society harmonizing with nature."

## Environmental Guidelines

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

Lion's Environmental Guidelines adhere to the spirit of the "Lion Group Charter for Corporate Behavior," which states: "We shall play a positive and active role in creating a sustainable society, harmonizing economic development and environmental protection." In 2013, we revised the Guidelines in accordance with the formulation of "Eco Vision 2020." The revised Guidelines more clearly express our attitude toward "realizing a low carbon society," "realizing a sound material-cycle society" and "realizing a society harmonizing with nature," as well as our stance toward our efforts overseas.

### Environmental Guidelines

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

#### 1 Aiming for a Sustainable Society

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

#### 2 Complying with Legal and Other Requirements

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

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

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

#### 4 Developing Environment-Friendly Products

Continue aggressively with product development in tune with Lion's own "Lion Eco Standards" and in light of life-cycle assessments.

#### 5 Reducing Environmental Impact Together with Our Business Partners

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

#### 6 Harmonizing with Nature

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

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

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

#### 8 Promoting Disclosure of Information

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

Revised January 1, 2013

## Environmental Management Structure and Management System

### Mechanism to promote cross-departmental environmental conservation activities

#### ✿ Environmental Management System

The purpose of the Lion Group's Environmental Management System is to identify, evaluate and remedy adverse effects that our business activities, products and services have on the environment, and to improve our environmental protection activities on an on-going basis.

Systems for environmental management and reporting activities have been enhanced with the aim of responding to the environment globally. Data on overseas group companies is available on our website.

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

URL [http://www.lion.co.jp/en/csr/pdf/csr\\_2014\\_17.pdf](http://www.lion.co.jp/en/csr/pdf/csr_2014_17.pdf)

#### Status of ISO 14001 Certification

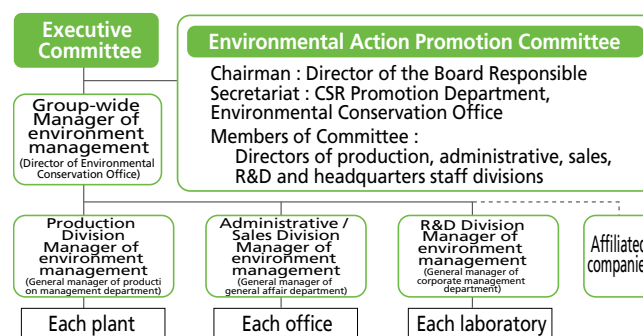
Lion acquired ISO 14001 certification covering all its plants in July 2001.

The certification was reviewed and renewed by the Japan Management Association Quality Assurance Registration Center (JMAQA) for an additional three-year term in 2013. Lion was certified also in a surveillance audit in 2014. As a

result, it was verified that the frameworks to maintain management systems were continuously operated in a proper manner, conforming to requirements of the standards.

Including the plants of group companies in and outside Japan, the Lion Group has obtained ISO14001 certifications and performed operations in compliance with ISO14001, continuously pushing ahead with its management systems and environmental conservation activities.

#### ✿ Environmental Management Structure



#### ✿ Legal Compliance

In regard to revisions of environmental laws and regulations - namely, the Act on the Rational Use of Energy, the Act on Promotion of Global Warming Countermeasures, the Act on Confirmation, etc. of Released Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and the Waste Disposal and Public Cleansing Act - the Environmental Conservation Office collects and manages information from administrative agencies and industrial associations to keep the related departments updated about such information. In addition, with its unique "waste management regulations" established, we have conducted thorough management.

There were no violations resulting in a fine or other penalties during 2014.

## Pollution Prevention

### Production activities conscious about air and water quality

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

Data on management of chemical substances in compliance with the PRTR system\* for each business location is available on Lion's website.

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

#### \* PRTR system

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

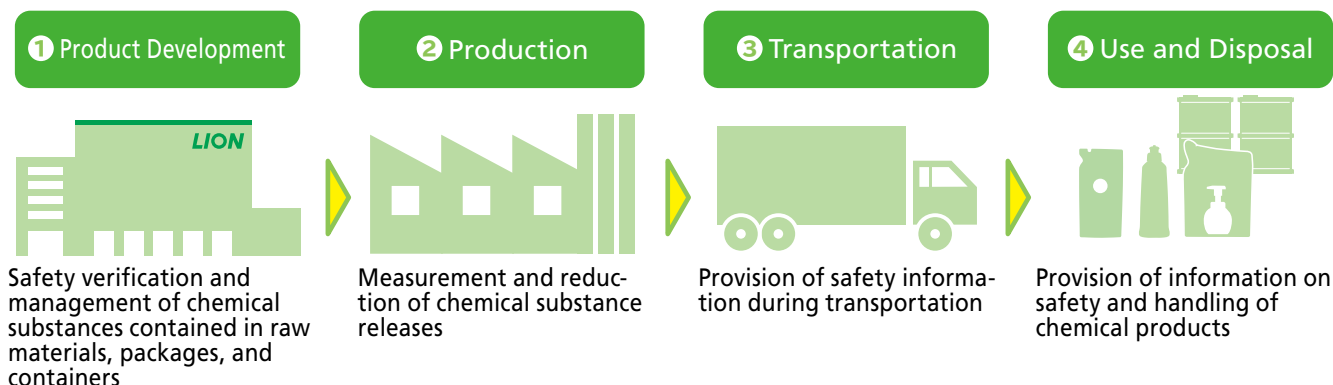


## Enhancing Group-wide Management of Chemical Substances

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

Appropriately Handling Chemical Substances (Japanese) [URL](http://www.lion.co.jp/ja/csr/env/enhancement/) <http://www.lion.co.jp/ja/csr/env/enhancement/>

### ✿ Lion's Chemical Substance Management



## Engaging in Progressive Environmental Activities

### Setting and pursuing environmental targets in light of global issues

#### ✿ Achievements in Eco Vision V-1 (2012 to 2014) and Plans of Eco Vision V-2 (2015 to 2017)

As all employees of the Lion Group considered and promoted measures to attain the targets, almost all of the plans of Eco Vision V-1 (2012 to 2014) were achieved.

#### Greenhouse gas emissions from business activities in Japan

We reduced greenhouse gas emissions by just 29%, failing to attain the target of a 40% reduction or more by 2014 (compared to 1990, emission intensity per unit total revenue). However, the reason for failing to attain the target was an increase in factors to convert electricity consumption into greenhouse gas emissions\*. When calculating with the factor set for 2011, the greenhouse gas emission would have been reduced by 40%. In short, we were able to reduce energy consumption equivalent to the target of a reduction in CO<sub>2</sub> emissions. In spite of the change in the conversion factor, we will remain committed to reducing greenhouse gas emissions without changing the target value for 2020.

#### Greenhouse gas emissions from overseas business activities

While individual government where our business activities are concerned has not set a target value, a 1% reduction per year (compared to 2010, emission intensity per unit of production) is an aggressive target in accordance with Japan's Act on the Rational Use of Energy. As starting operation of new plants and other changes in business are expected, the target is planned to be reviewed every three years.

