

CSR Report 2017



Love today, Love your life.

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Editorial Policy

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

Editorial Policy for CSR Report 2017

- Since 2011, our CSR activities have been systematized in accordance with ISO 26000, an international standard concerning social responsibility. The CSR Report also reflects the above.
- CSR Report 2017 discloses major CSR issues and their progress in 2016 towards the 2017 Medium-term Objectives corresponding to Lion's management plan.
- Details of the activities that have especially demonstrated progress are provided as 2016 Highlights so that the readers can more easily understand the contents.
- The URLs at the bottom of the pages on each core subject of ISO 26000 direct to the CSR website, which includes more details of the activities.
- Readers can access Lion's primary web pages through the two-dimensional bar codes (smartphone-friendly website).
- A third-party review by outside expert has been included to provide an objective assessment.
- GRI Sustainability Reporting Standards were used as a reference guide for producing this report.
- Lion's CSR activities, including those that were not introduced in this report, are comprehensively presented on the CSR website.

Reference Guidelines

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

[Comparative Table with Respective Guidelines] URL http://www.lion.co.jp/en/csr/report/

Coverage

 Lion Corporation and all domestic consolidated subsidiaries are covered, as a rule.
 Overseas group companies are included in the CSR Medi-

um-term Objectives and Achievements on p14-17. *When the coverage of reported activities or data is different, a description is provided.

Period Covered

 January 1 to December 31, 2016 (Some parts of the activities also include parts of 2017.)

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, 2016)
Representative	Itsuo Hama, Representative Director/President
Employees	Consolidated: 6,895 Non-consolidated: 2,510 (as of December 31, 2016)
Net Sales	Consolidated: ¥ 395,606 million Non-consolidated: ¥ 260,935 million (as of December 2016)
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/group/

Net Sales Breakdown by Business

Consumer Products Business	¥287,028 million
• Oral Care Products	¥63,596 million
 Beauty Care Products 	¥22,333 million
 Fabric Care Products 	¥80,240 million
 Living Care Products 	¥20,763 million
 Pharmaceutical Products 	¥40,958 million
• Other Products	¥59,135 million
Industrial Products Business	¥54,330 million
Overseas Business	¥110,933 million
Others	¥26,867 million
Adjustment*	▲¥83,553 million
Consolidated Net Sales	¥395,606 million

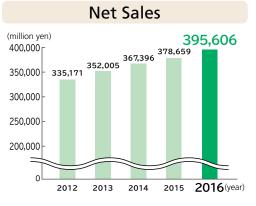
*Intra-segment and inter-segment sales

Location of Overseas Group Companies

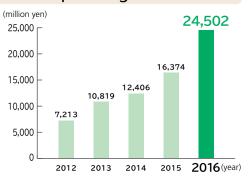
Overseas sales compared to previous year: 106% (After adjustment) Ratio of Overseas sales (consolidated): 25%



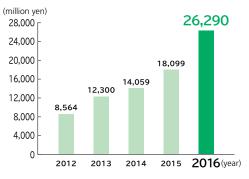
Performance Transition (consolidated)

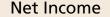


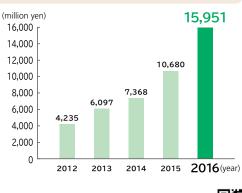
Operating Income



Ordinary Income







[IR Library] URL http://www.lion.co.jp/en/ir/library/



About Lion

Main Business Segments

[Product Lineup of Consumer Products Business] URL http://www.lion.co.jp/en/products/





Oral Care

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

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











Main Products Hand soaps, body washes, antiperspirants and deodorants, shampoos, conditioners, men's cosmetics, hair-nourishing treatments.

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





Beauty Care



















Pharmaceuticals

Main Products Antipyretic analgesics, antidiarrheas, gastrointestinal medicines, eye drops, health tonic drinks, insecticides.

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





Wellness Direct

Main Products Health food products, hair care products.

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













Gift and Special Order

Main Products Gifts, novelties.

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











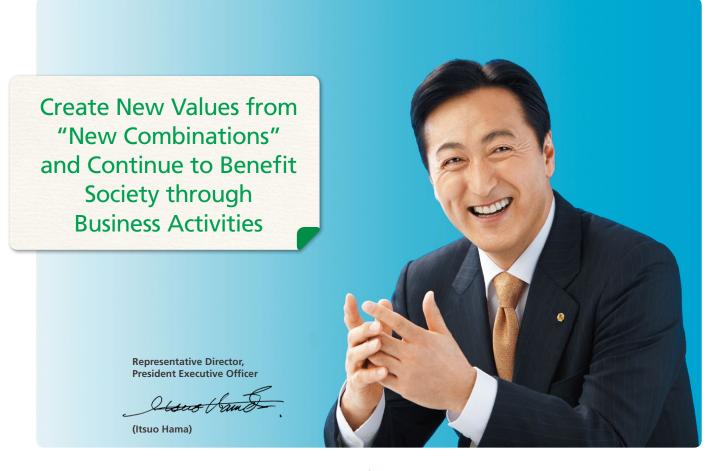
Pet Supplies (Lion Trading Co., Ltd.)

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

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



Message from the Management



Since its foundation in 1891, Lion has continued to respond through business activities to social issues, which have changed with the times. In Japan and other Asian countries, people's lives and social conditions have undergone rapid and considerable changes. For example, the transformation of the way of living brought about by the digitalization and drastic technological innovation represented by IoT on one hand, and on the other hand, a slowdown in the economic growth and the advance of the aging society.

Amid such social changes, with empathy towards people, Lion accurately identifies problems and creates new values from the "New Combinations," of product and experience, through our business and CSR activities without being bound by existing values, and makes efforts for solving problems.

Our founding spirit of "Benefiting Society through Business Activities" has been embedded into our business activities and employees as Lion's DNA in various forms with the change of times.

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" in our business fields of "Health," "Comfort," and "Environment," with the company motto of "Fulfilling a Spirit of Love," Lion is aiming to help extend people's healthy life expectancy and realize a sound materialcycle 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. To this end, we will provide products and services while putting a top priority on customer satisfaction, promotion of environmental conservation activities, and further enhancement of corporate governance systems.

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

In 2016, Lion continued promoting "preventive dentistry" and conducted educational activities to enhance proper self-care and professional care. We introduced new oral care products including toothpastes, toothbrushes and dental products for self-care, and conducted oral health educational activities for each stage in life with the Lion Foundation for Dental Health, and cooperating with government agencies. Consequently, such activities increased the recognition and awareness of "preventive dentistry." In addition, our Wellness Direct business (a mail order business) grew steadily, contributing to the creation of new values through foods with function claims.

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

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

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

With the goals of achieving a "Low Carbon Society," a "Sound Material-Cycle Society," and "Harmonizing with Nature," Lion formulated the environmental objective of "Eco Vision 2020," and has worked on it to attain the targets in 2020, including reductions in CO₂ emissions and water consumption.

As for the reduction in CO₂ emissions, aspiring to achieve our target in 2020, which is higher than the target that Japan has set at COP 21, we further reduced emissions in 2016. Moreover, we have continued to support our customers' ecological lifestyle by expanding eco products fulfilling Lion's eco-standards, which were established originally by Lion, from the viewpoint of product lifecycles.

With regard to the reduction in water consumption, we have developed a technology to recycle factory effluent, and successfully reduced water consumption after the new waste water recycling system went into fullscale operation at Chiba Plant in 2016.

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

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

The target management system was implemented in order to foster human resources, who voluntarily take on challenges and create new values. In addition, we continued our on-going programs such as training for each job function (e.g. the marketing training program), the "Lion Challenge Cup-Innovation" in which Lion's future is directly proposed to management, and the "L-Compass Award," a commendation program with the purpose of improving organizational learning.

Furthermore, in 2016, Lion enhanced support programs for work-life balance of employees raising children and employees providing nursing care for their family.

In terms of Lion's support for employees to maintain a balance between work and nursing care for their family,



we introduced a Short Hours Flextime System and also revised the existing nursing care leave systems in order to allow employees to work long term without anxiety. We will continue to enhance the system.

Regarding support for balance between work and childcare, in addition to existing childcare leave systems, we held a Back-to-Work Seminar prior to return to work, and created a website to support employees returning to work and raising children to work without anxiety after the childcare leave, and to be actively involved in work over the long term.

In March of 2016 we established a special subsidiary Lion Tomoni Co., Ltd. and started the employment of people with disabilities. We will continue to strive to build a company where people can take advantage of their individual abilities regardless of whether they have disabilities or not.

I continued to hold the presidential sessions at Lion's business offices nationwide in 2016. At the meetings with employees, I proactively shared Lion's Management Vision, and kept discussing specific measures to achieve the vision.

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

Aiming at CSR Management

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

Hence, we reviewed our management challenges in light of our understanding of the requirements of the society as included in the international standard of social responsibility, ISO 26000, and identified CSR material issues. For the "Vision 2020" V-2 period, we set groupwide medium-term objectives including those for overseas group companies, and are conducting CSR activities as a whole.

In 2009, Lion announced its support for the UN Global Compact: a global framework to realize sustainable growth. We will continue to support it and make efforts toward CSR management with a strong awareness of "Health," "Comfort" and "Environment."

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

Company Motto

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

Management Philosophy

D

We bring together the power of our personnel, the power of our technology and the power of our marketing, as we provide superior products that are helpful in the daily lives of people.



We respect the "Spirit of Tenacity and Creativity" that we have maintained since our founding, as we continue developing our business.

We deeply appreciate all those who extend their valuable support to us, as we prosper together through sincerity and mutual trust.

Lion Group Charter for Corporate Behavior

•••••

Established January 1, 2003 and amended January 1, 2008

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

- [Principal Mission] We shall earn the confidence and satisfaction of customers (consumers and users) by providing excellent, safe goods and services useful for their daily lives.
- [Compliance with Public Rules] We shall observe all relevant laws and regulations and engage in fair, transparent and free competition and proper transactions. We shall maintain sound and proper relationships with governmental and political bodies.
- **3.** [Disclosure] We, as a socially open company, shall actively engage in communication not only with our shareholders but also with members of society at large and disclose information generally regarding Company management in an appropriate and timely manner.
- 4. [Environmental Issues] We shall play a positive and active role in creating a sustainable society that harmonizes economic development and environmental protection.
- 5. [Improvement of Working Environments] We shall promote fair treatment and respect the diversity, individuality and personalities of our employees. We shall ensure a safe and comfortable workplace to realize the mental and physical well-being of our employees.
- 6. [Contribution to Society] We shall actively contribute to society as good cooperate citizens.
- **7. [Opposition to Antisocial Forces]** We shall firmly oppose antisocial entities and organizations threatening the order and security of civil society.

- [Contribution in Foreign Countries] In our overseas operations, we shall not only observe international rules and the laws of relevant foreign countries, but also respect local cultures and customs and contribute to the development of local communities with sincerity and mutual trust.
- **9.** [Practice of Corporate Ethics] Top management shall assume responsibility for implementing the spirit of this Charter and shall take the initiative to set a good example and fully inform Lion Group employees of the Charter. Top management shall strive to take in internal and external opinions continuously to promote mutual understanding and the development and implementation of effective internal control systems while enforcing thorough compliance with corporate ethics.
- 10. [Resolution of Problems] Should an incident contrary to the principles of this Charter occur, top management shall publicly clarify its position, taking responsibility to resolve the problem on its own initiative, and strive to investigate the facts, identify the causes of the incident and prevent recurrences. Top management shall fulfill its responsibility to disclose accurate information promptly and explain the situation, and shall resolve the problem in a manner fully understandable to society. After clarifying authority and responsibility for said problem, top management shall impose strict and impartial disciplinary actions upon any liable persons, including the highest level of management.

Corporate Message

The Heart of All We Do

Lion has been a regular part of everyday life for more than 120 years. In that time, we have seen how ordinary days, one by one, add up to a lifetime. Moreover, we have come to believe that each new day is the first step into a bright future, and that living every day positively and to the fullest is the essence of happiness.

That is why we have made it our mission at Lion to contribute to ordinary life, every day, and reflected this commitment in our corporate slogan.

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.

Every day is full of wonderful moments.

life.love.

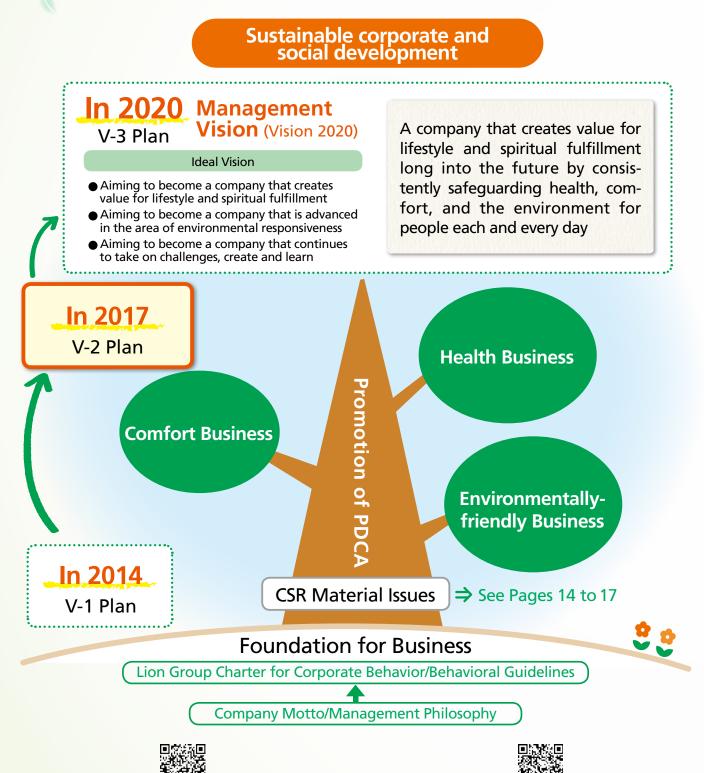
LION

Slogan life.love.



Lion's CSR Business Activities Supporting Healthy and Comfortable Society and Environment

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



Company Motto/Management Philosophy http://www.lion.co.jp/en/company/html/com0101f.htm Lion Group Charter for Corporate Behavior/Behavioral Guidelines http://www.lion.co.jp/en/company/html/com0201f.htm



Overview of Lion's Social and Environmental Contribution Activities

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



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 hygiene care habits.

