

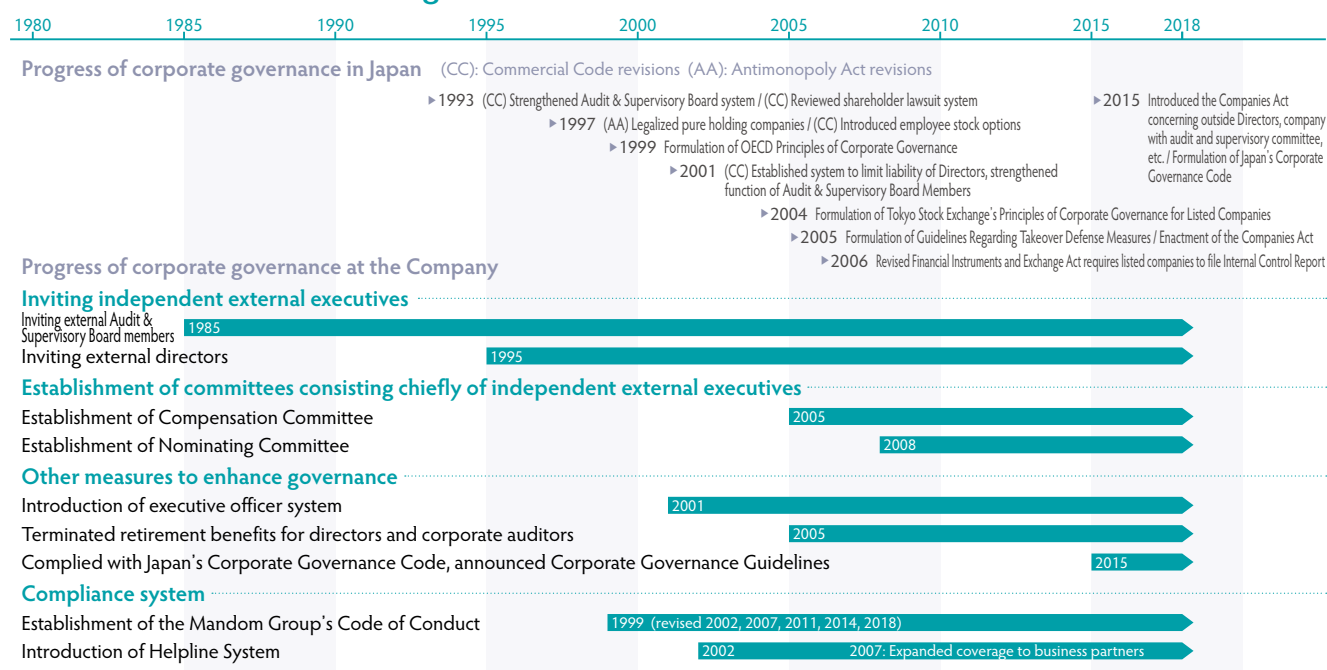
Corporate Governance

Corporate Governance Policy

The Mandom Group's mission is co-existence, mutual growth and mutual creation with global society. Consequently, to realize our core philosophy, we are dedicated to generating stable profits by pursuing efficiency, while ensuring soundness and transparency. As a result, we look to achieve sustainable, steady growth together with consumers, society and other stakeholders.

Mandom's Corporate Governance Initiatives

Proactive initiatives ahead of legislation



Corporate Governance Structure

Overview of the Corporate Governance Structure

The activities of the Group are overseen by the Audit & Supervisory Board. With legal oversight from its members as the basis for corporate governance, we invite multiple external directors to sit on our board, to reinforce our monitoring and advisory functions. By clarifying responsibilities and delegating authority under a system of supervisory and executional officers in charge of specific operations, we have created a system for the proactive and expeditious execution of operations. This system ensures soundness and transparency, and appropriately pursues efficiency. The Group has also voluntarily established the Compensation Committee, more than half of whose members are external directors, as well as the Nominating Committee. Executive compensation and appointments are reviewed by these entities, and determined by the Board of Directors' resolution with close reference to the results of such reviews.