In 2014, we failed to attain the target with a 2% increase (compared to 2010, emission intensity per unit of produc-

tion). With a temporary increase in energy consumption at time of trial operation of enhanced facilities in a plant in Thailand, and an expansion of output at a new plant of Lion Eco Chemicals (Malaysia), the percentage of business centering on chemical syntheses, which greatly influenced greenhouse gas emissions, increased. Setting a new target value in consideration of our business growth, we will continuously make efforts to reduce emissions by 1% per year.

#### Procurement of plant-derived oils that take biodiversity conservation into consideration

With the target of switching all palm oils purchased to RSPO certified ones by 2015, we did so from July 2014. We also set a new target for 2020.

In relation to other items, all targets were achieved.

In the plan of Eco Vision V-2 (2015 to 2017), we set targets for 2017 to continuously promote environmental conservation activities, aiming at achieving the on-going targets of Eco Vision 2020.

\* Conversion factors that Japanese electric companies use have become higher due to a shift from nuclear power generation to thermal power generation after the Great East Japan Earthquake in 2011.

For example: Tokyo Electric Power Company  
0.375 in 2011 → 0.530 in 2014 (kg-CO<sub>2</sub>/kWh)

## Eco Vision V-1 (2012 to 2014) Performance

### Target values of Eco Vision V-2 (2015 to 2017) and Eco Vision 2020

Categories		Target value for 2014	Performance in 2014	Target value for 2017	Target value for 2020
Realizing a Low Carbon Society	Greenhouse gases (domestic)	①Reduction of greenhouse gases from business activities	Emission intensity per unit total revenue 23% reduction (compared to 2010) 40% reduction (compared to 1990) Absolute quantity 39% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) *1 29% reduction (compared to 1990) *1 Absolute quantity 32% reduction (compared to 1990) *1	Emission intensity per unit total revenue 23% reduction (compared to 2010) 40% reduction (compared to 1990) Absolute quantity 41% reduction (compared to 1990)
	Outside the company	②Reduction of greenhouse gases from post-use products	Emission intensity per unit total revenue 4% reduction (compared to 2010) 51% reduction (compared to 1990) Absolute quantity 48% reduction (compared to 1990)	Emission intensity per unit total revenue 4% reduction (compared to 2010) 51% reduction (compared to 1990) Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) Absolute quantity 41% reduction (compared to 1990)
	Greenhouse gases (overseas)	③Reduction of greenhouse gases from business activities, overseas	Emission intensity per unit of production 1% reduction year-on-year	Emission intensity per unit of production 2% increase (compared to 2010)	Emission intensity per unit of production 1% reduction year-on-year (compared to 2014)
	Outside the company	④Reduction of greenhouse gases from post-use products, overseas	—	Reduction of 67 thousand tons annually	— Reduction of 100 thousand tons annually
Realizing a Sound Material-Cycle Society	Water	⑤Reduction of water use in business activities	Water use per unit total revenue 9% reduction (compared to 2010) 30% reduction (compared to 2000) Absolute quantity 29% reduction (compared to 2000)	Water use per unit total revenue 14% reduction (compared to 2010) 33% reduction (compared to 2000) Absolute quantity 36% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 34% reduction (compared to 2000) Absolute quantity 35% reduction (compared to 2000)
	Outside the company	⑥Reduction of water usage at household using our products	Water use per unit total revenue 14% reduction (compared to 2010) 43% reduction (compared to 2000) Absolute quantity 39% reduction (compared to 2000)	Water use per unit of total revenue 14% reduction (compared to 2010) 44% reduction (compared to 2000) Absolute quantity 45% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 44% reduction (compared to 2000) Absolute quantity 44% reduction (compared to 2000)
	Waste	⑦Zero emissions within the company *2	Zero emissions at all domestic production sites	Zero emissions at all domestic production sites	— Zero emissions at all domestic production sites and offices
	Waste-water	⑧Recycle of factory waste-water discharge *3	—	—	— Recycling 95% or more of the wastewater at multiple plants
Harmonizing with Nature	Procurement	⑨Procurement of plant-derived oils that take biodiversity into consideration	Obtain RSPO*4 Supply Chain certification and purchase certified oils (Target for 2015: All palm oils purchased to be RSPO certified)	Obtain RSPO Supply Chain certification, all palm oils purchased to be RSPO certified from July	Start purchase of RSPO certified palm oil derivative (2015)
	Biodiversity	⑩Increase biodiversity conservation activities	Carried out in all Lion's factories	Carried out in all Lion's factories	— Carried out in all domestic sites
Education	Awareness and Education in the Society	⑪Environmental awareness and education for consumers	50% increase in consumer participation in our awareness activities (compared to 2010)	60% increase in consumer participation in our awareness activities (compared to 2010)	80% increase in consumer participation in our awareness activities (compared to 2010)

\*1 Calculated with the 2011 factors to convert electric power consumption to CO2 emissions, the reduction of greenhouse gas emissions from our business activities in 2014 would reach the target as shown below. Therefore, these unachieved targets are considered attributable to the increased conversion factor.

Emission intensity per unit of total revenue: 23% reduction (compared to 2010), 40% reduction (compared to 1990), Absolute quantity: 43% reduction (compared to 1990)

\*2 The recycling ratio of total waste generation is 99% or more, which does not include residues of recycling.





\*3 Wastewater from production processes \*4 Roundtable on Sustainable Palm Oil

## ✿ Harmonizing with Nature

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

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

## Overview of Our Business Activities Taking Biodiversity Conservation into Consideration

Biodiversity on which Lion relies		Watershed*1 ecosystem in raw material origination sites	Watershed ecosystem where our plants are located	Watershed ecosystem where consumers reside	
Corresponding stages of value chain		Procurement of raw materials, packages, and containers 	Production 	Use by consumers 	Disposal by consumers 
Key natural resources used by Lion		● Plants used as raw materials (oil palms etc.)	● Cooling water and raw water used for equipment cleaning etc., which are used in plants	● Service water at the time of using our products	—
Possible major impact of our activities on biodiversity		● Impact on natural environments of palm oil growers and local communities (water contamination and impact on wildlife habitats caused by illegal logging of tropical forests)	● Impact of underground water intake by plants on surrounding natural environments and local communities ● Impact of wastewater from plants on surrounding natural environments and local communities ● Impact of light and odors from plants on surrounding natural environments and local communities	● Impact of water intake by consumers on surrounding natural environments and local communities	● Impact of wastewater and waste packaging materials from consumers on surrounding natural environments and local communities
Biodiversity conservation activities	Activities to reduce risks	● Promotion of procurement of sustainable palm oils (participation in RSPO and purchase of RSPO certified oils) ➡ <a href="#">Related information</a> p38	● Conservation of rivers and other ecosystems by implementing purification technologies on discharged wastewater ● Reduction of plant wastes ➡ <a href="#">Related information</a> WEB①	● Development of water-saving detergents ● Development of highly biodegradable detergents ➡ <a href="#">Related information</a> WEB②	● Surveying environmental impact of surfactants ➡ <a href="#">Related information</a> WEB①
	Activities to expand opportunities	—	● Conservation and monitoring of habitats on the watershed where factories are located (Activities to protect endangered loggerhead sea turtles, activities related to biotopes, etc.) ➡ <a href="#">Related information</a> WEB①	● Educational activities regarding care of water and natural environments (forest improvement activities under the name of Lion Forest, conducting the Rainwater Utilization Ideas Contest, conservation of river environments through the Top Eco Project*2, and water-related environmental research support through the Japan Society on Water Environment). ➡ <a href="#">Related information</a> p47, WEB ③ and ④	● Promotion of 3Rs (Refills, condensing of content to make products more compact, and development of containers, e.g., recycled PET (polyethylene terephthalate) bottles and containers with thin-wall molding) ➡ <a href="#">Related information</a> p44, WEB ⑤





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





\*2 Top Eco Project: A project in which 1 yen per Top Platinum Clear product is donated to the "Let's Make Beautiful Rivers Fund."