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

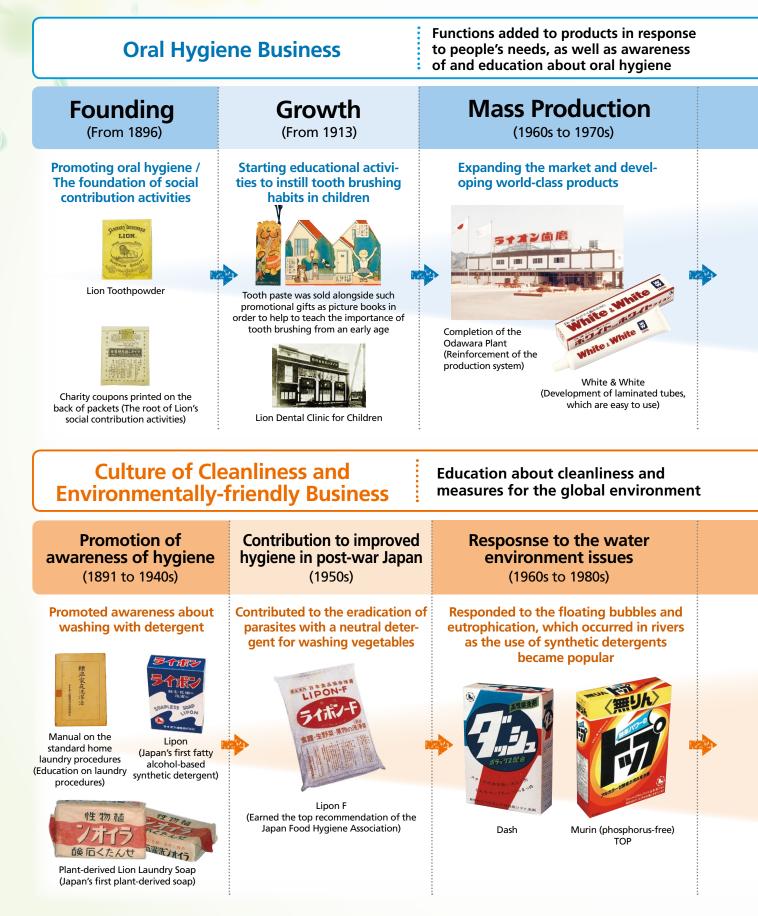
As it is necessary to co-exist with relevant communities, such as communities where our business facilities are located, in order to continue our business, we work to solve the issues of local communities in cooperation with local residents, local government, and citizens' groups.

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



Lion's CSR

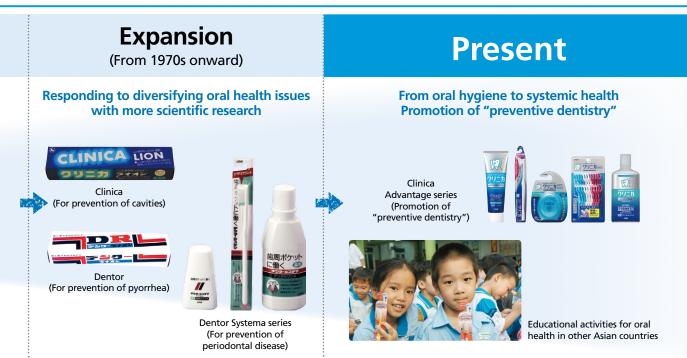
History of Lion Group's Business Activities



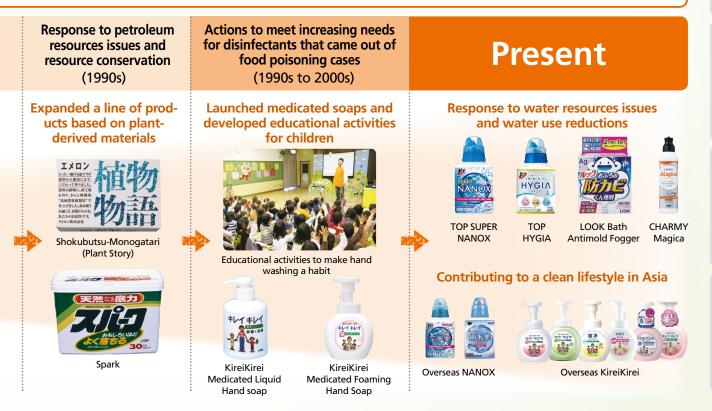
Lion's origins lie in soap and toothpaste. Since the foundation, we have promoted a culture of cleanliness and oral hygiene by providing useful products, and have driven educational activities and provision of information, thus helping to foster good habits.

Building on these strengths, the Lion Group has been focusing on oral hygiene, cleanliness and environmental friendliness, which are of great importance as social issues, as our main business domain.

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.



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





Lion's CSR

Establishing the Group-wide CSR Management Structure

Setting objectives and managing progress

We have promoted our CSR activities based on the ISO 26000, a 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 global CSR trends, our company's unique business characteristics, potential risks, opportunities and their respective implications, we identified CSR material issues in 2012.

For each of the material issues, we have set a three-year medium-term objective, which is consistent with our management plan.

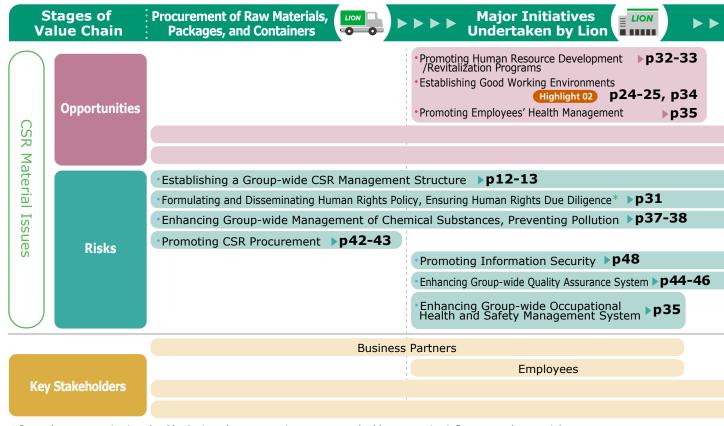
In addition, we identified the objectives to achieve to which we must contribute through our businesses by analyzing issues related to the Sustainable Development Goals (SDGs) in the countries and regions we operate in.

The Process to Identify Material Issues

International CSR initiatives including ISO 26000 and UN Global Compact



Value Chain and Material Issues (Activities in 2016 are described in related pages.)



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

2016 Highlight 01

Lion Group Educational Activities for Hygiene Care Habits in Japan and Overseas Since its foundation, Lion has promoted a culture of cleanliness by developing useful products and helping to foster good habits. We continue to be actively engaged in provision of products and educational activities to enhance people's awareness for cleanliness.

An example of this is the "KireiKirei" hand soap which was developed after a series of mass outbreaks of food poisoning caused by "O157" in 1996 in Japan. "KireiKirei" is now also sold in South Korea, Singapore, Thailand, Hong Kong, and China. In each country, Lion is not only offering products but also putting effort into educating people on the importance of hand washing.

2016 Highlight 02

Promoting Work-Life Balance by Supporting Employees Raising Children and Employees Providing Nursing Care for Their Family In order to establish a sustainable business, we aim to create a company environment in which each employee can work without anxiety and achieve his/her full potential. Particularly, our focus is on diversity and work-life balance of employees, and we are consistently engaged in support activities so that employees can balance work with nursing care and childcare.

2016 Highlight () 3

Full-Scale Operation of Waste Water Recycling System at Chiba Plant Since its foundation, Lion has been offering products such as toothpastes, toothbrushes, hand soaps, and laundry detergents, and we have been deeply engaged in using water through the "act of washing." Because of this, we have put emphasis on water resource conservation activities such as water usage reduction in manufacturing plants, development of water-saving products, and education for rainwater utilization.

In 2015, we built a waste water recycling system at Chiba Plant to reduce water usage and it became fully operational in 2016.

Image: Shareholders and Investors Environment and Society



Lion's CSR

Objectives of the Medium-Term Management Plan (V-2: 2015 to 2017) and Achievements in 2016 in Relation to CSR Material Issues

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

Core Subjects	Ideal Vision	CSR Material Issues	2017 Medium-term Objectives	
	Maintaining a Sound Management System Trusted by Society	Establishing Group- wide CSR Management Structure	Domestic Disseminating the Lion Group Charter for Corporate Behavior as a CSR policy Overseas Disseminating policies concerning CSR	
			Domestic Managing progress toward objectives	
Organizational			Overseas Setting objectives and managing progress	
Governance		Promoting Risk Management	Domestic Continuously operating Business Continuity Plan (BCP) based on multiphase projections	
		Embedding Compliance/ Internal Control Systems 16	Domestic Raising awareness of compliance	
			Overseas Enhancing internal control systems	
	Establishing a Framework for Respecting Human Rights	Formulating and Dissem- inating Human Rights Policy <mark>5 8 16</mark>	Domestic Disseminating the Lion Group Charter for Corporate Behavior as a human rights policy	
M Human Rights		Ensuring Human Rights Due Diligence*1 5 8 16	Domestic Promoting self-assessment questionnaire of CSR activities by suppliers and providing feedback on the results Domestic Disseminating information regarding the hotline and strengthening the advice and whistleblowing framework	
			Overseas Setting up and operating internal contacts for reporting and consultations	

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

Sustainable Development Goals (SDGs)

The numbers in the column of material issues in our table shown below are numbers of the SDGs which Lion is hoping to contribute to attaining through its business.

These numbers have been specified* based on Lion's business strategy and the materiality of issues that operating companies have to deal with in each market.

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

*Indicators currently developed by IAEG-SDGs (Inter-agency Expert Group on SDG Indicators) and indicators published in *SDG Index & Dashboards* were referenced.



Cited from the website of the United Nations Information Centre

Achievement from 2016	Page of Related Information in CSR Report 2017	URL of Lion Web Page (Websites are all in Japanese)	
 Implementing e-learning on the Lion Group Charter for Corporate Behavior (Once a year) 	р30	http://www.lion.co.jp/ja/csr/management/compliance/	
 Posting CSR policy in the work place Distributing a handbook containing CSR policy to employees 	-	http://www.lion.co.jp/ja/csr/management/compliance/	
 Announcing progress through CSR Report and website (Once a year) 	p14-17	http://www.lion.co.jp/ja/csr/lion_csr/promotion/vision.php	
 Announcing progress through CSR Report and website (Once a year) 	p14-17	http://www.lion.co.jp/ja/csr/lion_csr/promotion/vision.php	
 Confirming and reviewing BCP at Executive Committee (Once a year) 	p29	http://www.lion.co.jp/ja/csr/management/risk/	
 Implementing the Compliance Awareness Survey Coverage was expanded to include part-timers as respondents (Annually implemented, Dissemination rate in 2016 was 98%) Providing educational programs through e-learning with regard to compliance, sexual harassment, power harassment and insider trading 	р30	http://www.lion.co.jp/ja/csr/management/compliance/	
 Introducing the internal control on financial reporting and implementing the assessment 	—	http://www.lion.co.jp/ja/ir/library/ar/2016/	
 Implementing e-learning on the Lion Group Charter for Corporate Behavior (Once a year) 	р31	http://www.lion.co.jp/ja/csr/humanrights/duediligence/	
 Having suppliers self-check their CSR activities and feeding assessment results back to the suppliers (Once a year) 	p42-43	http://www.lion.co.jp/ja/csr/businesscustom/procurement/	
 Disseminating the Compliance Awareness Survey (Annually implemented, Dissemination rate in 2016 was 98%) Responding to and sorting out all cases 	р30	http://www.lion.co.jp/ja/csr/management/compliance/	
 Setting up and operating internal and external contacts for reporting, and an internal contact for consultations Disseminating information regarding the hotline through training on compliance 	р30	http://www.lion.co.jp/ja/csr/management/compliance/	

	Core Subjects	Ideal Vision	CSR Material Issues	2017 Medium-term Objectives
	nga akon baza PERA kabuna a	Changing Awareness of Employees through Raising Morale and	Promoting Human Resource Development, Revitalization Programs 58	DomesticEmbedding measures for promoting PDCA through implementation of the target management system Global human resource developmentDomesticEnhancing the "Diverse Human Resource Promotion Programs" Implementing supporting measures for women to build their career
	Labor Practices		Establishing Good Working Environments	Domestic Promoting work-life balance with measures for building an environment, where employees can work healthily and energetically Overseas
		Motivation	5 8 16	Enhancing opportunities for talks between employees and management
		-	Promoting Employees' Health Management 3	Domestic Improving the environment to allow employees to work healthily and energetically
			Enhancing Group-wide Occupational Health and Safety Management System 8	Domestic Improving occupational safety and the safety of facilities based on the "Health, Safety and Disaster Prevention Management System"
	×	Contributing to the Development of a Sustainable Society as an Environmentally Advanced Company	Engaging in Progressive Environmental Activities 6 7 11 12 13 14 15	Domestic Overseas Promoting "Eco Vision 2020" and managing progress thereof
	C The Environment		Preventing Pollution 6 7 11 12 13 14 15	Domestic Promoting pollution prevention
			Enhancing Group-wide Management of Chemical Substances 6 11 12 14	Domestic Enhancing chemical substances management systems
	۵ ۱ ۵	Promoting CSR Activities throughout the Value Chain	Promoting CSR Procurement 5 6 7 8 11 12 13 14 15 16	Domestic Promoting CSR activity self-assessment questionnaires by suppliers and providing feedback on the results
	Fair Operating Practices		5 6 7 8 11 12 13 14 15 16	Domestic Promoting "Eco Vision 2020" and managing progress thereof
		Pursuing Customer Satisfaction by Creating Safe and Trustworthy Products	Offering Products and Information that Contributes to the Development of a Sustainable Society 6 12 14	Domestic Promoting environmental educational activities for consumers through products
	Ψ		Providing Information Useful for Daily Life and Promoting Educational Activities <mark>12</mark>	Domestic Enhancing the provision of information that contributes to healthy and comfortable life according to different lifestyles and life stages
	Consumer Issues		Enhancing Group-wide Quality Assurance System	Domestic Enhancing the group-wide quality assurance system
				Overseas Reinforcing compliance with regulations in each country and enhancing responses to customers
			Promoting Information Security Measures	Domestic Promoting information security Overseas
			Security measures	Enhancing information security management systems
	Community Involvement and Development	Co-existing and Co- prospering with Society and Communities / Contributing to the Development of Society in the Areas of Health, Comfort and the Environment	Enhancing Social Contribution Programs Leading to Forming Healthy	Domestic Overseas Promoting educational activities for oral health Promoting preventive dentistry (recommending self- care and professional care) and education for health instructors and children
			and Comfortable Living Habits <mark>36</mark>	Domestic Overseas Promoting cleanliness :Promoting Educational Activities for Children's Hand Washing and Gargling