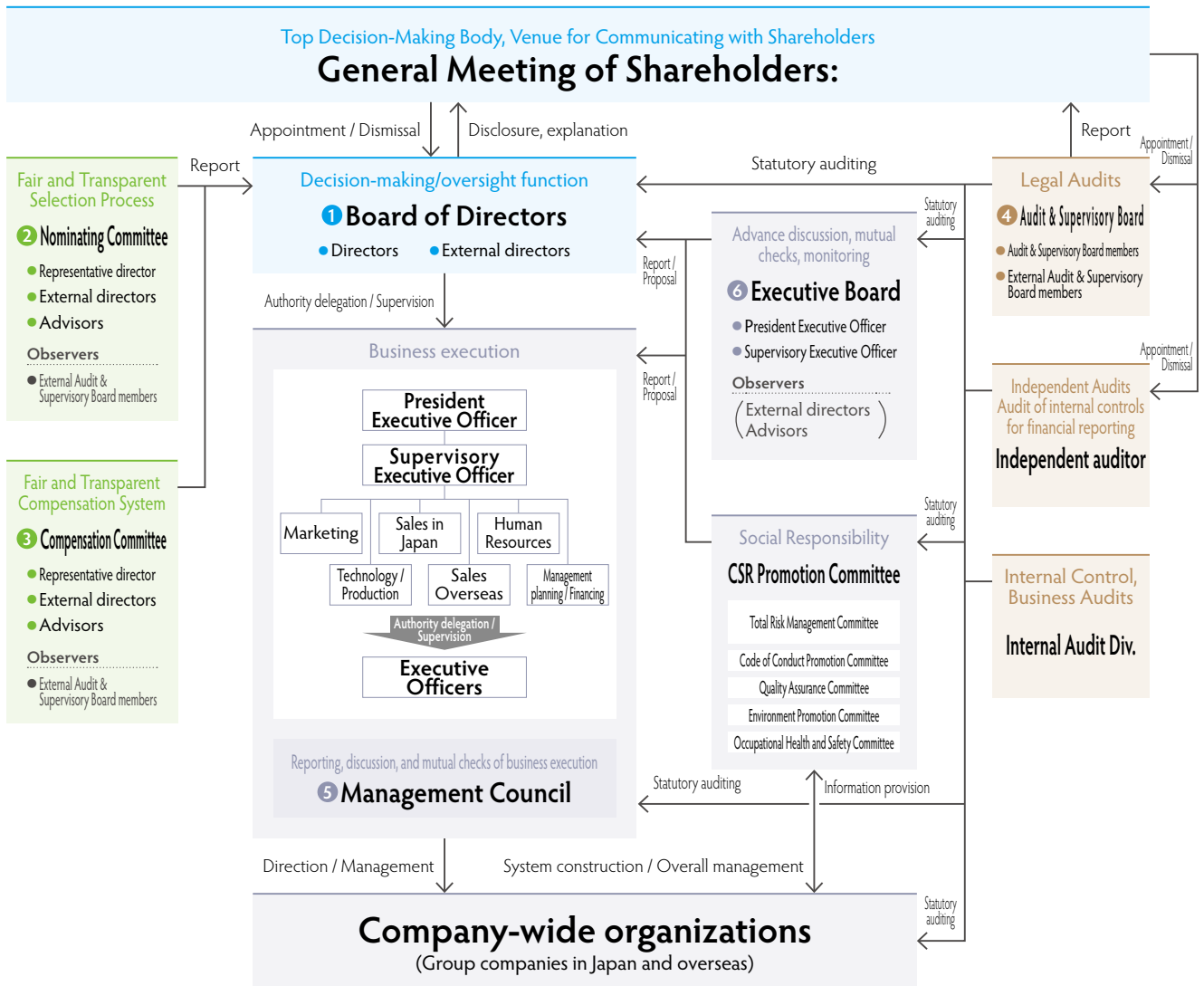
The Group's corporate governance structure is shown on the next page (Corporate Governance System).