## ✿ Realizing a Low Carbon Society/ a Sound Material-Cycle Society

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

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

Corresponding stages of value chain	Procurement of raw materials, packages, and containers 	Production 	Use by consumers 	Disposal by consumers 
Activities for realizing a low carbon society	<ul style="list-style-type: none"> <li>Substituting plant-derived materials for petroleum resources → Related information WEB②</li> </ul>	<p><b>Factories</b></p> <ul style="list-style-type: none"> <li>Improving energy efficiency by reviewing production processes, introducing energy-saving equipment at renewing facilities, and downsizing products → Related information p44</li> </ul> <p><b>Office/Facilities</b></p> <ul style="list-style-type: none"> <li>Company-wide energy-saving activities including the administrative &amp; sales division and the R&amp;D division</li> </ul> <p><b>Distribution after shipment</b></p> <ul style="list-style-type: none"> <li>Increasing the rate of modal shift during transportation of products such as shifting freight from truck to rail or ship.</li> <li>Improving logistics efficiency by increasing the transport loading rate, etc. → Related information WEB⑥</li> </ul>	<ul style="list-style-type: none"> <li>Education to increase consumers' environmental awareness through products (The environmental label is attached to products that meet the "Lion eco-standards") → Related information p44</li> <li>Reducing power consumption during use of our power-saving products (involving decreasing the number of times of rinsing associated with the use of detergents that only require one rinse )</li> </ul>	<ul style="list-style-type: none"> <li>Substituting plant-derived materials for petroleum resources</li> <li>Reducing waste by downsizing products → Related information WEB⑤</li> </ul>

Corresponding stages of value chain	Procurement of raw materials, packages, and containers 	Production 	Use by consumers 	Disposal by consumers 
Activities for realizing a sound material-cycle society	<ul style="list-style-type: none"> <li>Using plant-derived materials (renewable raw materials)</li> <li>Using recycled materials</li> </ul>	<p><b>Factories</b></p> <ul style="list-style-type: none"> <li>Promoting zero emissions within the company</li> <li>Reducing factory wastewater discharge</li> <li>Use of recycled water</li> </ul> <p><b>Office/Facilities</b></p> <ul style="list-style-type: none"> <li>Promoting company-wide green purchases → Related information WEB②</li> </ul>	<ul style="list-style-type: none"> <li>Education to increase consumers' environmental awareness through products (The environmental label is attached to products that meet "Lion eco-standards") → Related information p44</li> <li>Reducing water usage during use of our water-saving products → Related information WEB②</li> </ul>	<ul style="list-style-type: none"> <li>Promoting 3Rs (Refills, condensing of content to make products more compact, and development of containers, e.g., recycled PET (polyethylene terephthalate) bottles and containers with thin-wall molding) → Related information P44, WEB⑤</li> </ul>

The websites below are all in Japanese.

Web ① [Biodiversity Conservation Activities at Each Site/ Surveying the Environmental Impact of Surfactants "MES," "MEE," etc.]

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

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

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

Web ④ [Lion's Initiatives for Biodiversity] URL <http://www.lion.co.jp/ja/csr/community/conservation/>

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

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



#### Introduction of websites

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

Everyday. For the Earth. <http://www.lion.co.jp/ja/csr/env/ecolion/>







# Promoting CSR Activities throughout the Value Chain

## Basic Approach

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

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

## Promotion of CSR Procurement

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

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

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

**Excellent features of "MES" (Japanese)**

**URL** <http://www.lion.co.jp/ja/csr/env/resources/index.php#plant-resource>

### ✿ Aiming for Sustainable Procurement of Palm Oils

We are actively promoting the utilization of plant-based materials as carbon neutral materials. As one of the plant-based materials, we are using palm oil – the oil that is produced in the largest quantity globally. Palm oils are produced mainly in Malaysia and Indonesia. Palm oil plants are productive and the oils can be harvested throughout the year, with the production volume increasing year after year. However, at the sites of production, as a result of the sudden explosion of production, a number of issues have arisen such as the logging of tropical forests for development of new farms leading to a shrinking of wildlife habitats. Also, terrible labor conditions with very little consideration for health and labor safety in inappropriate farming operations, very low wages, improper treatment of migrant workers, child labor, and many other labor-management issues lacking social fairness have been raised.

Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO)\*1, which attempts to solve all the above-mentioned issues, since 2006.

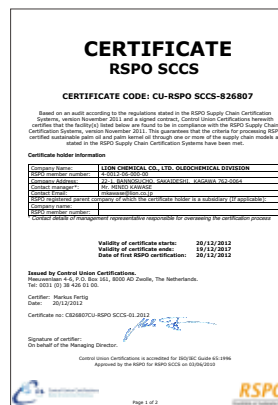
In 2012, Lion Chemical Co., Ltd.'s oleochemical production site passed the supply chain certification system inspection and was certified as a plant that was allowed to handle RSPO-certified palm oils. As a result of this, Lion started procuring RSPO-certified palm oils in 2012.