Achievement from 2016	Page of Related Information in CSR Report 2017	URL of Lion Web Page (Websites are all in Japanese)	
 Promoting the Target Management System to enhance PDCA activities toward attaining objectives and providing trainings thereon Developing human resources with an aptitude for marketing 	p32	http://www.lion.co.jp/ja/csr/employee/development/	Lion's CSR
 Engaging in the activities to achieve the target based on the Act on Promotion of Women's Participation and Advancement in the Workplace Establishing a special subsidiary Lion Tomoni Co., Ltd. to promote employment of people with disabilities 	p33	http://www.lion.co.jp/ja/csr/employee/various/	Org
 Enhancing work-life balance to support employees raising children and employees providing nursing care for their family Promoting the Next Generation Support Act Phase 5 Action Plan 	p24-25, 34	http://www.lion.co.jp/ja/csr/employee/work_life/	Organizational Governance
Periodically holding labor-management meetings	p32	http://www.lion.co.jp/ja/csr/employee/relations/	ernance
 Providing training on health management at every level of employee training Conducting health checkups on a regular basis (Once a year) Enhancing provision of information on oral health care through the e-learning system Introducing a saliva test system to measure oral cleanliness in health checkups 	p35	http://www.lion.co.jp/ja/csr/employee/health/	Humar
 Organizing Safety, Hygiene and Disaster Prevention Meeting to promote PDCA for safety activities (Twice a year) 	p35	http://www.lion.co.jp/ja/csr/employee/prevention/	Human Rights
 Managing the progress of the Environmental Objective of "Eco Vision 2020" towards its targets for 2017 Full-scale operation of a waste water recycling system at Chiba Plant 	p26-27, 36-41, 43	http://www.lion.co.jp/ja/csr/env/ecovision2020/	-
 Thoroughly managing emissions and waste water in accordance with statutory and voluntary criteria River water monitoring both by industrial groups and by Lion 	p37	http://www.lion.co.jp/ja/csr/env/enhancement/	Labor Practices
 Establishing and operating a management system for information on chemical substances 	p37-38	http://www.lion.co.jp/ja/csr/env/enhancement/	ces
 Having suppliers self-check their CSR activities and feeding assessment results back to the suppliers (Once a year) 	p42-43	http://www.lion.co.jp/ja/csr/businesscustom/procurement/	The E
 Holding the Environmental Action Promotion Committee to manage environmental progress (Twice a year) Continuing purchase of RSPO certified palm oil derivative 	p36-37, 43	http://www.lion.co.jp/ja/csr/env/ecovision2020/ http://www.lion.co.jp/ja/csr/env/guide/	The Environment
 Attaching Environmental Labels to eco products and providing consumers with information Promoting the Toothbrush Recycling Program 	p48	http://www.lion.co.jp/ja/csr/env/communication/ http://www.lion.co.jp/ja/csr/report/pdf/2016-p24-25.pdf	
 Creation, Accumulation, and Provision of Living Information by Meisters of Daily Life Proceeding with Oral Care Solution Business (ORALYSIS, ORALCOM) Publication of information through Lidea, a website for lifestyle information, and communicating to consumers by making good use of Lion's accumulated information 	p47	http://www.lion.co.jp/ja/csr/consumer/communication/	Fair Operating Practices
 Promoting PDCA for quality assurance activities conducted by the CS/PL Committee (Twice a year) Establishing and operating a management system for information on chemical substances Providing education on Fundamental Quality Assurance through e-learning Enhancing the management structure of advertising 	p28, 30,37-38, 44-46	http://www.lion.co.jp/ja/csr/consumer/quality/	
 Enhancing customer support by the Customer Support Center and the Marketing Department Enhance abilities to comply with laws and regulations of each country 	_	http://www.lion.co.jp/ja/csr/consumer/opinion/	Consumer Issues
 Providing training through e-learning with regard to information security, risks of social media, and information management system 	p48	http://www.lion.co.jp/ja/csr/management/risk/	les
 Implementing various measures to prevent leak of personal and confidential information 	p48	http://www.lion.co.jp/ja/csr/management/risk/	6
 Holding the Oral Health Event of Tooth Brushing for Children in Asian countries and regions Implementing tooth brushing educational activities in areas near our business facilities Implementing tooth brushing educational activities at kindergartens and preschools 	p50	http://www.lion.co.jp/ja/csr/community/oral/ http://www.lion.co.jp/ja/csr/community/overseas/	Community involvement and Development
 Implementing educational activities for hand washing and gargling in various countries in Asia Implementing hand washing educational activities in areas near our business facilities Implementing hand washing educational activities at kindergartens and preschools 	p18-23, 51	http://www.lion.co.jp/ja/csr/community/washing/ http://www.lion.co.jp/ja/csr/community/overseas/	t t

2016 Highlight 01

Lion Group Educational Activities for Hygiene Care Habits in Japan and Overseas

Aiming at developing a culture of cleanliness in society

Since its foundation, Lion has developed useful products and helped foster healthy habits to promote a culture of cleanliness in society. One of our challenges around the 1890s was to propose the idea that clothes should be washed with soap when people were washing their clothes only with water. "Lion Laundry Soap" that we have launched, successfully promoted people to use soap to wash away the dirt that could not be cleaned with only water. This later became a new habit within the society.

Another challenge was the eradication of parasite eggs attached to vegetables. In the early 1950s, when people had low awareness of hygiene in the aftermath of World War II, health problems caused by parasites were rampant in Japan. To help solve this social issue, Lion developed "Lipon F," a

Birth of "KireiKirei"

"KireiKirei," Lion's hand washing soap, was born in 1997.

The product was developed after a series of mass outbreaks of food poisoning in Japan, caused by pathogenic E. coli bacteria O157 that became a big social issue in 1996. We determined to undertake a social mission to establish a "habit of hand washing" to protect children from bacteria and viruses.

For children to form a habit of regular hand washing, it is necessary that the whole family adopt the hand washdetergent that could be used to wash vegetables and fruits, and thus played an important role in eliminating parasites.

Today, we continue to contribute to the development of a culture of cleanliness in society through products that respond to social issues and conduct educational activities that help foster healthy habits.



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



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

ing habit. This habit cannot be easily established through strict discipline and with force, and it is important that children find fun in hand washing, and do it voluntarily. We believe that everyday hand washing should be made into a habit that all of the family can enjoy, and that is the story behind the launch of "KireiKirei" hand soap.

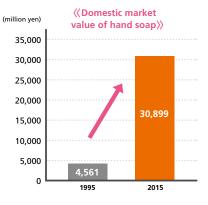
Currently, we provide various products for cleanliness besides hand soaps under the "KireiKirei" brand, such as gargles and hand sanitizers.



Since its launch, "KireiKirei" hand soap has always played an important role in improving people's awareness for cleanliness. The domestic hand soap market* expanded to approximately 30,900 million yen in 2015 from 4,600 million yen in 1995 (the year before the outbreak of O157) along with growing awareness of cleanliness in society.

It became popular not only at home, but also in schools, offices, and restaurants, and "KireiKirei" has been the number-one hand soap brand in the Japanese market since 2000. It is now also sold in various countries and regions in Asia.

*Yearbook of Chemical Industry Statistics Shipment value



Aiming to establish a habit of hand washing across countries and regions in Asia

Overseas marketing of "KireiKirei" hand soap started in 2005 and currently the product is sold in South Korea, Singapore, Thailand, Hong Kong, and China, in addition to Japan. In each country, we not only provide the products but also promote hand washing educational activities to improve people's awareness of cleanliness. Lion Group is actively addressing hand washing educational activities for children specifically by focusing on forming a hand washing habit from an early age. We introduce some of the educational activities conducted in each country in this Highlight.



Human Rights



Hand Washing Educational Activities for Children in a School near Our Production Plant

washing techniques.

Lion Corporation Thailand (LCT) provides hand washing education for schoolchildren near Sriracha plant.

In the hand washing lectures, children first rub a special cream on their hands, which glows under a black light. Then, they are asked to wash their hands and check under the black light how well the cream came off. From this exercise, children are able to understand the hard-to-wash parts of their hands



Checking the dirt on hands under a black light

Voice from employees of Thai Lion

(Left) **Pornnapa Wimonrat** Special Project Manager (Right) **Natthasinee Suksawang** Product Manager

We have taught students near our plant how to brush their teeth correctly since 2013. As we found that most of the students did not wash their hands before lunch, we also started hand washing instructions. Hand washing, just as tooth brushing, is an easy and effective way to prevent diseases. We will continue this combination of tooth brushing and hand washing activity with the aim of making more students develop the habits of tooth brushing and hand washing.

.....



and that washing hands with just water or washing hands poor-

ly cannot get rid of dirt properly, and are then taught correct

washing lecture did not have the habit of washing their hands

before lunch, LCT will continue to contribute to the establish-

Reviewing the hard-to-wash parts after check

ment of hygienic habits among students.

ing under a black light

Since most of the students who participated in the hand



KireiKirei Celebrates World Hand Hygiene Day

In conjunction with World Hand Hygiene Day,* Lion Corporation Singapore educated preschool children on the importance of good hand hygiene practices using KireiKirei Anti-bacterial Foaming Hand Soap product of Lion Corporation Singapore. Through art and activities, the children learned about the importance of good hygiene and practiced correct hand washing techniques with the KireiKirei brand ambassador. The children also learned that removing bad bacteria and retaining the good ones could keep them healthy through dance and games.

* An event coordinated by the World Health Organization to promote hygiene care awareness and celebrated annually on May 5.



The KireiKirei brand ambassador (center) with children

Voice from employee of Singapore Lion

Tan Yi Ling Product Manager

Seeing children and their caregivers participate actively to learn about the importance of good hygiene makes me happy as we are able to contribute to helping them instill good habits to keep bacteria away and lead a healthy lifestyle.



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Educational Activities for Hygiene Care Habits in South Korea

"Ai! Kekute" Hand Washing Class at Kindergartens

Since 2016, to teach children ways to protect their own health, CJ Lion has conducted educational activities on hand washing using Ai!Kekute, a hand soap that CJ Lion sells in South Korea. ("Ai! Kekute" means "Oh! Clean!" in Korean)

The most critical period in hygiene care habit establishment is childhood. CJ Lion conducts the "Ai!Kekute" hand washing class, begun in 2016, for kindergarteners ages 4 to 6 in Seoul and nearby cities. In the class, a bubbly foam-shaped mascot character and a facilitator capture the children's attention and encourage their active participation. Through hand washing songs and exercises, children learn that hand washing is not a boring thing, but actually fun.

Hand washing check sheets and stickers are distributed to every participant after the class, with the aim of encouraging correct hand washing back at home. Each time a child washes his or her hands correctly, a sticker will be put on the sheet by a supervising adult. The sheets are then collected at the kindergarten for the teacher to check if hand washing habits have been established properly.

In 2016, CJ Lion conducted the "Ai!Kekute" hand washing classes at 160 kindergartens and 18,789 children participated.

Hand Washing and Gargling Class in Partnership with a Retail Store

In partnership with HomePlus, a retail store in South Korea, CJ Lion promotes activities for customers that enhance healthy habits for infectious disease prevention.

CJ Lion conducts hand washing and gargling classes for children and their parents at the HomePlus Cultural Center. The classes are conducted during the summer and winter vacation periods, when outbreaks of infectious diseases such as influenza and norovirus most often occur.

In 2016, CJ Lion conducted hand washing and gargling classes 25 times at the HomePlus Cultural Center, with 15 to 20 child-parent pairs joining each time. In total, about 1,000 people took part in the class.

Voice from employee of CJ Lion

Minji Lee Brand Manager, Personal Category Team

In South Korea, more and more people are concerned about personal hygiene and health. Underpinned by the brand philosophy of "Ai! Kekute," "To form a habit of hand washing during childhood," we have conducted various social contribution activities including "Educational Program on Hand Washing and Hygiene for Children in Kindergarten."

In this program, a bubbly foam-shaped mascot character and a recreation instructor visit kindergartens and perform songs and exercises to promote hand washing. As every child can participate in the lively activities, the program is very popular.

We will continue to promote various educational activities to support the health and comfortable lives of consumers, with a sense of mission that "Ai! Kekute" is the number-one hand soap brand in South Korea.





"Ai! Kekute" hand washing class

Hand washing and gargling class

Lion's CSF

Educational Activities for Hygiene Care Habits in China

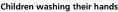
Conducting Hand Washing Activities at Kindergartens in Shanghai

Since 2016, Lion Qingdao has supported hand washing activities aimed at children from ages three to six in kindergartens in Shanghai.

In Shanghai, to prevent the spread of infectious diseases, children are encouraged to wash their hands before entering the kindergarten building. Lion Qingdao provides KireiKirei hand soaps (products sold by Lion Qingdao) to kindergartens for children to use at the hand washing sink. Moreover, Lion Qingdao supports the hand washing classes conducted in kindergartens. At the hand washing classes, children are taught the importance of hand washing by their teacher, and every child receives a KireiKirei Health Diary, which contains instructions on correct hand washing techniques and timings.

In 2016, the KireiKirei Health Diary was distributed to approximately 30,000 children in 104 kindergartens.





Children holding the KireiKirei Health Diary

Setting up the "Moving Hand Wash Sink" in Big Parks in Shanghai

In Shanghai, spring and autumn are the most popular seasons to spend time outdoors, and many people gather at parks. However, there are not many places for them to wash their hands before eating and drinking in parks. In May, October and November 2016, Lion Qingdao established the "Moving Hand Wash Sink" in big parks in Shanghai. At the "Moving Hand Wash Sink," people are taught how to wash their hands correctly, and the KireiKirei Health Diary, which instructs correct hand washing techniques and timings, is distributed to all participants. In 2016, about 30,000 people used the "Moving Hand Wash Sink."





People using the "Moving Hand Wash Sink"

Voice from employee of Lion Qingdao

Maggie Ma Brand Manager, Marketing Department

Chinese consumers, especially the young mothers, have become much more aware of hygiene habits in the last years. They realize that hand washing is not only a good habit to keep bacteria and viruses away but also an elegant part of their life. It is our pleasure to be KireiKirei representatives, as we provide high quality products and healthier lifestyle. We are happy to see more and more consumers become fond of KireiKirei products and form a habit of good hygiene together with us.



Educational Activities for Hygiene Care Habits in Japan

Voluntary Hand Washing Educational Activities by Lion Employees

Lion conducts hand washing educational activities in kindergartens and preschools across Japan.

Lion employees voluntarily participate in the activities and teach children the importance of hand washing and correct hand washing steps through programs such as "KireiKirei Picture-Story Show" and "Hand Washing Workout."

