

Koh-Doh (Thinking and Working) for Value Maximization

Providing Useful Products to Consumers

By using customer input in our business activities and adopting a consumer perspective, we strive to augment the benefit (convenience) of our products and ensure their safety.

▶▶▶ Contributing through Our Products:

Launching “Smell Management Activities” to Provide Guidance and Promote Etiquette Related to Body Odor

Mandom conducts research on body odor, particularly in men, and proposes a wide range of body odor care for young to middle-aged men. As one aspect of these activities, in June 2014 we launched “smell management activities.” These activities included an odor-care comprehension test for individuals and odor-care seminars for companies.

We provide the odor-care comprehension test via a public website so that anyone can learn easily about body odor. In our odor-care seminars for companies, Mandom employees conduct lectures, explaining the mechanisms of body odor and describing care methods. The seminars conducted to date have been well received and attracted large numbers of participants.



Odor-care seminar

Providing Cosmetics That Are Safe and Offer Relief

To provide safe cosmetics and assure consumers they are safe to use, Mandom applies safety standards and quality measures that will assure customer satisfaction. When developing cosmetics, we ensure safety at every stage, from the selection of raw materials to the development of formulas and final evaluations on actual use, designing products that are safe from a consumer perspective.



Stinging test

▶▶▶ Quality Enhancement Initiatives:

Quality Assurance Activities and Reconfiguring Our Quality Assurance System

In accordance with Japan’s Pharmaceutical Affairs Law, we comply with the ISO 22716 international standard related to good quality practice (GQP), good vigilance practice (GVP) and good manufacturing practice (GMP) for cosmetics. In addition, we have formulated the Fundamental Quality Policy based on the Mandom Quality Philosophy that calls

for “truly satisfy customers by enhancing the quality of the Company, products and services through the involvement of all employees.” On this basis, we are creating a quality management system that spans all stages—from planning, design and development to production and shipping—as we make the ongoing enhancement of customer satisfaction a daily focus.

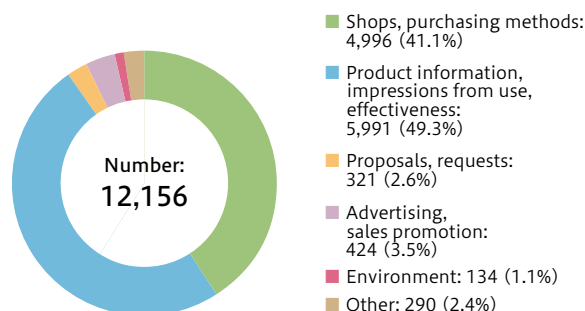
▶▶▶ Systems for Incorporating Customer Feedback into Our Operations:

Customer Consultation System

In 1994, we set up a customer service office as a comprehensive window to receive customer feedback. After studying and considering the feedback received, we add information to the “frequently asked questions” section of our website as part of our effort to supply information.

We also save feedback to a database. Through customer information, product quality and design management meetings, this information is conveyed to related departments and executive management and utilized in product development and improvement efforts.

Content of customer consultations in fiscal 2014



Koh-Doh for Self-Actualization

Being of Use to Employees

Mandom considers employees to be corporate assets, or human resources. Accordingly, we work to create a workplace that enables each individual to fully maximize his or her potential.

▶▶▶ Our Approach to Human Resources:

We believe that a company represents a place for employees to achieve self-actualization through their work. We are working to build an environment where the skills and talents of employees can be maximized to the fullest and to enable continual growth through continuing education opportunities.

Respect for Human Rights and Diversity

We respect the fundamental human rights of all employees and never discriminate on the basis of such factors as race, nationality, religion, belief, creed, sex or physical capability. We have formulated compliance standards that prohibit discrimination and defamation.

We conduct training on the Mandom Group's Code of Conduct for new employees, as well as on an annual basis for all employees. We also distribute the Code of Conduct

at our overseas bases, and hold study groups to read these regulations and promote human rights awareness.

Global Human Resources and Our Global Personnel Vision

We have formulated the "Mandom Group Vision ver1.0," which outlines our objective of becoming a multinational Asian company. Recognizing that human resources are essential for achieving this vision, we have formulated and are promoting the Global Personnel Vision 2016. This vision places people at the center of the Company's objectives for the future.