We have set our goal to complete the switch of all palm oils to be used to certified palm oils by the end of 2015, and all purchased palm oil became certified one in July 2014. Subsequently, we set new goals toward 2020 as follows:

**2015: Starting purchase of RSPO certified palm oil derivatives**

**2020: All palm oil derivatives to be RSPO certified**

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



Storage tanks for certified palm oils

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

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

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



## ✿ Promotion of CSR with Material Suppliers and Outsourcing Contractors

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

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

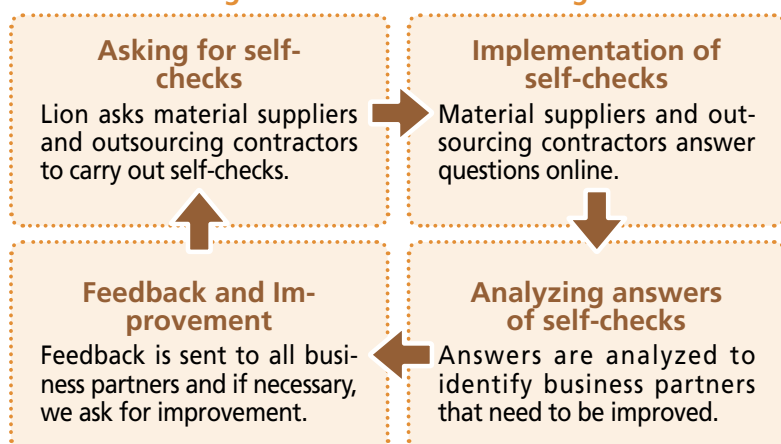
### Timeline of approach to CSR procurement

2005	Instituted the Basic Policy Regarding Purchasing for appropriate procurement of raw materials, packages, and containers, as well as products.
2008	Established the Procurement Principles that clarified our social and environmental considerations. Conducted a questionnaire survey for domestic and overseas material suppliers and outsourcing contractors about their corporate activities regarding legal compliance, product service quality and safety, environmental considerations, labor and human rights, and fair business transactions.
2013	Revised our Procurement Principles and clarified our stance to select business partners in light of legal compliance, environmental conservation, and respect for human rights. Established the Lion Group Supplier CSR Guideline*2 that shows the CSR activities we expect material suppliers and outsourcing contractors to perform, and ask them to conduct self-checks on their own CSR activities.

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

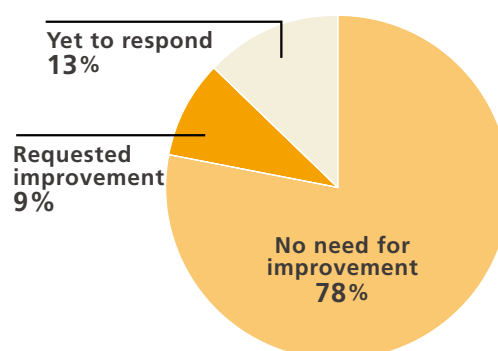
Lion Group Supplier CSR Guideline [URL](http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf) <http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf>

### Flow from asking for self-checks to sending feedback



※We make efforts to have our business partners understand the importance of CSR; for example, we include an explanation about trends of CSR in the e-mail to ask for self-checks. For self-checks, three-stage checking criteria that correspond to the degrees of initiative are set for each item and a glossary is provided.

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



Coverage:  
Total of 656 companies  
(Domestic :558, Overseas :98)

### Outline of Results

- 78% of material suppliers have no need for further improvements in any items. 9% need improvement in more than one item. 13% did not respond.
- Out of the 13% that did not respond, 46 companies of which information on CSR could not be confirmed from CSR Reports, etc., will be approached again for their cooperation.



### Introduction of websites

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



### \*2 Lion Group Supplier CSR Guideline

Guideline including the following 5 subjects and 21 items

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

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



# Pursuing Customer Satisfaction by Creating Safe and Trustworthy Products

## Basic Approach

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

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

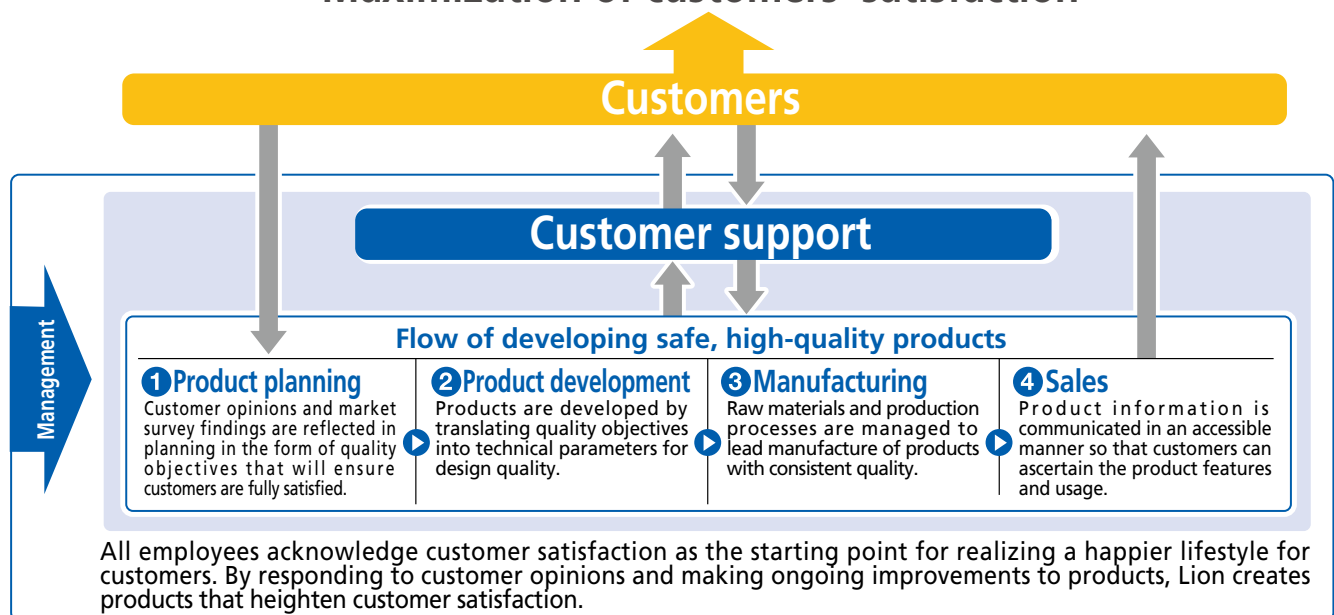
During product development, the quality of developed products is verified in respect to seven metrics including function and performance. Furthermore, we endeavor to provide clear and easy-to-read labeling for our customers.

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

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

## ✧ Product Development Incorporating Customer Opinions

### Maximization of customers' satisfaction



## Enhancing Group-wide Quality Assurance System

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

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

In 2014, the "Pharmaceutical Affairs and Quality Assurance Department" was established, by consolidating the pharmaceuticals division and quality assurance division, in order to build quality assurance and development support

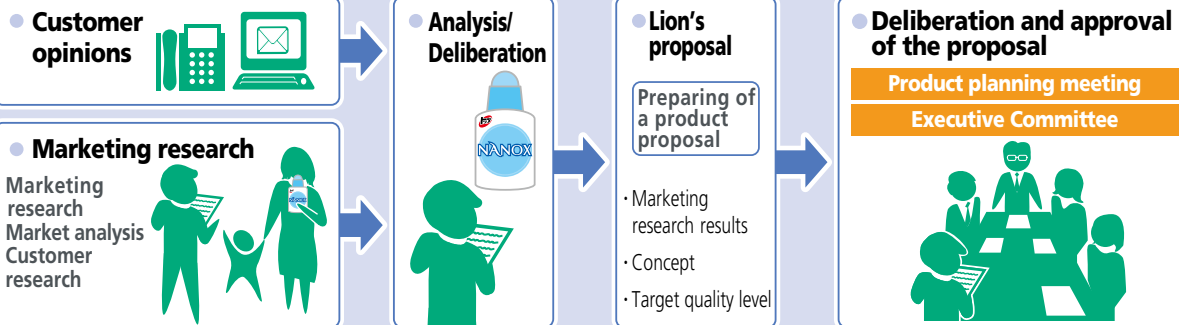
structures across all functions of Lion including our overseas companies as well as a broad range of fields from consumables and pharmaceuticals to food.