Employee training

As a part of our corporate training programs, young employees conduct hand washing educational activities. Every year, around 60 to 70 employees are divided into teams, and teach children in kindergartens and preschools all over Japan the importance of hand washing.

Working with business partners



We work together with our business partners across Japan in hand washing educational activities. Our joint effort with SugiyamaDrugs Co. Ltd. in Nagoya-City is one of those examples.

The target is that all of Lion's employees participate in the activity by 2050.

During 2016, we visited 43 facilities across Japan and provided hand washing education to 6,687 children. The accumulated number of employees who have participated totals 571 since 2012 and the participation rate is 22%.

Support of reconstruction work from earthquake disaster



We promote hand washing educational activities in kindergartens and preschools in Ishinomaki City in Miyagi Prefecture, an area closely connected to our founder, as a part of Lion's initiatives to support the reconstruction work after the Great East Japan Earthquake.

Working with local governments (Activities conducted at local offices)



Lion Chemical Co., Ltd.'s Oleochemical site located in Sakaide City, Kagawa Prefecture, is the production base of "KireiKirei" hand soap. In 2014, Sakaide City, Lion Chemical, and Lion jointly launched "KireiKirei City – Sakaide" Project, aiming to embed and establish hygiene care habits among the citizens of Sakaide.

Voice from employee working with a business partner (in Nagoya)

Akinori Hosaka, Health and Home Care Products Sales Division, Tokai Hokuriku Sales Branch

Since 2015, we have conducted hand washing educational activities jointly with SugiyamaDrugs Co. Ltd. in kindergartens and preschools near their stores, teaching children the importance of hand washing and correct hand washing steps. The stores themselves are running educational programs to help children develop a hand washing habit. Working with SugiyamaDrugs, a retail rooted in the region, we aim to promote correct hand washing habit among children in the area and to improve people's awareness of cleanliness.



Members of SugiyamaDrugs' hand washing promotion team (Mr. Hosaka is the second from right at the bottom)

2016 Highlight 02

Promoting Work-Life Balance by Supporting Employees Raising Children and Employees Providing Nursing Care for Their Family

The working environment Lion aims to create

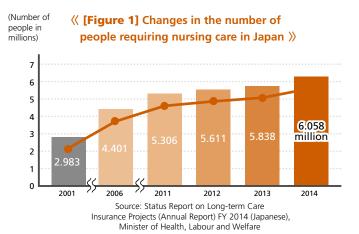
To build a sustainable company, we aim to create a working environment in which each employee works with a sense of well-being to achieve his/her full potential. Especially, our focus is on the diversity and work-life balance of employees. In this Highlight, we introduce our programs promoting work-life balance by supporting employees raising children and employees providing nursing care for their family members.

Supporting employees to maintain a proper balance between work and nursing care

The coming age of nursing care

As the aging of society in Japan is rapidly progressing, the number of people who require nursing care is increasing steadily [Figure 1]. According to a forecast, approximately one in three Japanese people will become a senior citizen (65 years old and over) by 2025* and Japan will enter an age when many people will be involved in nursing care in some form or other. At Lion too, it is predicted that employees around the age of 50 will highly likely be involved in nursing care of their family members in the near future. Thus, it is obvious that the company must establish a support system and create a proper working environment to help its employees maintain the balance between work and nursing care.

 $\pmb{\ast}$ Source: Statistics Topics No. 72, Statistics Bureau, Ministry of Internal Affairs and Communications



Programs to help maintain a balance between work and nursing care

At Lion, we have introduced various programs to help employees maintain a proper balance between work and nursing care for their family, following the enactment of related legislation. In 2016, we embarked on enhancement of the programs in the following three steps to create a working environment in which each employee can devote time for work without anxiety.



In January 2016, we introduced the new Short Hours Flextime System as Step 1, replacing the existing shorter working hour system in which employees were required to fix their working hours. With the new system, employees can combine the shorter-work hours with flex-time, allowing them to control their work hours more flexibly.

We enhanced our systems in Step 3 (2017), eliminating

SF's upper limit of 365 days in combination of nursing care leave, and allowing employees to apply for SF as long as nursing care is required.

We will continue to improve our long-term nursing care support systems to allow employees to work free from anxiety and maintain a proper work-life balance.

Supporting employees to maintain a proper balance between work and childcare

Returning to work after maternity leave

Recently, the Japanese government has been pushing ahead with laws and programs to promote women's empowerment, aiming to build a gender-free society in which men and women participate equally in social activities. In fact, 33.9% of women left their jobs after giving birth, demonstrating the fact that striking a balance between work and childcare is still a huge challenge for Japanese society [Figure 2].

At Lion, we believe that the empowerment of female employees is essential to sustainable growth of the company, and we implement various programs to support female employees, who return from maternity/childcare leave, to maintain a healthy balance between work and childcare so that they can continue to work actively for a long time.

In this section, we introduce our new activities supporting employees raising children to help them establish a proper work-life balance.

Programs to support maintain a proper balance between work and childcare

Back-to-Work Seminar

We hold the "Back-to-Work Seminar" twice a year, tailored for employees who are on childcare leave, with an aim to lessen their anxiety about catching up with work and make them feel positive before returning to their workplaces. The seminar includes a lecture on the company's latest updates, a meeting with colleagues who have already returned to work, and a group session to discuss how to strike a proper balance between work and childcare. We believe the seminar is successful in giving confidence to employees before returning back to work.

A website to support employees returning to work and raising children

In 2016, we launched the "website to support employees returning to work and raising children" for employees on childcare leave. It provides various childcare information catering to each employee, and the latest company updates.

- Through the website, the users receive the following benefits:
- O Individual consultation with an expert via phone call/e-mail to discuss the stress and worries related to childcare
- © Reference to well-prepared FAQs to get answers for childcare questions
- © Updates from the company on business and back-to-work preparation

These are all helpful for employees' childcare and back-to-work planning. In addition, employees can acquire various business skills, including PowerPoint and Excel techniques, through self-development courses offered on the website, and exchange information with other employees on childcare leave using the attached SNS function.

We have successfully developed a better working environment and enhanced the childcare support system through a variety of systems that enable employees to maintain a proper balance between work and childcare. As a result, 100% of our employees have returned back to work after childbirth. We will continue to enhance our programs to provide more opportunities to our female employees.

Voice from employee who took childcare leave

Airi Tomida, Sales Development Department

I was on maternity leave and childcare leave for a year from April 2016. It was the first time for me to be away from the office for such a long period, and I had mixed feelings of excitement of having a new baby and concerns about catching up with my colleagues and work.

The "website to support employees returning to work and raising children" encouraged me a lot. It gave me opportunities to exchange information and share childcare stresses with colleagues, who were also on childcare leave or had returned to work. A 24-hour expert consultation system was always available, which gave me peace of mind. The latest company updates periodically posted by the Personnel Department made me feel refreshed and whenever I read it, I always found myself in work mode.

I participated in the Back-to-Work Seminar with my child. Listening to the stories from colleagues who had already returned to work, making small efforts every day to meet new challenges, I became confident about returning to work and achieving both work and childcare. I know it will become very busy after returning to work, but I am prepared to make my own small efforts every day to enjoy both work and childcare even more.

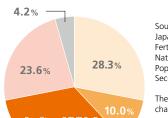
..... [Promoting a work-life balance] (Japanese) URL http://www.lion.co.jp/ja/csr/employee/work_life/

《 [Figure 2] Turnover rate of female employees after childbirth (2015)》

Continue working (with childcare leave) Continue working (without childcare leave) Left work after childbirth

Unemployed before and after pregnancy

Unknown



Left work after childbirth **33.9%**

Source: The 15th Japanese National . Fertility Survey, National Institute of Population and Social Security Research

The data shows the changes in job status of women who gave birth to their first child between 2010 and 2014.

Lion's CSF

Organizational Govern



A scene from the Back-to-Work Seminar



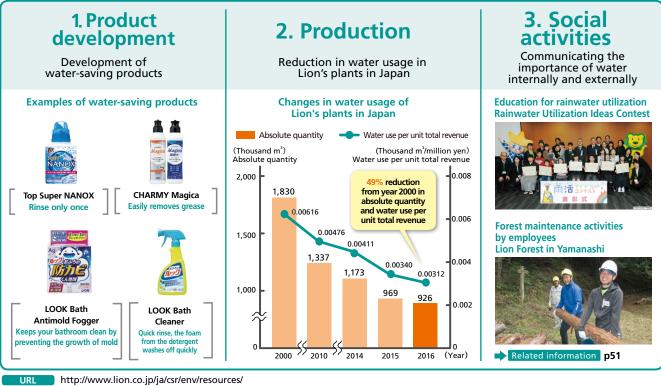
The FAQ page from the website to support employees returning to work and raising children

2016 Highlight U.3 Full-Scale Operation of Waste Water Recycling System at Chiba Plant

Lion and water resource

Since its foundation, Lion has been offering products such as toothpastes, toothbrushes, hand soaps, and laundry detergents, thus demonstrating our deep relationship with water through the act of "cleaning." Because of this, we put a special focus on water resource conservation activities such as development of water-saving products, water usage reduction in production facilities, and promoting rainwater utilization.

Lion's water resource conservation activities



(the above website is in Japanese)

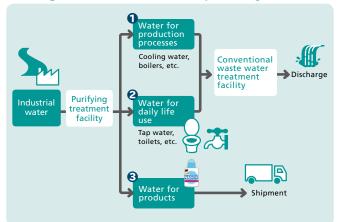
Reduction of plant's water usage — Chiba Plant

Chiba Plant started its operation in 1982 as a plant specialized in the production of phosphorus-free detergents in consideration of the water usage. As the plant is the most water-consuming production facility of Lion, it aims to be a "plant that is advanced in water resource conservation" and has been working on the issue.

Water used in the Chiba Plant is industrial water originating from river water. We process the water internally to be used for three different purposes: 1 for production processes, 2 for daily life use, 3 for products.

Normally, waste water from production processes and daily life use is purified to a habitable level for fish such as goldfish or Japanese killifish by waste water treatment facilities, and then discharged to rivers and seas. However, at Lion, we went one step further to introduce a waste water recycling system in which waste water from production process is purified to be reused for production processes again.

《 [Figure 1] Former waste water processing facilities》



Full-scale operation of waste water recycling system

Aiming to reduce water usage, a new waste water recycling system became operational at Chiba Plant in December 2015. The system was put into full-scale operation in 2016.

The key feature of the system is the new waste water recycling facility (Figure 2-(). The new recycling facility enables the recycling of industrial waste water generated from production processes, which used to be discharged to rivers and seas.

In addition, new waste water treatment facility (Figure 2-2) was introduced for better purification of daily life waste water and discharge from the purifying treatment facilities. It has reduced the amount of nitrogen in the waste water, which causes eutrophication of the sea.

Thanks to the introduction of the new system, water usage at Chiba Plant in 2016 was 122,000m³ less than that before its introduction in 2013.

$\langle\!\langle$ [Figure 2] New waste water recycling system $\rangle\!\rangle$

Purifying

treatment

facility

Industrial

water

New waste water recycling facility

New Technology Encouragement Award from the Japan Society on Water Environment (JSWE)

Recycling system

ONew waste

water treatment facility

In June 2017, the development of the new waste water recycling system at Chiba Plant was recognized as a winner of the JSWE New Technology Encouragement Award from the Japan Society on Water Environment, the largest academic society for water-environment conservation in Japan. The award is given to individuals and groups, who have contributed to society through outstanding achievements in the field of water environment technology.

Shipment

Former waste water

treatment

Discharge

[The JSWE New Technology Encouragement Award] (Japanese) URL https://www.jswe.or.jp/awards/gijutsu/index.html

Other Water Resource Conservation Activities in the Chiba Plant

Building a biotope

To protect the natural water environment and biodiversity, employees in the Chiba Plant have created a biotope (named LEO TOPE) by hand within its premises in October 2011. Employees look after the biotope themselves such as by planting rice and maintaining an ideal environment for fireflies. This has helped to enhance employees' environmental awareness and promote environmental communication in the local community.



LEO TOPE

Rainwater utilization

Rainwater is collected in a rainwater tank installed within the plant premises and used for various purposes, including for the carp pond. This helps to reduce the overall water usage in the plant and communicate towards visitors to the plant on the importance of water.

Our continuous efforts in environment conservation activities at Chiba Plant, including the introduction of the waste water recycling facilities, were highly recognized from outside the company and the plant won the JCIA Responsible Care (RC) Award by the Japan Chemical Industry Association in May 2017.

Voice from employee Waste water recycling facility

Ryusuke Mitomi

Chiba plant, Engineering Group

I was in charge of the design and building of the facility in this project. Our challenge was to consider how we can collect and treat as much waste water as possible from the production process and reuse it again for the production process. The system was completed by the united efforts of the staff from the plant, R&D, and HQ, and specialists from the water treatment company. The system is currently in good shape, and we will continue to produce various products with reduced water usage to achieve the dual goals of water resource conservation and stable production.



Ryusuke Mitomi



waste water recycling facility



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

Organizational Governance

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

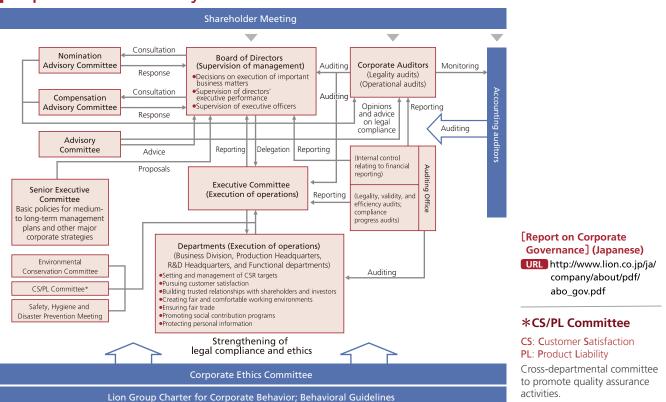
Corporate Governance System

Approach to enhancing functions to audit and supervise management

At Lion, supervision of management is governed by an Audit and Supervisory Board system. For the Board of Directors to focus on management decision making and supervision, in March 2004, Lion has implemented the Executive Officer System and transferred the business execution function of Board of Directors to the Executive Committee.

The membership of the Board of Directors was reduced (Currently 9, was 19 before the implement of the Executive Officer System) to ensure more substantial discussions and faster decision making. The Nomination Advisory Committee and the Compensation Advisory Committee were established to ensure management transparency and to enhance corporate governance. Core members of each committee are three external directors and two external corporate auditors, who are all qualified as independent directors. Regular meetings (scheduled every month) are held between the Representative Director and all external directors to exchange information in order to enhance supervision and monitoring of management.