Reasons for Adopting the Governance Structure

To ensure management soundness and efficiency, the Group employs an extensive range of management monitoring functions. Moreover, based on our understanding of the importance of reflecting front-line management views in decision making, the Board of Directors includes not only senior management, but also certain executive officers with special titles who are responsible for overseeing certain supervisory execution domains, and independent external non-executive directors.

In addition to establishing an Audit & Supervisory Board, we have voluntarily established advisory panels for the Board of Directors, and apply mutual checks and oversight between executive officers on the board as well as oversight and supervision from external directors. This structure is rigorously monitored by the Audit & Supervisory Board, and we believe this approach will contribute to strengthening corporate governance.

Corporate Governance System



1 Board of Directors

The Board of Directors is comprised of all directors and makes decisions regarding the basic policies of business execution and important matters regarding business execution in addition to supervising the execution of business by directors and executive officers.

Major topics at the Board of Directors meetings

June 2017:
Matters regarding revision of Corporate Governance Guidelines for fiscal 2017 (the 101st term)

July:
Matters regarding audit plan of internal controls for financial reporting of Mandom Group (Financial Instruments and Exchange Act) for the 101st term

December:
Matters regarding formulation of fiscal 2018 management plan for Indonesia business
Matters regarding formulation of fiscal 2018 management plan for Overseas business

January 2018:
Matters regarding organizational structure of Mandom for fiscal 2018 (the 102nd term)
Matters regarding formulation of the Group's management plan for fiscal 2018

2 Nominating Committee

The Nominating Committee is established as an advisory body to the Board of Directors in order to ensure transparency and fairness of the process when determining candidates for directors and Audit & Supervisory Board members. This committee shall be consulted by the Board of Directors for proposals regarding candidates for director and executive officer.

3 Compensation Committee

The Compensation Committee is established as an advisory body to the Board of Directors in order to ensure transparency and fairness of the process when determining directors' compensations. This committee shall be consulted by the Board of Directors for policies regarding compensation for directors and executive officers as well as proposals for individual compensation.

4 Audit & Supervisory Board

The Audit & Supervisory Board is comprised of full-time and external Audit & Supervisory Board members and discusses and adopts resolutions regarding important audit-related matters upon receiving reports.

5 Management Council

The Management Council deliberates matters up for discussion at the Board of Directors beforehand and matters related to business management policies.

6 Executive Board

The Executive Board deliberates beforehand matters to be resolved by the Board of Directors and Management Council, as well as matters related to the business execution by executive officers with special titles.


Election and Composition of Officers

Mandom acknowledges the importance of diversity in the composition of its officers and strives to select personnel with various business experiences. While there are currently no female or foreign national Director or Audit & Supervisory Board member, Mandom acknowledges this as an important issue in order to promote diversity. The Company plans to proactively promote female and foreign national employees to executive and managerial positions to provide opportunities to shine. In fact, there are two female directors at a listed subsidiary in Indonesia. At the Company, a female employee took office as executive officer in April 2015.


The fields of experience for officers elected for fiscal 2019 are listed below.

In addition, by appointing external directors and external Audit & Supervisory Board members who have no special interest relationships with the Company and are highly independent of the Company, Mandom aims to reinforce its corporate governance and augment the Group's overall management quality, and has formulated the "Standards for the Independence of Independent Outside Executives."

The above-mentioned external directors and external Audit & Supervisory Board members satisfy these standards and the Tokyo Stock Exchange's independence criteria. The Company has notified the Tokyo Stock Exchange that all of these executives are independent executives. Please refer to the Mandom website for details regarding the Standards for the Independence of Independent Outside Executives.