As our functional food business grows and the business scale of our group companies expands domestically and overseas, the demands from customers have become more diverse and the social needs for higher quality products have increased. In response to them, we will provide customers with safe and high-quality products.

## ✿ Developing Safe, High-quality Products

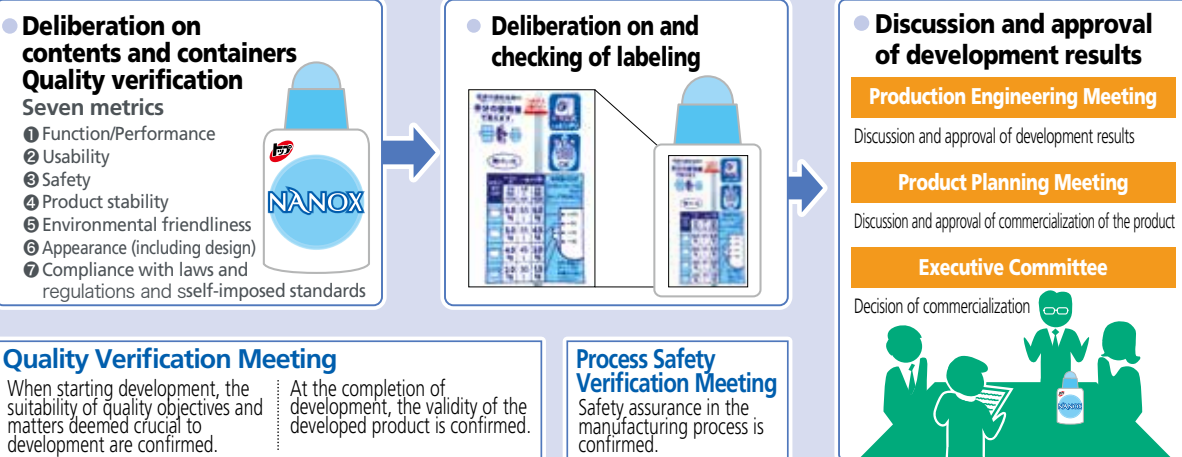
### 1 Product Planning

#### Planning products that further satisfy our customers



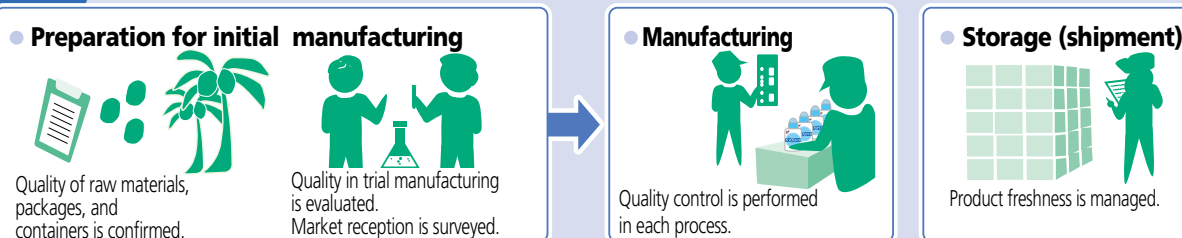
### 2 Product Development

#### Building safety and quality into products



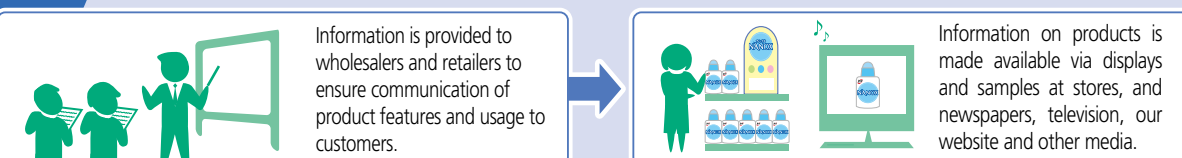
### 3 Manufacturing

#### Quality confirmation under mass production



### 4 Sales

#### Provision of information about product quality





## ✿ Approach to Safety and Reliability

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

### Safety of Materials

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

### Safety During Product Use

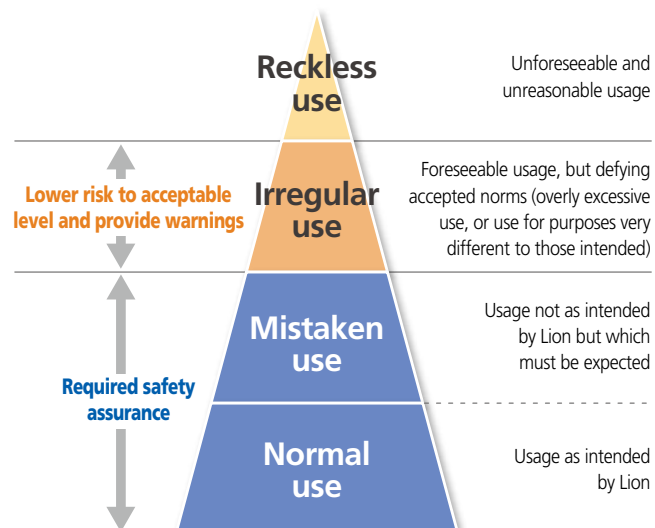
By considering the various uses of our products as well as product use by vulnerable customers, we perform safety evaluation of our products from the perspective of avoiding risks at the stage of product design.

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

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

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

## Scope of Safety Confirmation



## ✿ Initiatives to Listen and Respond to Our Customers

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

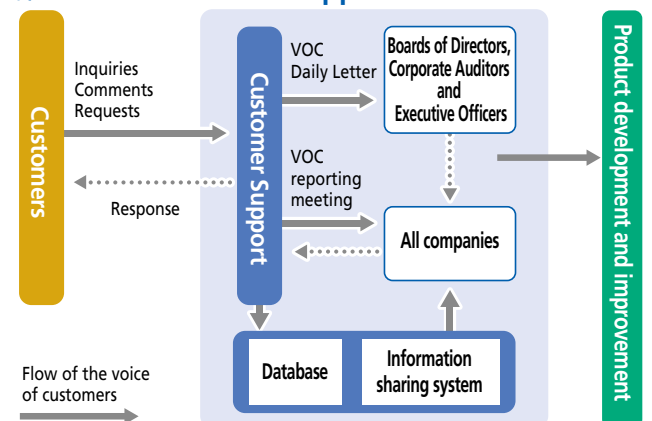
In 2014, the information sharing system was updated to allow more employees to hear customers' opinions.

As employees of various departments became able to readily search customers' opinions while responses to customers became more efficient, we were able to listen to more customer opinions.