In addition, the Management Evaluation Committee (current Advisory Committee) was set up in October 2003 to ensure that the opinions and advice of outside experts are reflected in management.



Corporate Governance System (as of April 1, 2017)

Promotion of Risk Management

Improving systems to respond to various risks in business

In order to continue providing our customers with safe and reliable products, we have appointed a Director Responsible for Risk Management who exhaustively controls and supervises the risk of the whole Lion Group. Particularly for the risk management of the environment, quality assurance, and accidents and disasters, each committee discusses countermeasures in advance and the Executive Committee deliberates if necessary. Each plant is certified with ISO14001 and eagerly works on guality management and environmental protection. In cases where physical emergencies such as natural disasters and accidents arise, in accordance with the Emergency Response System, we report the relevant facts to the president and corporate auditors, among others, and report how the situation is being handled to the Executive Committee and the Board of Directors.

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

1. Product quality evaluation 2. Fluctuation in raw materials costs

- 3.Fluctuation in foreign exchange rate
- 4. Major lawsuits, etc. 5. Natural disasters (e.g. earthquakes)

Business Continuity Plan (BCP)

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

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

For risks that may have a material impact on our business, we update the countermeasures and report to the Executive Committee annually.

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.

As a result of the evaluation, we have determined that Lion's internal control over financial reporting in 2016 was effective, and submitted the Internal Control Report to the Prime Minister together with the Securities Report in March 2017.

Internal Audits

The Auditing Office, which reports directly 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.

Audit results and improvement status 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 for sharing of information with the business execution departments.

[Securities Report] (Japanese) [URL] http://www.lion.co.jp/ja/ir/library/yuhou/

🏷 UN Global Compact

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



WE SUPPORT

[UN Global Compact] URL https://www.unglobalcompact.org/

Embedding Compliance

Efforts for legal compliance and enhancement of a sense of ethics

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

In 2016, in addition to going through and committing to the "Lion Group Charter for Corporate Behavior," our e-learning program provided further training regarding fundamental quality assurance, the basics of labor management, risks relevant to social media, information security, our information management system, harassment in the workplace, and basic knowledge on insider trading.

Compliance Awareness Survey^{*2}

All Lion Group employees are asked annually to complete a compliance awareness survey. In 2016, the survey was conducted for the thirteenth time. The findings are reported to management and feedback is provided to individual divisions. This contributes to the maintenance and strengthening of the compliance systems.

From 2016, the pool of respondents was expanded to include part-timers. The survey (about a 98% response rate from 4,539 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 2016, there were sixteen instances of consultation or reports 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

Hotline system at CJ Lion (South Korea)

At CJ Lion (South Korea), a hotline system available to employees (including part-time and contract employees) and outside stakeholders has been in operation since 2004.

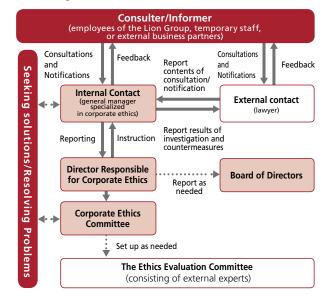
A consulter can report details under their real name or anonymously, and the report is shared with the ethics compliance officer, the person in charge, and an external legal adviser. The confidentiality on the content of the consultation is strictly maintained and guaranteed.

The system is fully explained to employees in a compliance training session, and publicized on CJ Lion's website and intranet.

[Ethics Management Hot Line]

URL http://www.cjlion.co.kr/en/corporate/ethicsManagement.do

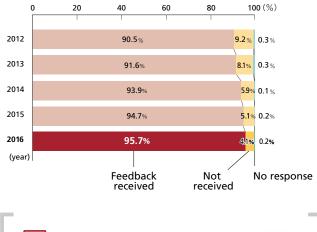
The System of AL Heart Hotline



AL Heart Hotline Consultations and Notifications (2016)

Power harassment behaviors	3 cases
Personnel/labor management issues	9cases
Other	4cases

Percentage of Employees Who Received Survey Feedback



Introduction of websites



CSR Management (Japanese) http://www.lion.co.jp/ja/csr/management/

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

 1.Principal Mission
 2.Compliance with Public Rules
 3.Disclosure
 4.Environmental Issues

 5.Promotion of Working Environment
 6.Contribution to the Society
 7.Opposition to Antisocial Forces

 8.Contribution in Foreign Countries
 9.Practice of Corporate Ethics
 10.Resolution of Problems

*2 Compliance Awareness Survey

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



Establishing a Framework for Respecting Human Rights

Basic Approach

Lion has stipulated that we shall "respect human rights" and "observe both the spirit as well as the letter of all applicable laws and international rules" in the Lion Group Charter for Corporate Behavior." Moreover, the "Behavioral Guidelines" refers to the prohibition of child labor and forced or compulsory labor, promotion of equal employment opportunities, 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

Ideal Vision

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

Lion has stated its policies regarding respect for human rights in the "Lion Group Charter for Corporate Behavior" and "Behavioral Guidelines" based thereon. To ensure thorough communication of the Charter to directors, Lion Group employees, and temporary staff, we provide an opportunity via e-learning or documents to gain a deeper understanding and commitment to the charter on an annual basis. Additionally, we conduct a questionnaire survey every year to confirm the extent to which the Charter has been adopted.

Ensuring Human Rights Due Diligence

An Overview of Our Initiatives for Protecting Human Rights

Employees

Enhancing framework to ensure respect for human rights in light of the different 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 the different stages of the value chain.

Procurement of

Raw Materials

Packages, and Containers **Business partners**

Principles and

the Hotline

Palm oil farms

activities

derivative

Participation in RSPO

Continuation of the

purchasing of RSPO-certified palm oil

Related information p43

Related information p30

Stages of

Value Chain

 \leq

lain Objectives and efforts

Introduction of websites

Respect for human rights (Japanese)



Use by consumers

Customers

safety and

using our

p44-46

manual"

Aggressive pursuit of

management system"

Related informatic

Consideration for

"vulnerable users"

and children, by

such as the elderly

preparing a "labeling

functionalities by

own "product

Organizational Gov

http://www.lion.co.jp/ja/csr/humanrights/duediligence/

LION

Efforts based on Widespread promotion of "Harassment Prevention Declaration" among employees Confirmation of recruitment, evaluation, and remuneration at each the Procurement the Lion Group Supplier CSR Guidelines point in time Execution of human rights education Creation of an environment in which discrimination on the basis of religion, race and other factors is curbed ation p42-43 Establishment of

Major initiatives

undertaken by Lion

Establishment of the hotline

Related information p30

Subjects for Clinical Trials Respecting the Helsinki Declaration

Operation of the Regulations for the Implementation of Clinical Trials in order to place high priority on the safety of the subjects and ethical consideration

Residents around our plants

Environmental management under Lion's Environmental Guidelines to prevent contamination, and compliance with laws and regulations ion p36-41

Implementation of an environmental assessment ahead of construction of new plants

> Lion CSR Report 2017 31



Changing Awareness of Employees through Raising Morale and Motivation

Basic Approach

In the Lion Group Charter for Corporate Behavior, Lion calls for "fair treatment respecting the diversity, individuality and personalities of our employees" and "ensuring a safe and comfortable workplace to realize the mental and physical well-being of our employees." Also included in the Behavioral Guidelines are "to promote a healthy work-life balance and strive to

Labor Practices

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

Promoting Amicable Labor-Management Relations

Understanding and developing trust between labor and management based on active communication

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*1, Lion has endeavored to build amicable labor-management relations, in which employees and management proactively conduct activities such as reporting on business conditions and exchanging opinions about the working environment at labor-management meetings. In overseas group companies, efforts are also made to build and sustain sound labor-management relationships, developing better working environment through proactive communications between employees and management in the meetings of workers' unions and the labor-management council.

Human Resource Development

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

Improving a Training System for Each Function

In training for each job function, measures to reinforce specialties in each business are offered. In the marketing division, the "Marketing Study Program" has been offered since 2014. To date, employees, who show high performance in their respective divisions, were appointed as staff of the marketing division. For further improvement, we have designed and operated a program to discover employees, who have capabilities in marketing and are enthusiastic about continuing further efforts and learning. This program provides systematic learning opportunities for mastering practical marketing theories, and planning and designing based on insights into consumers and from competitive strategies, and fosters future marketing personnel by judging their qualifications.

LION CHALLENGE CUP - Innovation

2016 was the second year of the "LION CHALLENGE CUP – Innovation," in which employees can make a "dream-inspiring proposal for Lion" directly to the management. This event aims to draw out innovative proposals leading to significant future growth of the entire company, increasing employees' awareness of personal development, and identifying business domains in which we should contribute to society. The contents of the proposals, which got through the preliminary round, are presented to management in the final round.

In 2016, from amongst the 34 entries, one team was awarded the gold prize, one team the silver, two teams the bronze, and one team the jury's special prize. Feasibility studies are being conducted for the proposals that won gold and silver prizes at the related divisions.

*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.

Organizational Governance

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 swiftly respond to changes in the business environment, and promoted plans and proposals for personnel measures to make diverse human resources more active, with the participation of employees. Currently a team for diversity set up within the Personnel Department has been implementing measures to promote human resource diversity.

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

This measure was proposed for the purpose of supporting the career development of young employees. Opportunities to learn about the operations of other departments are provided so that employees can obtain inspiration to design their career. In the Forum, personnel from specific positions describe their departments and the content of their work. Since the forum started in 2012, the finance, legal affairs, marketing, public relations, CSR, sales, and international departments have been taken up as topics. In the fifth forum in 2016, under the theme of new business and production, explanations and advice on how to use one's previous career experience for the future was given.



Career Forum

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 region. Under the program, nine such individuals were hired from among temporary employees in 2015, nine in 2016, and five in 2017.

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

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

In line with "The Act on Promotion of Women's Participation and Advancement in the Workplace" enacted in the National Diet in 2016, Lion has improved childcare-related systems and implemented measures to support employees to maintain a balance between work and childcare so that they can continue to work for a long time. Consequently, as seen in Lion's non-consolidated average service years for male and female employees, which are respectively 19 years and 17 years and seven months, female employees are working actively for long periods. We are also making efforts to increase the percentage of female managerial officials* to 15% or higher in Japan by 2020.

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

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

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

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

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

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

Employing People with Disabilities

In order to make full use of individual abilities regardless of whether the person in question has disabilities or not, we proactively employ people with disabilities thus developing a corporate culture to improve the working environment and support such individuals in the entire workplace.

In March, 2016 we established a special subsidiary, Lion Tomoni Co., Ltd., and have been promoting the employment of people with disabilities and expanding work opportunities for them.

Twelve employees and four instructors of Lion Tomoni are actively engaged in daily work including the management of interoffice mail and printing of business cards for all Lion employees.



Sorting out interoffice mail

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 2016, a weekly "No-overtime day" and monthly "No-overtime week" were implemented. In order to facilitate understanding of management of working hours, e-learning is provided for all employees. Furthermore, under a labor-management agreement, we proactively encourage employees to systematically take at least three days paid leave per year with the aim of having them take more than 60% of paid leave, which led to the improvement of the acquisition rate in 2016. We will make continuous efforts in this regard.

Programs to Support Maintain a Balance between Work and Childcare

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

 [Programs to support maintain a balance between work and childcare] (Japanese)
 URL http://www.lion.co.jp/ja/csr/employee/work_life/
 Related information Highlight 02 p24-25

Programs to Support and Maintain a Balance between Work and Nursing Care

As part of creating the environment that allows employees to continue to work without anxiety, Lion has enhanced support for employees engaged in nursing care. In addition to ordinary annual paid leave, we have in place programs for nursing care, including accumulated leave for medical nursing care (accumulation of expired annual paid leave), shorter work-hours for nursing care (Short Hours Flextime System), and nursing care leave expanded up to 365 days (minimum unit of one day). At the same time, a website targeted for employees aged 40 and up was developed to provide a variety of information on nursing care.

[Programs to help maintain the balance between work and nursing care] (Japanese)
 URL http://www.lion.co.jp/ja/csr/employee/work_life/
 Related information Highlight 02 p24-25

The Work-at-Home System

Lion has been making efforts to improve business productivity and worklife balance. The Work-at-Home System was introduced in 2015 as a flexible way to work outside of the office. In order to facilitate understanding and penetration of the system, we have been enhancing the system by repeatedly holding explanatory meetings, individual hearings at workplace, and confirming the effects of facilitating use of the system.

Approach to compliance with Next Generation Support Act

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

Kurumin mark: A symbol of a company supporting childcare

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

Four goals are set in the Phase 5 Action

Plan for three years from April 2015 to March 2018.

Goal:1	Within the period of the action plan, implement support measures to create a working environment in which employees on childcare leave can smoothly return to work.					
and rais	→Introduction of the "website to support employees returning to work and raising children," for supporting employees on childcare leave to make a balance between their career and childcare (February 2016).					
	ntation of "Back-to-Work Seminar" for employees before returning (October 2015, February and October 2016, February 2017).					
	of individual explanatory meetings for employees on childcare d their bosses (January 2016).					
Goal: 2	Within the period of the action plan, implement measures to foster corporate culture toward women's participation and advancement in the workplace.					
→Held the	e 4th Career Forum (November 2015)					
→Held the	e 5th Career Forum (July 2016)					
	e "Frank Exchange of Opinions on Lion's Women Empowerment " (June 2016).					
Goal:3	Within the period of the action plan, have 13 or more male employees take childcare leave.					
→Seven m	ale employees took the leave (As of December 2016).					
Goal:4	Within the period of the action plan, facilitate understanding about and the use of the Work-at-Home System, and implement measures to promote the adoption of the system.					
→Explana	tory meetings and individual hearings at workplace were held.					

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

		2011	2045	2046
		2014	2015	2016
Employees	Male	2,292	2,268	2,239
	Female	729	758	775
Female employee ratio (%)		24.1	25.0	25.7
New Employees	Male	59	56	49
(New Graduates)	Female	25	28	29
Re-hired Retirees	Number of people	289	262	250
Re-mired Retirees	%	9.6	8.7	8.3
Temporary employees		457	461	467
F	Number of people	52	57	62
Female managers*	%	5.9	6.4	6.9
Employees with	Number of people	43	51	55
disabilities	%	1.8	2.0	2.2
Employees who took	Male	6	5	2
childcare leave	Female	37	33	53
Employees who took shorter work-hours for	Male	0	0	0
childcare	Female	57	58	40
Average overtime per month (hours)		11.7	11.0	11.1
Annual paid leave used (%)		50.8	51.8	55.1
Average service years (excluding re-hired	Male	19.8	19.8	20.3
employees)	Female	17.7	17.4	18.0
Employees who resigned	Number of people	2	4	7
within three years of entering the company	%	1.0	1.6	2.8

* % of Female Managers for 2015 was misreported in last year's report and has been corrected in this year's report.