 Corporate Governance Guidelines
Standards for the Independence of Independent Outside Executives
https://www.mandom.co.jp/ir/src/g_guideline_ex2.pdf (Japanese language)

Please refer to the Mandom website for information regarding the reasons for nomination and election of individual manager, director, and Audit & Supervisory Board member.

 Corporate Governance Guidelines
Attachment "Explanation of individual reasons for the selection of the principle members of the managerial team and the nomination of candidates for directors and Audit & Supervisory Board members"
https://www.mandom.co.jp/ir/src/g_guideline_ex1.pdf (Japanese language)

Overview of executives (As of June 22, 2018)

Name	Position and responsibility within the Company	Field of experience*1								
		Management planning	Global	Marketing	Sales	Technology / Production	Finance / Accounting	Human Resources	Legal	Social capital environment
Motonobu Nishimura	President Executive Officer & Director/ Chairman of Nominating Committee/ Chairman of Compensation Committee				●		●			
Shinichiro Koshiba	Senior Managing Executive Officer & Director		●	●	●					
Yasuaki Kameda	Senior Managing Executive Officer & Director	●		●	●		●		●	
Takeshi Hibi	Managing Executive Officer & Director		●		●					
Tatsuyoshi Kitamura	Director		●	●	●	●		●	●	●
External	Satoshi Nakajima	External Director/Independent Officer/ Member of Nominating Committee/ Member of Compensation Committee	●						●	
	Satoshi Nagao	External Director/Independent Officer/ Member of Nominating Committee/ Member of Compensation Committee	●	●	●	●		●	●	●
	Ryuichi Terabayashi	Audit & Supervisory Board Member			●	●				
	Hiroo Mizuno	Audit & Supervisory Board Member			●	●		●		
External	Yukihiro Tsujimura	External Audit & Supervisory Board Member/Independent Officer							● Attorney	
	Masahiro Nishio	External Audit & Supervisory Board Member/Independent Officer					● CPA			

* 1 Areas of practical or supervising experience. Global refers to managerial experience upon being transferred to an overseas subsidiary or affiliate of Mandom. For independent external directors and independent external Audit & Supervisory Board members, this refers to experience in other companies.

* 2 Attendance since election at the General Meeting of Shareholders held on June 23, 2017.

* 3 Participated as observer.

Overview of activities of external directors (Fiscal 2018)

1. Visit to sales divisions in Japan

Purpose:

- ① To utilize the outside perspective, wealth of knowledge, and excellent insights of external directors in formulating sales strategy.
- ② Boost motivation of on-the-ground sales staff by asking questions and exchanging opinions with external directors.

Interviewed 93 people over ten days at nine different departments in Japan

Date	Place	Division	Visitor		Notes
			Satoshi Nakajima	Satoshi Nagao	
June	Osaka HQ	Fukuoka sales office	○	○	
July	Yokohama	Yokohama sales office	○	○	
July	Tokyo	Tokyo sales office	○	○	
July	Tokyo	Sales Planning Division	○	○	
October	Nagoya	Nagoya sales office	○	○	
October	Osaka HQ	Osaka sales office	○	○	
November	Tokyo	Sales Planning Division, Chain Store Sales Division 2	○		Interview with general manager
December	Tokyo	Sales Planning Division, Chain Store Sales Division 2		○	Interview with general manager
December	Saitama	Saitama sales office	○	○	
December	Tokyo	East Japan Sales Division	○	○	Interview with general manager

2. Inspection visit to overseas subsidiaries

Purpose:

- ① To grasp the business status and standardize operations
 - ② To inspect market of each country
- Visited South Korea, China, and Taiwan over nine days

Date	Country	Company name	Days	Visitor	
				Satoshi Nakajima	Satoshi Nagao
November	South Korea	Mandom Korea Corporation	3 days	○	○
November	China	Mandom China Corporation	3 days	○	○
December	Taiwan	Mandom Taiwan Corporation	3 days	○	