This vision defines global human resources as "people who can help us achieve success in any country." We have training, systems and other mechanisms in place to cultivate these human resources.

▶▶▶ Cultivating Human Resources:

We have a variety of training programs in place, based on an employee's rank and role in the Company, that place a strong emphasis on the desire to learn voluntarily. Examples of these programs, based on our Global Personnel Vision 2016, are training for global leaders and employee initiatives to enhance language skills.

In fiscal 2014, we launched the Young Global Human Resources Cultivation Program, which focuses on cultivating employees who will play an active role in future pan-Asian business. Aimed at cultivating a shared awareness of our corporate philosophy and three types of understanding in Asia—consumers, business partners and products—this training involves discussions, as well as overseas exchange training, which includes visits to production plants and marketplaces. We aim to create an organizational environment that encourages free communications among employees in different countries.

We provide elective English-language education support to help employees augment their language skills. Under this program, we select employees who have TOEIC scores above a certain level, as well as those whose duties will soon require them to use English. For these people, we bring in outside instructors to provide English lessons. In fiscal 2014, we held such lessons for 64 employees at four locations in Japan.



Group English lessons

▶▶▶ Internal Communications:

Introducing New Participatory Tools for All Employees

As a measure to ensure active employee participation cited as part of "Our Values" (the Mandom Group's management philosophy), the information card system instituted in 1984 involves each and every employee recording and submitting information obtained through their daily work or everyday life on a card. Every year, about 50,000 of these cards are submitted. To make this system operate in a timelier manner, in fiscal 2014 we switched to a new communication system using a social networking site (SNS). In the first half-year after introduction, the system elicited more than 4,000 dialogs, enabling information sharing and utilization beyond the scope of the organization.



In-house SNS

Koh-Doh for Good Ethics

In addition to maintaining and enhancing management fairness and transparency, the Mandom Group puts every effort into ensuring that its products exceed legal requirements for consumer safety and benefit.

▶▶▶ Compliance:

Our Approach to Compliance

The tenets of compliance at the Mandom Group are encapsulated in Our Philosophy of providing useful products to customers and Our Values of approaching society with candor. Rather than relying on external standards and adopting a passive compliance stance that “as long as we are legally compliant, all is fine,” the Mandom Group sets voluntary standards that exceed legal requirements, taking an independent and proactive stance toward protecting consumer safety and benefits.

The Mandom Group’s Code of Conduct

We formulated the Mandom Group’s Code of Conduct in 1999 as part of a compliance program to ensure that all companies, executives and employees throughout the Mandom Group were putting Our Philosophy into action on an everyday basis. This Code of Conduct is fundamental to questions that our people should be asking themselves as they go about their work, namely, “Is this a correct judgment?” and “Is this behavior something to be ashamed of?”

The Mandom Group’s Code of Conduct has been reviewed and amended in line with formulations and revisions of concepts of Our Philosophy as well as various principles. The Code of Conduct was reviewed and revised in a timely manner. (They were revised in 2002, 2007, 2011 and 2014.)

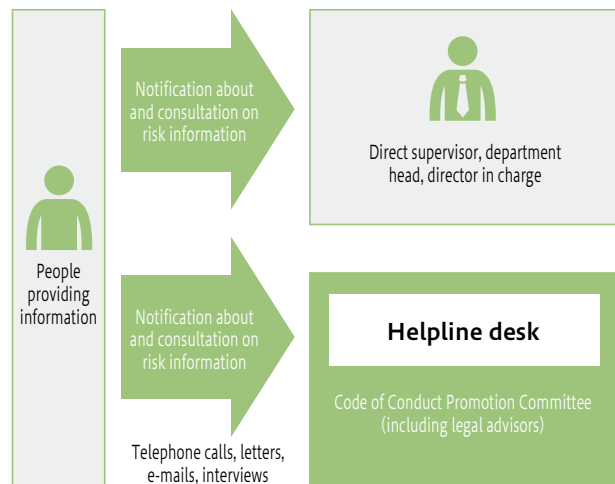
The 2014 revision clarified policies in such categories as “The objective does not justify the means,” meaning that the Company does not condone the idea that any method is acceptable as long as the desired results are achieved, and “Morals trump outcome.” This means the Company does not subscribe to the concept that as long as results are achieved, any methods are acceptable. To ensure against compliance violations, we also emphasized the importance of maintaining a strong sense of ethics and cultivating an organizational culture that maintains a sense of tension.