* Position corresponding to section chief or higher

Employee Data related to domestic group companies are available on the CSR website. (Japanese)

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

abor Practice

Promoting Employees' Health Management

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

Based on the concept that the good health of employees serves as a business foundation to support sound corporate growth, Lion has been conducting a variety of measures. With the Guidelines for Health as our core basic principles, Lion conducts detailed health management activities for employees from three different angles: mental health, physical health, and health awareness (awareness of self-management of health) and health management programs are developed for employees of different age groups.

[Guidelines for Health]

URL http://www.lion.co.jp/en/company/compliance/health.php [Programs for maintaining mental health,

physical health, and health awareness] (Japanese)

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

Organizational Approach to Health Management

Lion has conducted health management activities based on discussions carried out at a joint session called the "Health Management Promotion Committee Meeting" attended by the manager, 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.

2017 Certified Health & Productivity Management Organization Recognition Program (White 500)



Lion was selected as a "2017 Certified Health & Productivity Management Organization Recognition Program (White 500)" in February 2017. The program is sponsored by the Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE), designed to recognize enterprises engaging in initiatives for overcoming health-related challenges in regional communities and for promoting corporate health achievement. Lion will continue to promote health management for its employees.

Mental Health Initiatives

With our Mental Health Basic Policy established in 2004, Lion has taken proactive measures to support the mental health of our employees, for example, through providing a consultation after periodical checkups for all employees and a stress level check test which started in 2006. In 2016, 97% of employees took the stress level check test*1. The results are compiled and analyzed by section/department in such a way that individuals cannot be identified, feedback is sent to responsible officers, and used for training of managers. 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. Since 2016, we have enhanced our programs to raise employees' awareness of preventive measures to maintain oral health care and to promote activities to sustain healthy life with oral-care information spread through the e-learning system (L-navi) and Saliva Test System that measures the risks of cavities, periodontal diseases and oral cleanliness from saliva.

[ALOHA] All Lion Oral Health Activity

[Dentistry data of Lion employees] (Japanese) URL http://www.lion.co.jp/ja/csr/employee/health/

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, through which we have added our own disaster prevention measures to the Occupational Safety and Health Management System (OSHMS)^{*2} based on the guidelines of Japan's Ministry of Health, Labor and Welfare.

Lion is promoting the safety of its employees across the entire group including at overseas group companies. Outside Japan, systems to prevent serious accidents have been developed and enhanced based on domestic regulations including Operational Management Rules for the Health, Safety and Disaster Prevention Management System and Safety Design Guideline for Facilities. In addition, employees in overseas group companies have taken training on safety and disaster prevention in plants in Japan.

Occupational Safety

In 2016, the number of labor accidents, including affiliated companies, was 18, a decrease of three from the previous year's 21. The number of lost time accidents was five.

We will increase awareness of safety by enhancing training on safety, among other measures.

Number of employees who participated in safety training (2016)

Chiba Plant	Odawara Plant	Osaka Plant	Akashi Plant	Total
73	87	55	98	313

*1 Stress level check test

Test of employee psychological burdens (obligatory since December 2015 with the revision of the Japanese Industrial Safety and Health Act).

Safety of Facility

Most of the plant accidents that happened recently at other 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 to both the hard (equipment management) and soft (operational management) sides of operations.



In collaboration with our employees (Japanese) http://www.lion.co.jp/ja/csr/employee/

*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, Vision2020. In 2013, we formulated our new environmental objective, "Eco Vision 2020," as Vision2020 details a group-wide policy of becoming an "environmentally advanced company."

Ideal Vision

As with "Eco Vision 2020," our thoughts regarding environmental activities are represented in our environmental message "Lion and the Environment," from which our environmental slogan, "Everyday. For the Earth," derives. We will work on communication by increasing customers' environmental awareness through our products, in addition to achieving targeted values with the aim of "realizing a low carbon society," "realizing a sound material-cycle society," and "realizing a society harmonizing with nature."



[Every day. For the Earth.] (Japanese) URL http://www.lion.co.jp/ja/csr/ecolion/

Environmental Guidelines

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

Lion's Environmental Guidelines adhere to the spirit of the "Lion Group Charter for Corporate Behavior," which states:

"We shall play a positive and active role in creating a sustainable society that harmonizes economic development and environmental protection."

In 2013, we revised the Guidelines in accordance with

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. 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.

4. Developing Environment-Friendly Products

Continue aggressively with product development in tune with Lion's own "Lion eco-standards" and in light of lifecycle assessments.

5.Reducing Environmental Impact Together with Our Business Partners

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

6.Harmonizing with Nature

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

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

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

8. Promoting Disclosure of Information

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

Revised January 1, 2013

Production activities conscious about air and water quality

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/2017/env_data_2017.pdf

Status of ISO 14001 Certification

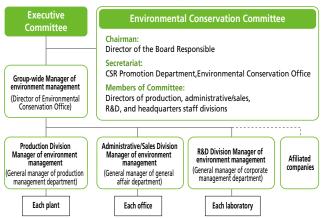
Pollution Prevention

through periodical maintenance.

[Data of environmental impacts of production sites in Japan] (Japanese) [URL] http://www.lion.co.jp/ja/csr/report/

Lion acquired ISO14001 certification covering all its plants in July 2001. The certification was renewed to the latest (2015) version in June 2016, and the Japan Management Association Quality Assurance Registration Center (JMAQA) reviewed and verified that all plants are operating in conformity with the requirements of the standards. Currently, the domestic Lion group companies are performing and managing operations in compliance with the most recent version of ISO14001. Including the plants of group companies in and outside Japan, the Lion Group has been continuing to push ahead with its management systems and environmental conservation activities by obtaining ISO14001 certifications and performing operations in compliance with ISO 14001.

Environmental Management Structure



Legal Compliance

In regard to the revisions of environmental laws and regulations namely, the Act on the Rational Use of Energy, the Act on Promotion of Global Warming Countermeasures, the Act on Confirmation, etc. of Released Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof, the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., and the Waste Disposal and Public Cleansing Act, the Environmental Conservation Office collects information from administrative agencies and industrial associations, and registers the information with an intranet system for information on chemicals-related laws to keep the related departments updated about latest developments.

In addition, with our voluntarily established waste management regulations, we have in place a management system.

There were no violations resulting in a fine or other penalty during 2016.

Data on management of chemical substances in compli-

ance with the PRTR system* is available on Lion's website.

We will continue our efforts to reduce the amount of des-

ignated substances released and transferred by setting up

[Data of the amount of PRTR-Designated Substances released

and transferred in production sites in Japan in 2016] (Japanese)

and monitoring reduction targets.

The Environment

Organizational Governance

* PRTR system

A system to measure, aggregate, and publish emissions of toxic chemical and other substances.

Lion also implements voluntary initiatives for reducing

emissions of chemical substances, including nitrogen ox-

ides (NOx), sulfur oxides (SOx), particulate matter and vol-

atile organic compounds (VOC). We also strive to reduce

Chemical Oxygen Demand (COD) with improvements in

the reliability of the waste water processing facilities

packages, and containers

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.

[Chemical Substance Management] (Japanese) URL http://www.lion.co.jp/ja/csr/env/enhancement/

Lion's Chemical Substance Management Product 4 Use and Disposal 2 Production **3** Transportation 1 Development LION Safety verification and Measurement and reduction of Provision of safety information Provision of information on safety management of chemical substance releases during transportation and handling of chemical products chemical substances contained in raw materials.

Engaging in Progressive Environmental Activities

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

Achievements in the second year of Eco Vision V-2 (from 2015 to 2017) and on the future plans Eco Vision 2020 is conducted by dividing the nine years from 2012 to 2020 into three periods, V-1 to V-3, of three years. 2016 was the second year of V-2. As with the previous years, all employees of Lion Group have been united in promoting environmental activities and are carrying out activities according to the plans for V-2.

Five key items

[Greenhouse gas emissions from business activities in Japan]

In 2016, we reduced greenhouse gas emissions by 43% (compared to 1990, emission intensity per unit total revenue), which is better than the previous year's 41% (same unit as above). As with the previous year, integration of production facilities and energy-saving activities conducted at all offices and plants contributed to the reduction. We will continue to make efforts towards achieving our targets for 2017 and 2020.

[Greenhouse gas emissions from post-use productions in Japan]

In order to reduce the greenhouse gas emissions from post-use products, we are making products more compact and switching from petroleum-based surfactant ingredients to plant-based ingredients that do not lead to an increase in CO₂ emissions. In 2016, emissions decreased by 52% (compared to1990, emission intensity per unit total revenue), a further reduction from previous year's 49% (same unit as above). We will push on with our activities to achieve the set targets.

[Greenhouse gas emissions from overseas business activities]

In 2016, we reduced greenhouse gas emission by 4% (compared to 2014, emission intensity per unit of production) with an annual average of 2%, achieving the target of a 1% reduction for each year. Improvement in the capacity utilization of our Thai Plant and the use of waste heat contributed to the reduction. We will continue to develop and implement energy-saving programs in our overseas plants.

[Water use in domestic business activities]

In 2016, we reduced water used in domestic business activities by 49% (compared to 2000, water used per unit total revenue), progressing with a pace exceeding the 2020 target of a 35% reduction. This is mainly due to modification of the production process, water-saving activities at all offices and plants, and recycling of waste water from the production process at our Chiba Plant as stated below. We will continue with our water-saving activities.

[Recycling of plant waste water discharge]

Aiming to achieve the target for "recycling waste water at multiple plants by 2020," we have completed construction of facilities to recycle waste water from the production process at our Chiba Plant in 2015, which went into full-scale operation in 2016. This further contributes to reduction of waste water discharge and water consumption.

Related information Highlight 03 p26-27

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

Categories		togorios	Achievements in 2016	Target values for 2017	Target values for 2020	
	Categories		tegories	Achievements in 2016	rarget values for 2017	Target values for 2020
Realizing a Low Carbon Society	Greenhouse gases	The duction of greenhouse gases from business activities		Emission intensity per unit total revenue 27% reduction (compared to 2010) 43% reduction (compared to 1990) Absolute quantity 43% reduction (compared to 1990)	Emission intensity per unit total revenue 23% reduction (compared to 2010) 40% reduction (compared to 1990) Absolute quantity 41% reduction (compared to 1990)	Emission intensity per unit total revenue 34% reduction (compared to 2010) 49% reduction (compared to 1990) Absolute quantity 40% reduction (compared to 1990)
	ases (domestic)	Outside the company	②Reduction of greenhouse gases from post-use products	Emission intensity per unit total revenue 8% reduction (compared to 2010) 52% reduction (compared to 1990) Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 7% reduction (compared to 2010) 52% reduction (compared to 1990) Absolute quantity 51% reduction (compared to 1990)	Emission intensity per unit total revenue 9% reduction (compared to 2010) 53% reduction (compared to 1990) Absolute quantity 41% reduction (compared to 1990)
	Greenhouse gases (overseas)	Within the company	③Reduction of greenhouse gases from business activities, overseas	Emission intensity per unit of production 4% reduction in two years (compared to 2014)	Emission intensity per unit of production 1% reduction year-on-year (compared to 2014)	Emission intensity per unit of production 1% reduction year-on-year
	ases (overseas)	Outside the company	④Reduction of greenhouse gases from post-use products, overseas	Reduction of 64 thousand tons annually	-	Reduction of 100 thousand tons annually
Realizing a Sound Material-Cycle	Water	Within the company	⑤Reduction of water use in business activities	Water use per unit total revenue 34% reduction (compared to 2010) 49% reduction (compared to 2000) Absolute quantity 49% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 34% reduction (compared to 2000) Absolute quantity 35% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 35% reduction (compared to 2000) Absolute quantity 23% reduction (compared to 2000)
		Outside the company	©Reduction of water usage at household using our products	Water use per unit total revenue 23% reduction (compared to 2010) 49% reduction (compared to 2000) Absolute quantity 49% reduction (compared to 2000)	Water use per unit total revenue 15% reduction (compared to 2010) 44% reduction (compared to 2000) Absolute quantity 44% reduction (compared to 2000)	Water use per unit total revenue 17% reduction (compared to 2010) 45% reduction (compared to 2000) Absolute quantity 33% reduction (compared to 2000)
erial-Cycle S	Waste ⑦Zero emissions within the company*1		within the	Continued achieving zero emission at all domestic production sites	_	Zero emissions at all domestic production sites
Society	Waste water		®Recycle of factory waste water discharge*2	Full-scale operation of facilities to recycle waste water at Chiba Plant	_	Recycle factory waste water at multiple plants
Harmonizing	Harmonizin		Procurement of plant-derived oils that take biodiversity into consideration	Continuing purchase of RSPO*3-certified palm oil derivatives	_	All palm oil derivatives purchased to be RSPO-certified
Harmonizing with Nature	Biodiversity		Increase biodiversity conservation activities	Carried out in all Lion's plants and at offices of Lion and some of its affiliate companies	-	Carry out in all domestic sites
Education	Awareness and Education in the Society Education in the Society		①Environmental awareness and education for consumers	70% increase in consumer participation in our awareness activities (compared to 2010)	80% increase in consumer participation in our awareness activities (compared to 2010)	100% increase in consumer participation in our awareness activities (compared to 2010)

*1 The recycling ratio of total waste generation is 99% or more, excluding recycling residues.