Among such information, the information considered to affect customer satisfaction is passed on to top management on a daily basis via a VOC Daily Letter, and efforts are made to enhance quality by ascertaining the customers' perspective and through early consideration and handling of improvement measures led by the product planning department. In 2014, we sent out 240 VOC Daily Letters.

[VOC]Voice of Customers

## ✿ Flow of Customer Support



Product manufacturing that makes the most of the voice of customers (Japanese)

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

## Current Status of Recall of Varsan Hyosatsu Jet for Flying Insects and Varsan Hyosatsu Jet for Crawling Insects

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

As of February 2015, 1.48 million of such products have been recalled (recall rate: 45.7%). We would like to ask any of our consumers who still have any of these products and reside in Japan to assist in the recall.

Customer Support for Recall of Varsan Hyosatsu Jet Sprays

Toll-free: 0120-670-225

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

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

## Providing Information Useful for Daily Life and Promoting Educational Activities

### Provision of information that contributes to a healthy and comfortable life

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

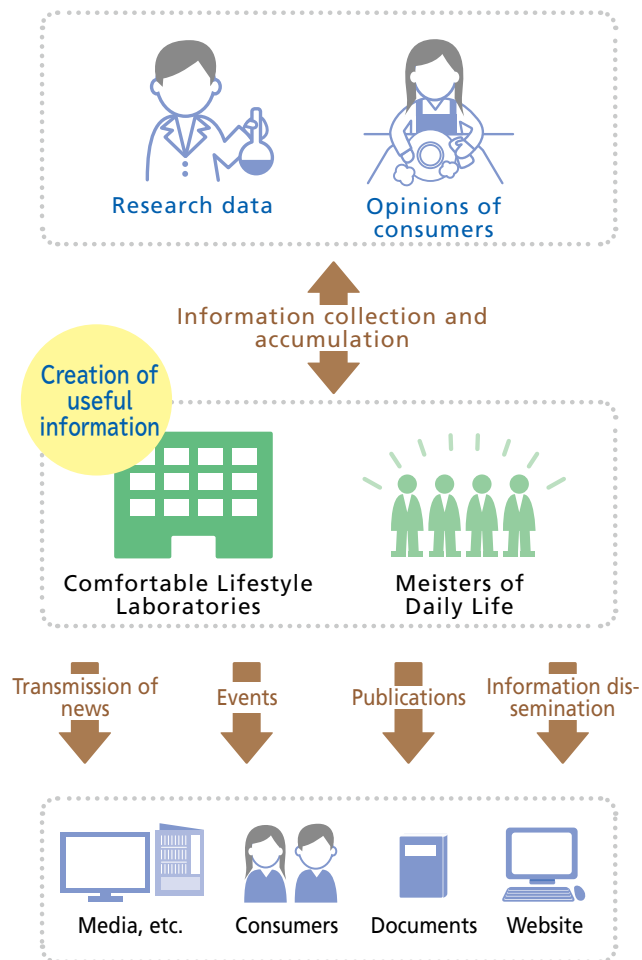
Led by the Meisters of Daily Life with expertise on oral care, health care, fabric care, and living care, we have created opportunities to communicate with our customers and delivered abundant life-related information through the website, events, and publications.

We also take into account customers' opinions obtained through these activities to create information that is of use in the daily lives of customers.

#### ✿ Introduction of Activities by Meisters of Daily Life



Living care seminars using "CHARMY Magica" (dishwashing detergent)



#### Voice of the Person in Charge

### "Lidea" Established to Enhance Information Provision from the Website

Yuki Shimoya, a staff member in charge of Lidea, The Lion Comfortable Lifestyle Laboratories

Lidea is Lion's new website to deliver lifestyle information in response to the modern society in which digital media is widespread.

Its objective is to share with consumers delightful ideas (tips and information) that make their daily lives comfortable or enrich their hearts.

Information is provided mainly by the "Meisters of Daily Life," specialists who have research experience and expertise on "fabric care," "living care," "kitchen," "dental and oral health," "beauty and health of body," and "childcare."

Lidea is featured by providing reliable information based on robust investigation and verification concerning various questions and matters of concern arising from everyday life.

ing from everyday life.

We intend to make Lidea more interactive as a place for communication between Lion and customers. We will also reinforce information provision in collaboration with other companies, and improve the contents of Lidea as a platform connecting Lion and the society. [URL https://lidea.today/](https://lidea.today/) (Japanese)



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

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

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

Lion's eco-standard (Japanese)

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



### ❖ Promotion of Environmental Communication through Products

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

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

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

### ❖ Example of Environmental Label Attached to Products



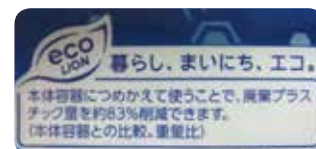
"CHARMY Magica" (dishwashing detergents)



This container is made with approximately 10% (by weight) recycled plastic.



Conserve water with one rinse. Please visit our website for details.



Plastic wastes can be reduced by approximately 83% by using "TOP NANOX" refill. (compared with container, by weight)

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



Approximately 70% of the content (organic ingredient) consists of plant material. Please visit our website for details.

"TOP Platinum Clear" (powder laundry detergent)

## Promoting Information Security

### Efforts for protecting personal information and preventing information leaks

In order to thoroughly protect personal information and ensure information security, Lion has established the "Personal Information Management Regulations" which are in conformance with the "Act on the Protection of Personal Information," the "Basic Policy of Our Information Management," the "Information Management Regulations," and the "Information Security Regulations." In addition, we have in place the "Lion Group Social Media Policy" and basic guidelines to be observed to make sure that we can disseminate appropriate information regarding our employees' use of social media (social network service, blogs, etc.).

Lion Group Social Media Policy (Japanese)