The Mandom Group has established a Code of Conduct Promotion Committee to ensure thorough compliance with its Code of Conduct. This committee concentrates on compliance awareness and training in departments throughout the Group.

Helpline System

In December 2002, we introduced a Helpline System to encourage the swift detection of any risk of compliance violations, with the aim of preventing such risks from materializing and avoiding recurrence. The Helpline System facilitates the reporting of any actual or potential legal violations or actions that run counter to our Code of Conduct that are discovered in the workplace. Reporting is fielded by the Code of Conduct Promotion Committee, which includes third parties (legal advisors). Reporting can be anonymous, and we ensure against any disadvantageous treatment of whistleblowers.



Protection of Personal Information

Mandom handles a substantial amount of personal information, including that on customers. We have created a Personal Information Protection Management System to ensure that this information is handled correctly and appropriately.

We have created a Personal Information Management Ledger, and each year we conduct a survey to determine the status of information retention and management by all departments. We also perform internal audits in our effort to store and manage personal information appropriately. Furthermore, all employees undergo training on personal information protection.

Koh-Doh for a Successful Business Partnership

Being Useful to Business Partners

We strive to build strong partnerships with our business partners. We also work to ensure appropriate and timely disclosure to shareholders and investors and remain accountable to them.

►►► Involvement with Business Partners:

Ensuring Fair and Transparent Transactions

To be good partners to our business partners, we strive to forge stable, and trust-based relationships through business dealings that are fair and transparent. To this end, in July 2004 we formulated the Anti-Monopoly Act Compliance Program, which we updated in 2010. Under this program, our Legal Affairs Division conducts workshops for our sales and purchasing departments. Members of our Purchasing Division also participate in outside seminars related to purchasing and procurement to gain additional knowledge in this area.

Once a year, all Mandom Group departments in Japan undergo training on our Code of Conduct. During this training, participants read through our principles on procurement and sales, helping to instill an awareness of these policies among employees.

Involvement with Healthcare Organizations in Indonesia

Mandom Indonesia launched a joint initiative with the Hermina Hospital Group involving hand sanitizers in December 2014, followed by sales of feminine hygiene products in April 2015.

The Hermina Hospital Group currently manages 21 hospitals on the Indonesian islands of Java and Sumatra. The group plans to proactively expand its operating area going forward, also moving into the islands of Kalimantan and Sulawesi.

The product series we have jointly developed are being used at the hospitals operated by the group. We have also begun expanding the market to include local mass retailers.

Through this collaboration, which combines the high local awareness and reputation of the Hermina Hospital Group with the technical expertise and distribution network that Mandom Indonesia possesses, we are convinced that we can be of help in developing the Indonesian market for sanitary products and further awareness of public sanitation.



Koh-Doh for Environmental Preservation

We are working to reduce environmental impact at all stages, from product development to production, transport, sales and post-use.

►►► Mandom’s Environmental Philosophy and Fundamental Environmental Policy:

We aim to contribute to customers and society through our business activities. We have formulated the Mandom Environmental Philosophy “Eco-Policy” and the Fundamental Environmental Policy “Eco-Activity Guide” to fulfill our objectives of protecting the global environment and taking the environment into consideration as part of our everyday activities.

Mandom Environmental Philosophy “Eco-Policy”

Mandom is committed to delivering environmentally safe products and services, and protecting the Earth’s precious natural resources as a responsible member of society, that contributes to health, cleanliness, beauty, and enjoyment.

Fundamental Environmental Policy “Eco-Activity Guide”

Product Eco-Policy

In the Mandom Group, we consider environmental friendliness to be an important aspect of product value. To help create a more sustainable society, we strive to combine ecological and economical value in our products.