*2 Waste water from production processes *3 Roundtable on Sustainable Palm Oil



Harmonizing with Nature

Lion has assumed a leading role in tackling water-related environmental issues such as bubble floating occurred in rivers and eutrophication of waterways linked to the use of detergents through considering biodiversity conservation at each stage from raw material procurement to disposal. However, in order to receive the blessings of biodiversity into the future, it will be necessary for us to coordinate with local communities to focus on conservation of biodiversity and promote sustainable use of the resources. Additionally, 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 that the natural resources used in business activities and the impact on biodiversity throughout the value chain is reduced. Additionally, Lion will carry out biodiversity conservation activities that will lead to the expansion of opportunities and reduce the environmental 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 that Take Biodiversity Conservation into Consideration

Biodiversity on which Lion relies		Watershed* ecosystem in raw material origination sites	Watershed ecosystem where our plants are located	Watershed ecosystem where consumers reside	
S	responding tages of lue 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 (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 waste water from plants on surrounding natural environments and local communities Impact of light and odors from plants on surrounding natural environments and local communities 	 Impact of water intake by consumers on surrounding natural environments and local communities 	Impact of waste water and waste packaging materials from consumers on surrounding natural environments and local communities
Biodiversity conservation activities	Activities to reduce risks	 Promotion of procurement of sustainable palm oils (participation in RSPO and purchase of RSPO-certified oils) Related information p43 	 Reduction of plant wastes Related information Web(2) Reduction of water consumption at plants Related information Web(2) Highlight 03 (p26-27) Conservation of rivers and other ecosystems by implementing purification technologies on discharged waste water 	 Development of water-saving detergents Development of highly biodegradable detergents Related information Web⁽²⁾ 	 Surveying environmental impact of surfactants Related information Web(3)
	Activities to expand opportunities		 Conservation and monitoring of habitats on the watershed where plants are located (Activities include protection of endangered loggerhead sea turtles maintaining biotopes, removal of non-native plants on beaches, and activities to maintain domestic woodlands (satoyama)) Related information Web④ 	 Educational activities regarding care of water and natural environments (Activities include forest improvement under the name of Lion Forest, conducting the Rainwater Utilization Ideas Contest, and water-related environmental research support through the Japan Society on Water Environment) Related information p51 	 Promotion of 3Rs (Refills, condensing of content to make products more compact, and development of containers, e.g. recycled PET (polyethylene terephthalate) bottles and containers with thin-wall molding) Related information

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

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

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

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

Corresponding stages of value chain	Procurement of raw materials, packages, and containers		Use by consumers	→ Disposal by consumers
Activities for realizing a low carbon society	 Substituting plant- derived materials for petroleum resources → Related information Web① 	 Plants Improving energy efficiency by reviewing production processes, introducing energy-saving equipment at renewing facilities and downsizing products related information P48 Office/Facilities Company-wide energy-saving activities including at the administrative & sales division and the R&D division Distribution after shipment Increasing the rate of modal shift during transportation of products such as shifting freight from truck to rail or ship Improving logistics efficiency through means such as by increasing the transport loading rate Related information Web[↑] 	 attached to products that meet the "Lion ecostandards") ▶ Related information P48 ■ Reducing power consumption during the use of our power-saving products (involves decreasing the number of rinsing times associated with the use of detergents that only require one rinse) 	 Substituting petroleum resources with plant-derived materials 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 p48,Web⁽²⁾
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	 Using plant- derived materials (renewable raw materials) Using recycled materials 	 Plants Promoting zero emissions within the company Reducing plant waste water discharge Reducing water consumption by water recycling Office/Facilities Promoting company-wide green purchases ▶ Related information Web② 	 Education to increase consumers' environmental awareness through products (an environmental label is attached to products that meet "Lion eco-standards") Related information p48 Reducing water usage during the use of our water-saving products Related information Web² 	 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 p48,Web2 Promotion of Toothbrush Recycling Program

The websites below are all in Japanese. Web① [Realizing a Low Carbon Society]

URL http://www.lion.co.jp/ja/csr/env/climate/

Web② [Realizing a Sound Material-Cycle Society]

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

Web③ [Harmonizing with Nature]

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

Web④ [Initiatives for Biodiversity Conservation in Each Office]

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

Environmental Initiatives (Japanese) http://www.lion.co.jp/ja/csr/env/

Every day. For the Earth. (Japanese) http://www.lion.co.jp/ja/csr/env/ecolion/



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Organizational Governance



Ideal Vision

Promoting CSR Activities throughout the Value Chain

Basic Approach

In accordance with the "Lion Group Charter for Corporate Behavior" and the "Behavioral Guidelines," we have made efforts to "engage in fair, transparent and free competition and proper transactions" while "maintaining sound and proper relationships with governmental and political bodies." We also require business partners to comply with laws and regulations. Furthermore, in 2009, Lion expressed its support for the ten principles of the UN Global Compact, and it 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 that one of our key issues is to enhance our partnerships with material suppliers and outsourcing contractors. In order to alleviate any negative impact of our business activities on the environment and society, and sustainably develop mutual operations, both our suppliers and our company need to enrich the content of the CSR activities.

Also, regarding the palm oils used in methyl ester sulfonate (MES), an environmentally-friendly surfactant and plant-derived detergent material developed independently 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/climate/

Promotion of CSR with Material Suppliers and Outsourcing Contractors

We require material suppliers and outsourcing contractors to carry out annual self-checks based on the "Lion Group Supplier CSR Guidelines^{*1}" in order to facilitate responsible procurement activities. Accordingly, we have been promoting the development of a system to prevent risks from occurring in supply chains with regard to human rights/labor practices, the environment, fair operating practices, consumer issues, and compliance.

Since 2014, we have made it possible to conduct all selfchecks online so that our business partners can conduct selfchecks more efficiently. In addition, by sending feedback based on the results to the respondents, a system to continuously promote CSR procurement has been established.

We will continue to promote CSR activities together with our business partners.

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 the Procurement Principles and clarified our stance to select business partners in light of legal compliance, environmental conservation, and respect for human rights. Established the Lion Group Supplier CSR Guideline that shows the CSR activities we expect our material suppliers and outsourcing contractors to perform, and ask them to conduct self-checks on their own CSR activities.
2014	Introduced an online CSR self-check system, where CSR self-checks can be completed on a website.

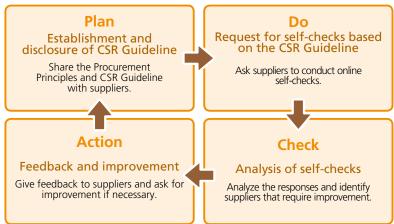
Timeline of our approach to CSR procurement

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

*****1 Lion Group Supplier CSR Guideline

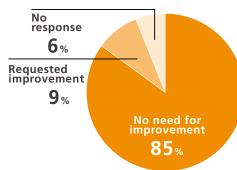
Guideline including the following 5 subjects and 21 items 1.Human Rights/Labor Practices 2.The Environment 4.Consumer Issues 5.Compliance	English H	http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/jpn.pdf http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/eng.pdf http://www.lion.co.jp/ja/csr/businesscustom/valuechain/pdf/cn.pdf
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PDCA cycle for CSR self-checks by suppliers



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

Aggregate Results of Overall Self-Checks Based on the Lion Group Supplier CSR Guideline (2016)



The number of companies monitored: 617 companies which Lion Group's domestic companies procure raw materials, packages, and containers from or contract production to (Domestic :539, Overseas :78)

Outline of Results

- In 2016, the response rate was 94%. The questions asked to rate suppliers' CSR activity levels from 1 to 3, and the overall average was 2.73 indicating that CSR activities were widely practiced within the entire supply chain.
- We are working with those suppliers that require improvements (9%) or did not respond (6%) through interviews and other measures.

Aiming for Sustainable Procurement of Palm Oils

We are actively promoting the utilization of plant-derived materials that are carbon neutral and non-depletable. As one of the plant-derived materials, we are using derivatives of palm oil – an oil that is globally produced in largest quantities. Palm oils are mainly produced in Malaysia and Indonesia.

Palm oil plants grow constantly meaning that the oil plants can be harvested throughout the year, with the production volumes increasing year after year. However, a number of issues, such as the logging of tropical forests for development of new farms leading to a shrinking of wildlife habitats, have risen at the production sites, as a result of the sudden explosion of production. Also, due to inappropriate farming operations, various labor-management issues regarding social fairness, including terrible labor conditions with very little consideration for health and safety, very low wages, improper treatment of migrant workers, and child labor, have been raised. Since 2006, Lion has been a member of the Roundtable on Sustainable Palm Oil (RSPO^{*2}), which attempts to solve all the above-mentioned issues. In 2012, Lion Chemical Co., Ltd.'s oleochemical production site passed the supply chain certification system inspection and was certified as a plant that is allowed to handle RSPO-certified palm oils. As a result of this, Lion started procuring RSPO-certified palm oils in 2012. We set our target to complete the switch of all palm oils to be used to certified palm oils by the end of 2015, and all the purchased palm oil became certified in July 2014. In 2016, we continued the purchase of RSPO-certified palm oil derivatives to achieve the new target for 2020 set last year.

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

Target

2020: All palm oil derivatives to be RSPO-certified

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





In collaboration with our business customers (Japanese) http://www.lion.co.jp/ja/csr/businesscustom/

*2 RSPO

Roundtable on Sustainable Palm Oil URL http://www.rspo.org/

The RSPO sets forth 8 principles and various 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 set principles.



Pursuing Customer Satisfaction by Creating Safe and Trustworthy Products

Basic Approach

In order to provide products that will satisfy our customers, Lion carries out quality assurance activities at all stages, ranging from the very beginning of the product creation process to the customer consumption of our products. 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.

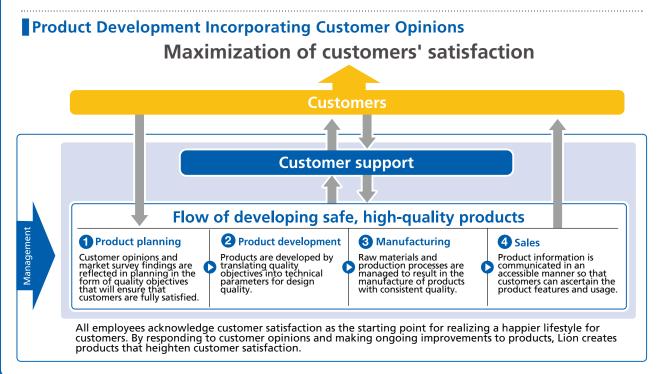
Ideal Vision

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

During product development, the quality of the 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, aiding in effective after-sale management.

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



Enhancing Group-wide Quality Assurance System

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

To deliver on our promise of "offering superior products that are helpful in the daily lives of people," we are promoting the manufacturing of safe and high-quality products that can satisfy our customers by putting in place a quality assurance structure based on the Quality Policy that we established in 2008. In 2014, we established the "Pharmaceutical Affairs and Quality Assurance Department" by consolidating the Pharmaceuticals Division and the 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.

To respond to customer needs diversified by the growth of foods with function claims and the business expansion of domestic/overseas group companies, and social needs for products with higher quality, Lion provides our customers with safe and high-quality products.

Developing Safe, High-quality Products





Quality Verification Meeting

regulations and self-imposed standards

When starting development, the suitability of quality objectives and matters deemed crucial to development are confirmed.

At the completion of development, the validity of the developmental product is confirmed.







Quality confirmation under mass production

Quality of raw materials, packages, and containers is confirmed.







4 Sales

3 Manufacturing

Provision of information about product guality



Information is provided to wholesalers and retailers to ensure communication of product features and usage to customers.



Information on products is made available via displays and samples at stores, television and newspapers, our website, and other media

Approach to Safety and Reliability

We evaluate the safety of our products at the raw material, package, and container 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, quasi-drugs, cosmetics, food, 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.

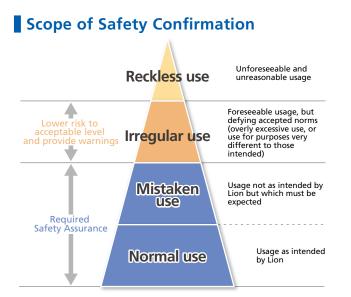
Safety During Product Use

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.



Enhancing the Management Structure of Advertising

In 2016, we received a recommendation from the Consumer Affairs Agency with regards to an advertisement for a food for specified health use that it may mislead general consumers. We took this incident seriously and implemented measures to enhance the management of our advertising activities.

Specifically, we are implementing the following measures to prevent the similar incident from happening again:

- ①Enhancing the system for checking advertising for all our products including food.
- ②Consultation with government agencies such as the Consumer Affairs Agency as needed.

③In-depth training on related regulations to employees We will continue to enhance our advertising management

to engage in more responsible advertising activities.

Initiatives to Listen and Respond to Our Customers

The inquiries made by customers are registered in a database under a stringent personal information management structure and then shared at the corporate level via an information sharing system, with the exception of personal information, so that such information can be used for improvements in products and services, and new product development. Among this information, the information considered to affect customer satisfaction is passed on to top management on a daily basis via a VOC*1 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 departments. In 2016, we sent out 241 VOC Daily Letters. In addition, we widely collect and analyze consumers' opinions not only through telephone and e-mail but also via SNS*2 Furthermore, in order to take advantage of customers' perspectives in our business activities, a specialized internal organization analyzes customers' voices and proactively disseminates information to respective departments.

* 1[VOC] Voice of Customers * 2[SNS] Social Networking Service(Facebook, Twitter etc.)

Current Status of Recall of Varsan Hyosatsu Jet

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

As of February 2017, 1.48 million of these products have been recalled (recall rate: 45.7%). We would like to ask our consumers who still have any of these products and reside in Japan to assist in the recall.

Customer Support for Recall of Varsan Hyosatsu Jet Sprays

Toll-free: 0120-670-225 Open: 9 a.m. to 5 p.m. (Japan time) (Except Saturdays, Sundays, public holidays, yearend/ new year's holidays, and summer holidays)

Self-Declaration as a Consumer-Oriented Company

Government agencies, consumer groups, and business groups are jointly promoting companies' efforts for the engagement in consumer-oriented management. In January 2017, Lion publicized a self-declaration about its intention to actively pursue consumer-oriented management. We report the progress to the Consumer Affairs Agency. [Self-Declaration as Consumer-Oriented Company] (Japanese) URL http://www.lion.co.jp/ja/company/consumer-orientation/

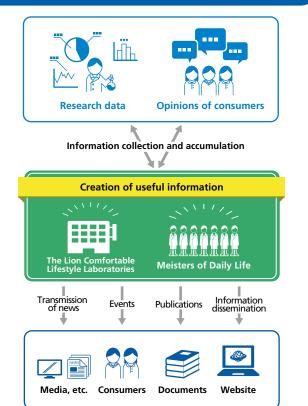
Providing Information Useful for Daily Life and Promoting Educational Activities

Creation and provision of lifestyle information that contributes to a healthy and comfortable life

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



Oral care seminar held at a health-related event



Communication with customers using "Lidea," a website for useful information in daily life

Lidea is Lion's website for delivering lifestyle information and for sharing delightful ideas (tips and information) with consumers that make their daily lives more comfortable and enrich their hearts. Accurate information that is useful for consumers' daily lives is provided mainly by "Meisters of Daily Life," specialists with expertise on lifestyle information.



We are enhancing our communication with consumers in various ways by utilizing the information accumulated in Lidea.

Publishing a newsletter with lifestyle information.

Communications through

mass media



We publish newsletters containing lifestyle topics based on the analysis of consumer-generated information, including customer inquiries, to meet consumers' needs.