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

### Introduction of websites

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







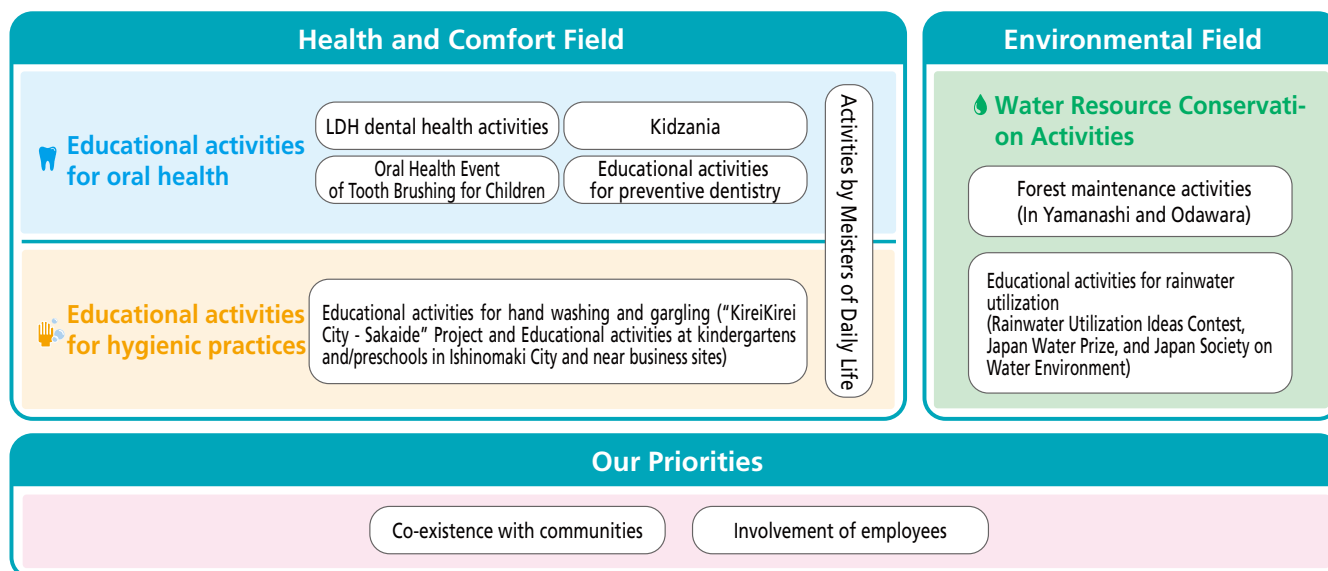
## Co-existing and Co-prospering with Society and Communities/ Contributing to the Development of Society in the Areas of Health, Comfort and the Environment

### Basic Approach

Championing the spirit of our founder Tomijiro Kobayashi, which is to "contribute to society through business activities," Lion engages in activities that contribute to the creation of a healthy and comfortable society and environment with the aim of being useful for today creating future value for everyone. As it is necessary to co-exist with the locations of business facilities and other related communities in order to continue our business, Lion works to solve regional and social issues in cooperation with local residents, government, and citizens' groups.

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

### ✿ Lion's Social and Environmental Contribution Activities



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

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

### Health and Comfort

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

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

**2014 Highlight 1 "Promoting Educational Activities for Preventive Dentistry"** [Related information](#) p17 to 21

**2014 Highlight 2 "KireiKirei City - Sakaide" Project (Hand-washing education activities)** [Related information](#) p22 to 23

### Environment

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

**Harmonizing with Nature (Japanese)**

[URL](http://www.lion.co.jp/ja/csr/env/biodiversity/) http://www.lion.co.jp/ja/csr/env/biodiversity/

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

[URL](http://www.lion.co.jp/ja/csr/reconstruction/) http://www.lion.co.jp/ja/csr/reconstruction/



## Enhancing Social Contribution Programs to Create Healthy and Comfortable Living Habits

### ✿ Educational Activities for Oral Health via Foundation

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



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

### • Three Public Benefit Services of LDH •

#### 1. Oral health promotion projects

Promotion activities of oral health at all life stages

#### 2. Research and investigative project

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

#### 3. Educational and training projects

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

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

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

### ✿ Oral Health Event of Tooth Brushing for Children

The Oral Health Event of Tooth Brushing for Children, started in 1932, is held every year for elementary school children during a week in June (June 4th to 10th), which is designated as the "week of dental/oral health."

In 2014, total of approximately 66,100 students of 1,162 primary schools from across Japan and eight countries/regions in Asia participated in the 71st event and learned together about "healthy gums" in a very pleasant environment through real-time distribution of images from the hall of the Tokyo Dental Association.

**in total About 920,000 participants**

### Main Social Contribution Activities of LDH in 2014

#### ✿ Activities for oral health promotion for mothers and children



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

**Program:** 159 venues, 161 times  
**Participants:** 5,325 infants and preschoolers and 2,171 parents

**in total About 1,130,000 participants**

#### ✿ Activities for oral health promotion for school children



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

**Program:** 375 venues, 458 times  
**Participants:** 30,286 students, 917 parents, and 602 health teachers

**in total About 23,230,000 participants**

#### ✿ Activities for oral health promotion for adults (industry)



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

**Sites:** 323 venues, 568 times

**Diagnosed:** 33,184 people

**in total About 2,010,000 participants**

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



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

**Program:** 38 venues, 45 times

**Participants:** 1,009

**in total About 9,000 participants**

#### ✿ Treatment activities



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

**Diagnosed:** 11,876 people

**in total About 1,810,000 participants**

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

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

## ✿ Educational Activities for Hygienic Practices

Lion has worked on activities to have proper hand-washing practices take root mainly with the "KireiKirei" brand, aiming at maintaining the healthy and comfortable lifestyles of consumers.

Major areas where the activities are conducted are locations of business facilities all over Japan, Ishinomaki City, which is an earthquake disaster area and closely connected to our founder, and Sakaide City, where "KireiKirei" hand soaps are manufactured. Our employees work together to conduct the educational activities for hand washing at kindergartens and preschools, restaurants, public facilities, and elsewhere. We will contribute to establishment of clean and sanitary practices.

**"KireiKirei City - Sakaide" Project**

Related information p22 to 23



"Arautan" hand-washing workout

## Water Resource Conservation Activities

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

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

Since 2006, Lion has engaged in improving the forest, which is a water source, at the Lion Forest in Yamanashi for the purpose of increasing employees' environmental awareness.

In 2014, a total of 168 employees participated in a new employee training and voluntary forest improvement activities (which took place three times).

**Number of employees who participated in the activities in total 908 employees**



Lion Forest in Yamanashi (Japanese)

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

### Rainwater Utilization Ideas Contest 2014

The "Rainwater Utilization Ideas Contest" has been held since 2011 with the aim of having elementary and middle school students across the country realize the importance of water by thinking about ways to use rainwater.

In addition to honoring individuals for their achievements, a rainwater tank is awarded as a school incentive prize to one elementary school and one middle school that submitted many outstanding pieces.

**Total sum of entries**

**in total 24,442 entries**



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

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

## Factory Tours

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

	Plants	Chiba	Odawara	Osaka	Akashi	Total
Details of Factory Tours in 2014	Number of study tours	94	138	54	82	368
	Study tour participants	1,985	3,931	1,534	2,533	9,983



### Introduction of websites

Together with Community (Community Involvement and Development) (Japanese) <http://www.lion.co.jp/ja/csr/community/>

Lion's Initiatives to Support the Reconstruction Work after the Great East Japan Earthquake (Japanese) <http://www.lion.co.jp/ja/csr/reconstruction/>





## Third-Party Review

Our life is sustained by various items of daily use.

The Lion Group as a cleansing agent provider has been taking a significant role in public cleanliness and contributing to establishment of oral hygiene, which have been now ordinary habit among people in Japan.

I can see their commitment to further achievement in their business as "a company that creates value for lifestyle and spiritual fulfillment."

As mentioned in the Message from the Management, "Lion considers it necessary to be aware of social changes, as well as accompanying changes in people's values." It means their business needs to unfold itself with consideration of how they respond to various issues the company is facing from time to time in global sense, even in the circumstance that global-scale environmental and social issues remain unresolved.

In this situation, the company presents various activities and their paths to development of a healthy and comfortable society on each and every page of the report, following their corporate slogan of "Life. Love." and Lion's founding spirit of "working for the benefit of people and society."