Total Business Processes

Mandom collectively adopts the following articles in its manufacturing, marketing, administrative, as well as in other divisions within Mandom.

1. We establish an environment management structure and promote an active preservation of the environment.
2. We consider factors that protect the environment, and use energy and resources carefully and effectively.
3. We raise awareness of the environment and contribute to society as a positive corporate influence.

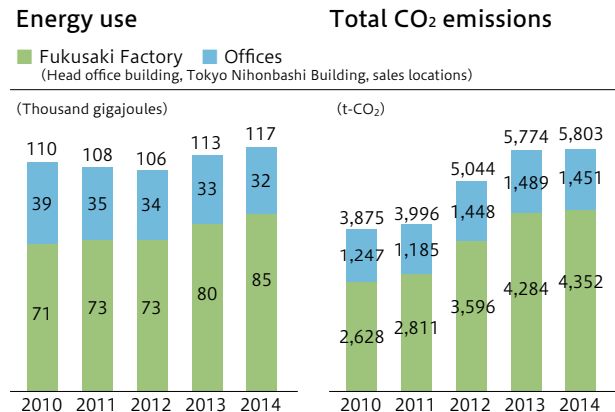
▶▶▶ Efforts to Stop Global Warming:

The Fukusaki Factory uses a power monitoring system that accumulates data on electricity use. This information is shared at monthly meetings of heads of the factory and used in drawing up power-saving measures for each section of the factory. To use electricity effectively, we also employ an ice thermal storage system that is used to transfer the thermal energy derived from nighttime electric power to power air conditioning and cooling equipment.

Our head office building uses demand monitoring to manage electric power consumption in different ways at different times of the day and reduce peak demand-side consumption.

Furthermore, we are engaged in an ongoing shift to energy conservation for lighting systems in our head office and other buildings. In fiscal 2014, we switched over to LED lighting on some floors of the head office and in smoking rooms.

To reduce CO₂ emissions in distribution, we have also been streamlining operations and pursuing a modal shift from trucks to freight trains and cargo ships.



Note: CO₂ emission factors for electricity use employ the emission factors publicly announced each year by individual electricity suppliers.

▶▶▶ Efforts to Prevent Pollution:

Stopping Air Pollution at the Fukusaki Factory

When boilers operate for an extended time, emissions of the air contaminants sulfuric oxides (SO_x) and nitrous oxides (NO_x) increase. We are therefore taking measures to improve boiler usage efficiency at the Fukusaki Factory, such as by introducing electric water heaters.

Wastewater Treatment

At the Fukusaki Factory, we use a membrane separation and activated sludge process to treat with chemical materials used in the production of cosmetics and the washing water from the manufacturing tanks and filling equipment before release.

In fiscal 2014, we performed upgrades that are expected to increase drainage volume, and we are working to stabilize water quality by reinforcing the management of water treatment processes.



Boiler



Water treatment facility at the Fukusaki Factory

Koh-Doh for Environmental Philanthropy

Being of Use to the Local Community

As a good corporate citizen, we are dedicated to society's development. We value philanthropic activities, which make long-term contributions to the development of our society.

▶▶▶ Our Local Community Approach:

The Mandom Group aims to be a good corporate citizen that is dedicated to society's development. This is part of Our Values. "We value philanthropic activities, which make long-term contributions to the development of our society," as outlined in our principles.

Paying respect to the culture and customs of each

region, we participate in and cooperate with local communities, considering the interaction an important part of two-way communications.

We aim to contribute to a healthy society also by sponsoring academic and cultural activities and sports, joining in joint volunteer efforts, and more.

▶▶▶ Area-Based Social Initiatives:

Participating in Volunteer Efforts to Improve the Lives of Local Residents as Japan Overseas Cooperation Volunteers

In 2012, we began participating in a program by the Japan International Cooperation Agency (JICA) of dispatching employee volunteers to developing countries as Japan Overseas Cooperation Volunteers. The first group of participants in this program was sent to Svay Rieng Province in Cambodia, with the second group going to the Province of Southern Lyte in the Philippines. Through this program, volunteers participated in projects aimed at improving the lives of local citizens in farming villages with high rates of poverty.



The second group of volunteers that took part in activities in the Philippines