Two-way communication with consumers



We create opportunities, such as private events, to engage with consumers to deliver our messages and listen to their opinions.

Party for Lidea fans

Organizational Governance



Session to share lifestyle information

We hold seminars regularly for the reporters from broadcasters, newspapers, and magazines to provide lifestyle information.

with overseas consumers



Website of our group company in Taiwan

Communicating



and habits of the local market is provided on our overseas group company's websites.

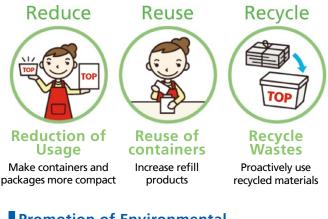
Offering Products and Information that Contribute to the Development of a Sustainable Society

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

Promoting 3Rs

With a focus to minimize the number of containers and amount of packaging materials we use, we are proactively promoting the 3Rs (Reduce, Reuse, and Recycle).

[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 put an "environmental label" to products that fulfill the "Lion eco-standard" since 2014. An environmental logo and environmental explanation are printed on the label. The criteria for "Lion eco-standard" are set based on the product life cycle.

[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

for details





"CHARMY Magica" (dishwashing detergents)



This container is made with approximately10% (by weight) recycled plas-

暮らし、まいにち、エコ。



しますぎ1回で節水。くわしくはWebへ Conserve water with one rinse. Please visit our website



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



"TOP Platinum Clear" (powder laundry detergent)

Plastic wastes can be reduced by approximately 83% by using the refill. (Compared with the product in a 450g container, by weight)

暮らし、まいにち、エコ。 本体容器につめかえて使うことで、

廃棄プラスチック量を約83%削減 できます。

(本体450gの容器との比較。重量比)



Approximately 67% of the content (organic ingredient) consists of plant material. Please visit our website for details.

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 "Basic Policy of Our Information Management," the "Information Management Regulations," and the "Information Security Regulations" as well as the "Personal Information Management Regulations," which is in conformance with the "Act on the Protection of Personal Information." In addition, we have in place the "Lion Group Social Media Policy" and basic guidelines to be observed to make sure that we can disseminate appropriate information regarding our employees' use of social media (social network service, blogs, etc.). In 2015, with the aim of enhancing internal information management systems, we revised the related regulations. In 2016, we continued to provide e-learning to all employees on the risks of social media, information security, and the information management systems.

For our overseas group companies, we promote information security measures, including the protection of personal information, based on local legislations.

[Lion Group Social Media Policy](Japanese) URL http://www.lion.co.jp/smp.htm



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





Ideal Vision

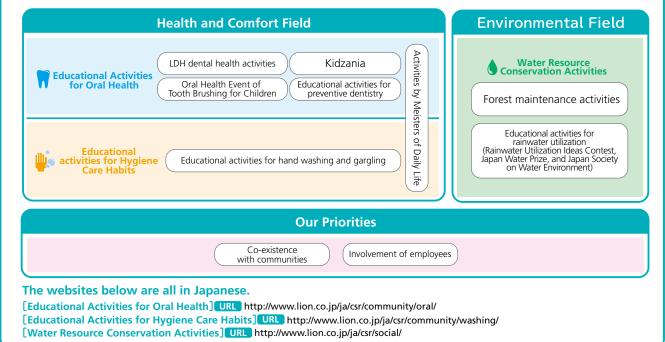
Co-existing and Co-prospering with Society and Communities/ Contributing to the Development of Society in the Areas of Health, Comfort and the Environment

Basic Approach

Championing the spirit of our founder Tomijiro Kobayashi, which is to "contribute to society through business activities," Lion engages in activities that contribute to a healthy and comfortable society and environment with the aim of being helpful in daily lives by 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



Health and Comfort Field

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

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

Our overseas group companies are also actively engaged in various educational activities.

Related Information (Highlight01) (p18-23), p50-51

[Lion Group's Social Contribution Activities] URL http://www.lion.co.jp/ja/csr/community/overseas/

Environmental Field

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

Organizational Gov

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 educational activities regarding oral health since 1913 as mandated by our philosophy of "returning profit obtained through cor-porate activities to the society," which has remained un-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 its operations. Through the three public benefit services shown below, LDH has consistently been coordinating with the Japan Dental Association, universities, and administrations to maintain and promote dental and oral health of consumers. LDH is contributing to society at the forefront of oral health in order to improve the quality of life of all people. Lion gives full support to its activities.

Three Public Benefit Services of LDH

1.Oral health promotion projects Promotion activities of oral health at all life stages

2.Research and investigative project Investigation/research into the importance of oral health in prolonging health span, and provision of in-formation 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/

Main Social Contribution Activities of LDH in 2016



Activities for oral health promotion for mothers and children Childcare support programs in the area of "dental and oral health" for expectant mothers, infants, preschool-

ers, and their parents

Participants: 685 infants and preschoolers and 716 parents





Activities for oral health promotion for school children Face-to-face educational activities with students and their parents and provision of support for health teachers

Participants: 7,105 students and 2,407 health teachers

> 2 **27** million



A scene from an elementary school which participated in the Oral Health Event of Tooth Brushing for Children

Oral Health Event of **Tooth Brushing for Children**

The Oral Health Event of Tooth Brushing for Children, started in 1932, is held every year for elementary school children during a week designated as the "dental/oral health week (June 4th to 10th)." In 2016, a total of approximately 90 thousand students of 1,729 elementary schools from across Japan and eight countries/regions in Asia participated in the 73rd event and learned together about "healthy gums" through online distribution.





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



Activities for oral health promotion

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

Implementation of highly-profession-

for the elderly (From 2007)

long time in the future

Treatment activities

Diagnosed: 27,562 people



Participants: 17,110 people



Diagnosed: 11,435 people



27,000

Accumulated totals are total numbers 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 Hygiene Care Habits

Lion has been working on activities to have proper hand washing and gargling habits take root mainly with the "KireiKirei" brand, aiming at maintaining the healthy and comfortable lifestyles of people.

With a policy of "employees' voluntarily conducting activities," Lion is aiming that 100% of employees will participate in hand washing educational activities by 2050. During the period between 2012 and 2016, 571 employees (22%) took part in the activities.

We conducted educational activities for hand washing at kindergartens, preschools and public facilities in the areas where our business facilities are located across Japan, Ishinomaki City in Miyagi Prefecture which is an earthquake disaster area and closely connected to our founder, and Sakaide City in Kagawa Prefecture where "KireiKirei" hand soaps are manufactured. In addition, hand washing educational activities in kindergartens and preschools are conducted jointly with our business partners and are also included as part of corporate training programs for younger employees, which help improve our employees' awareness for community involvement. Hand washing educational activities are also conducted in Asian countries where "KireiKirei" products are sold.

We also work with local governments. Since 2014, Sakaide City and Lion Chemical Co., Ltd., the production base of "KireiKirei" hand soap, have been jointly promoting the "KireiKirei City-Sakaide" Project, aiming to penetrate and establish hygiene practices and habits among the citizens of Sakaide.

["KireiKirei City-Sakaide" Project (hand washing education activities)](Japanese)
URL http://www.lion.co.jp/ja/csr/community/washing

Related Information Highlight01 (p18-23)

Care for Health and Hygiene

Lion produced a pamphlet titled "Care for Health and Hygiene During Emergency," providing information on health and hygiene in a disastrous situation in which it is important to pay special attention to health conditions.



We will continue our efforts in establishing the habit of hygiene and cleanliness.

"Care for Health and Hygiene During Emergency" Pamphlet (Japanese)

URL http://www.lion.co.jp/ja/emergency-care/

Introduction of websites

Lion's Social Contribution Activities (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/ ġ

Water Resource Conservation Activities

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

Forest Maintenance Activities at the Lion Forest in Yamanashi

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



employees' environmental awareness. In 2016, a total of 157 employees participated in the forest maintenance activities as part of the new employee training and voluntary forest improvement activities (which took place three times).

Number of employees who participated in the activities in total 1,253 employees

[Lion Forest in Yamanashi](Japanese)

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

Rainwater Utilization Ideas Contest 2016

The "Rainwater Utilization Ideas Contest" has been held since 2011 with the aim of having elementary and middle school students across Japan think about ways to use rainwater and realize its importance. In addition to honoring individuals for their achieve-



ments, rainwater tanks are awarded as a group incentive prize to two groups which submitted many outstanding pieces.

Number of entries (in total) 38,821

[Lion Rain's Gift Forum] (Japanese) URL http://www.lion.co.jp/ja/csr/social/rain/

Plant Tours

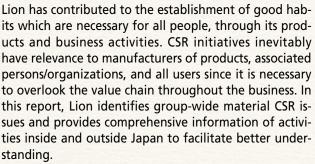
We regard plant tours as an important contact between customers and Lion. In order to have customers feel familiar with Lion's products and see our operations placing highest priority on safety and environmental conservation, we welcome many visitors to the plants every year.

	Plants	Chiba	Odawara	Osaka	Akashi	Total
Details of Plant Tours in 2016	Number of study tours	88	95	38	90	311
	Study tour participants	2,217	2,164	838	2,501	7,720



Plant tour at Odawara Plant

Third-Party Review



In Highlight 01, detailed information on educational activities for hygiene care habits in various countries are illustrated so that readers can be more familiar with such activities and practices. Lion's hand washing activities introduced in this section incorporate different ideas to encourage young children to wash their hands voluntarily and habitually by explaining the importance and fun of hand washing, based on habitual differences and characteristics across countries and regions. From these activities, I could see that Lion is promoting social contribution activities through its business.

Highlight 02 demonstrates that Lion is serious about supporting its employees by introducing support programs that help maintain the work-life balance of employees raising children and employees providing nursing care for family. Among these programs, the newly introduced Short Hours Flextime System is a measure that is bold and forward-looking. While most companies maintain an upper limit, Lion's new system is available for employees as long as they need it for nursing care. While the majority of Japanese female workers leave their jobs after childbirth, Lion's mindfulness towards its employees is also proven by the fact that 100% of its female employees return to work after child care leave. This is because of Lion's strong support for employees raising children and returning to work. Lion's efforts in developing employees' work-life balance and securing diversity in the workplace including the establishment of a special subsidiary that promotes employment of people with disabilities are also worth praising

Among many environmental and social issues, water resource conservation is and will remain a serious one on a global level. It is important for companies to act locally and consider every step of their entire business process from product planning/development to manufacturing and from use of water to discharge. In Highlight 03, full-scale operation of a water recycling system in Chiba Plant is introduced. It is a very efficient system with a huge potential that not only purifies waste water generated in the production process but also recycles it to reduce total water consumption. Including this case, Lion has achieved many of its environmental goals set in "Eco Vision 2020," and is expected to contribute to the bottoming-up of industry-wide efforts by accelerating its activities as much as possible and setting new and more aggressive targets. For the areas of consumer issues and community involvement/development, Lion is engaged in wider activities and deeper communications through its main businesses. Readers are encouraged to visit the "Lidea" website and Lion's CSR website to experience them.

As Lion's business depends on natural capital, special consideration should be given to global initiatives on human rights and sustainable procurement of raw materials across its value chain. Accordingly, during the "Vision 2020" V-2 Period, its medium-term management plan, Lion is working hard to solve the issues and create new values based on Sustainable Development Goals (SDGs). This year's report shows the achievement level of 2016 against 2017 targets for CSR's material issues, but more notably, it has been expanded to include more information related to overseas activities, due to increased sharing of CSR related information compared to the previous year. With better understanding of overseas risks and more collaborations with overseas offices, which have led to more transparency in management, continuous further enhancement of these efforts will create more value for the entire group.

I believe that both healthy earth and healthy people are essential to maintain people's lives and businesses. As for CSR management, it needs to develop new services required at the time and be bold enough to challenge today's tough issues for the future. Since its foundation, Lion has been responding to these issues through its business, and now it is ready to leap forward to the next stage by creating new values from a "New Combination" of product and experience. By actively listening to employees and customers all over the world and understanding various stories in their backgrounds, Lion will successfully establish its CSR management and become a greater company that spreads the spirit of compassion for others.

> Environmental Expert, Ethical Life Advisor

Manami Yamaguchi

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



From Lion

Under our founding sprit of "Benefiting Society through Business Activities," Lion has always been aware of its expected role in society and has been involved in solving social issues that change with the times.

Going forward, it is essential that CSR is integrated with management in order for us to contribute to the ongoing development of society through our businesses. We have identified material group-wide CSR issues and are monitoring the progress based on the medium-term targets linked to the management plan.

As favorably evaluated in the Third-Party Review, we have enhanced the reporting of the Group-wide CSR activities by setting a structure with which information is regularly shared with overseas group companies. We will continue to strengthen our CSR management, while aiming to understand the CSR-related risks better and to reinforce social cooperation.

Our efforts in establishing a healthy work-life balance for employees and securing diversity in the workplace also received positive assessment. Especially, the newly introduced Short Hours Flextime System which is available for employees as long as they need for nursing care, was described as a bold forward-looking challenge. We will further enhance the system so that employees in different life stages can benefit from it, and create a working environment in which employees can easily access to the system. We aim to establish an environment in which our employees, playing a central role of the CSR management, will be able to develop a healthy balance between work and nursing care/childcare, and can work without anxiety. Regarding water resource conservation, we received precious advice that we should act locally and give greater considerations to each step of our entire business process from planning/development to production and use of products. We are promoting water resource conservation activities that cover the entire lifecycle of our products, from planning/development of water-saving products and recycling of waste water in our plant, to educational activities to convey the importance of water to the society.

The Review also suggested that we set more ambitious environmental targets. Accordingly, we will develop long-term environmental goals, including the upgrade of existing targets that have already been attained, in harmony with the social landscape such as the Paris Agreement and SDGs, in order to contribute to the improvement of people's lives.

We will continue our activities to secure healthy and comfortable lifestyles for people in their future, and we are determined to fulfill our responsibilities in society with precise understanding of the social issues through dialogues and cooperation with the stakeholders.

Director in charge of CSR

Kenjiro Kobayashi



Editorial Note

Lion is in the process of establishing a Group-wide structure for our CSR activities, including overseas group companies. In our CSR Report 2017 and our website, we provide broader information on our overseas CSR activities compared to the previous year. For example, the 2016 Highlights "Lion Group Educational Activities for Hygiene Care Habits in Japan and Overseas," introduces hand washing educational activities through the "KireKirei" hand soap conducted in Asian countries. For detailed information on Lion's social contribution activities in different countries/regions in Asia, please visit our website.







当社はグローバルな 社会的責任投資指標である FTSE4Good Global Indexに 選定されています。



life.love.



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