Starting from origin of Lion's social contribution activities such as products with charity coupons, the company has developed new services in response to changes in the times. The ever-expanding CSR issues are comprehensively covered in reference to ISO26000, GRI, and so forth, and efforts undertaken in each stage of the value chain are also described in comprehensive manner. Hence, the CSR Report 2015 was clearly prepared with reader-friendliness in mind.

Highlight is the 2017 medium-term objectives being set toward "Vision 2020." The company increased their engagement in CSR activities, and it can be seen from the increased number of items in the next medium-term objectives related to its core business, in addition to the achievements of the 2014 CSR medium-term objectives.

Targets which had already been achieved by 2014 were evaluated highly. Furthermore, with the next medium-term objectives set, the company has just started taking on the challenge of meeting additional objectives set in each core subject, and also promoting corporate governance related to overseas information.

While continuous activities such as reduction in greenhouse gas emissions have been developed in Japan, items related to overseas issues may have potential environmental and social risks that are unrealistic in Japan, under the different

laws and customs, etc.

I highly evaluate Lion's self-checks in CSR procurement which are performed in consideration of biodiversity, yet I expect reports based on quantitative analyses with strengthened on-site validation, and quality objectives in details.

In Human Rights and Labor Practices, the group-wide initiatives and institutions are being promoted.

While details are available on the related websites, the inclusion of effects from the achievements and voices of employees may make it clearer to understand to what extent the initiatives and the institutions have taken root.

Numerical values related to rates of female managers, paid leave used, and childcare-related measures have increased gradually. I suggest that solid goals be set to improve work-life balance, and then the initiatives will be more substantive by reflecting measures towards those goals accordingly.

In Consumer Issues, many initiatives, which are close to consumers, have been introduced. These initiatives include for example enhancement of systems to produce safe and high-quality products across all functions of Lion including consolidation of the pharmaceuticals division and the quality assurance division, information provision by Meisters of Daily Life via Lidea, active participation in communities, and promotion of preventive dentistry, as seen in the 2014 Highlights.

As their activities are not transient, but reflect a viewpoint of "total oral health care" corresponding to each life stage, Lion's willingness to achieve "Life. Love." for all people can be felt.

In order to "create value for lifestyle and spiritual fulfillment long into the future by consistently safeguarding health, comfort, and the environment for people each and every day" in cooperation with people living on the invaluable earth together, it is necessary for nature, animals and plants, human society, and all lives to continue to be healthy. If not, it would be difficult to maintain a promising future.

Lion has provided wonderful activities and products that support communities and people's precious daily lives all the time.

I expect Lion to promote further activities toward realization of healthy and comfortable lifestyles and spread the idea of "fulfilling the spirit of love," while contributing to the creation and development of a sustainable society under a new sense of value.



Environmental Expert, Ethical Life Advisor

**Manami Yamaguchi**

Representative Director of FEM Co., Ltd  
Chairperson of Environmental Business  
Research Institute  
Director of Research Network for the Future of Woman and Agriculture

## From Lion



In line with its Vision 2020, Lion aims to become "a company that creates values for lifestyle and spiritual fulfillment," "a company that is advanced in the area of environmental responsiveness," and "a company that continues to take on challenges, create, and learn."

Recognizing that CSR needs to be an integral part of the company's management structure so that Lion can remain a company that is trusted by society, we are proceeding with our PDCA activities based on the medium-term objectives in relation to CSR issues that are critical for us.

We had attained almost all of the 2014 medium-term objectives, which led to us being evaluated favorably in the Third-Party Review. In addition, we set the group-wide medium-term objectives for 2017 including those for overseas group companies. We will push ahead with our initiatives by running the PDCA cycle.

As there may be potential environmental and social risks in foreign countries, which are considered unrealistic in Japan, it was pointed out that we should enhance our checking functions, improve the accuracy of our objectives, and provide reports based on quantitative analysis. Hereafter, with the aim of achieving the medium-term objectives for 2017, we will conduct CSR activities by establishing systems to understand each group company's situation as regards CSR activities on a regular basis and determining priorities in consideration of differences in laws, cultures, and customs in respective countries and regions.

It has been suggested that we should indicate their degree of penetration of initiatives concerning human rights and labor practices by showing the effects of the achievements

and employees' voices, and set the directionality and objectives to reinforce adoption of female managers, use of paid leaves, and childcare-related measures, etc.

Lion is working to improve the working environment to allow our diverse human resources to work actively.

We will consider measures to resolve problems that discourage women, people engaged in nursing care, people with disability, and others from being active, and proceed with the introduction of flexible working styles.

We will also make efforts to externally inform the extent to which the measures have taken root in an easy-to-understand manner such as placing the relevant results and opinions of employees in the CSR reports and on the website.

Activities on matters familiar to consumers were also favorably evaluated, for example, promotion of preventive dentistry, development of safe and high-quality products, information provision by the Meisters of Daily Life, and activities for communities. Toward a valuable future for each person, we will continue to conduct activities to protect healthy and comfortable lifestyles. We will also make efforts to improve the quality of the CSR reports through communication with stakeholders, and fulfill responsibilities according to the needs of the times.



Managing Director  
Director in charge of CSR

**Takayasu Kasamatsu**

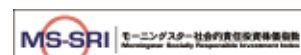
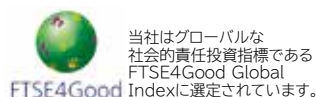
### Editorial Note

Highlights of CSR activities in 2014 were featured by educational activities for preventive dentistry and the "KireiKirei City – Sakaide" Project.

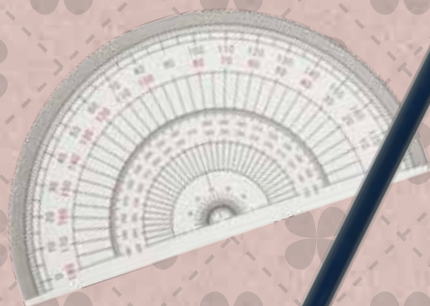
Lion, a top maker of oral care products, has a social responsibility to inform society about the idea of "preventive dentistry" in which both professional care and self-care are conducted on a continuous basis.

In addition, as one of educational activities for hand washing and gargling with which we are pushing ahead, a project was launched in cooperation with Sakaide City, Kagawa Prefecture, where a production base of "KireiKirei" hand soaps is located.

We hope that you will develop a deeper understanding of Lion through information on our CSR website and "Lidea," a website for lifestyle information.







Published by Lion Corporation Published on September 30, 2015 To be published next on September, 2016

Inquiries CSR Promotion Department, Lion Corporation 3-7, Honjo 1-chome, Sumida-ku, Tokyo 130-8644, Japan  
 Website (Japanese): <http://www.lion.co.jp/> Tel: 03-3621-6611 Fax: 03-3621-6299  
 Website (English) : <http://www.lion.co.jp/en/> Tel: +81-3-3621-6611 Fax: +81-3-3621-6299

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