Supervision

Attendance in Fiscal 2018 (number of times attended/number of times held)

Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board
13/13	3/3	1/1	
13/13			
10/13 *2			
12/13			
13/13			
13/13	3/3	1/1	
13/13	3/3	1/1	
13/13			13/13
10/13 *2			10/13 *2
13/13	*3	*3	13/13
13/13	*3	*3	13/13

Execution

Management Council

Number of meetings held in Fiscal 2018

11 times

Members

Directors
External Director
Audit & Supervisory Board Member
External Audit & Supervisory Board Member
Advisors*4

Of which, external members:

2 directors
2 Audit & Supervisory Board members
1 Advisor*4

Executive Board

Number of meetings held in Fiscal 2018

11 times

Members

President Executive Officer
Supervisory Executive Officer
(*Observers)
External Directors / Advisors*4

*4 Position abolished as of June 22, 2018

Evaluation of the Effectiveness of the Board of Directors

1. The Company carried out evaluation and analysis using the following procedure:

(1) To investigate whether the Company's Board of Directors was effectively fulfilling its role in line with the policies and other items set out in the Corporate Governance Guidelines (the "CG Guidelines") in accordance with Section 4 "Responsibilities of the Board" of the Corporate Governance Code (the "CG Code"), a questionnaire* was distributed to members of the Board of Directors in January 2018. Every person responded and all responses were received.

* Regarding the structure of the questionnaire, the policies and other items specified in the CG Guidelines in accordance with Section 4 of the CG Code were grouped into 23 items, with a four-level evaluation scale for each item and a space for free comments, for instance to raise any issues.



(2) Based on these responses, the representative director (President Executive Officer) interviewed each director during February to confirm their content.



(3) In March, the results of the questionnaire and interviews were submitted to the members of the Nominating Committee in order to evaluate and deliberate the results from an outside perspective. The Nominating Committee secured a suitable timeframe and opportunity for deliberation, held careful discussions, and then made a report to the Board of Directors in April.



(4) In response to the report of the Nominating Committee, having understood and accepted its content, the Board of Directors confirmed the results of the evaluation and analysis of its own effectiveness.

2. Items seen as improved from fiscal 2017 and related comments addressing them

Supplementary Principle 4.1.2

Recognizing that a Middle-Range Plan is a commitment to shareholders, the Board of Directors and the senior management should do their best to achieve the plan. Should the company fail to deliver on its Middle-Range Plan, the reasons underlying the failure of achievement as well as the company's actions should be fully analyzed, an appropriate explanation should be given to shareholders, and analytic findings should be reflected in a plan for the ensuing years.



"We are becoming increasingly precise and accurate when identifying factors which led to discrepancy between plans and results, helped by the implementation of matrix business management method and refined means to analyze changes in gross profit per unit.

We must identify the cause for any discrepancy in the course of effectively executing the PDCA cycle. Among other things, I suggest there could have been more discussions to analyze the cause of sluggishness for our mainstay Gatsby products."

Supplementary Principle 4.1.3

Based on the company objectives (corporate philosophies, etc.) and specific business strategies, the board should engage in the appropriate oversight of succession planning for the CEO and other top executives.



"Regarding the succession program, the process of selection and career planning has been clarified, although the personnel development side of the program is still an issue to be addressed.

We plan to select and train future management core assisting CEO, from the next generation leaders program starting from the next fiscal

year (fiscal 2018)."

Principle 4.6 Business Execution and Oversight of the Management

In order to ensure effective, independent and objective oversight of the management by the board, companies should consider utilizing directors who are neither involved in business execution nor have close ties with the management.



"Monitoring by three persons, including two external directors, is sufficient in executing this role."

Principle 4.14 Director and Audit & Supervisory Board member Training

New and incumbent directors and Audit & Supervisory Board member should deepen their understanding of their roles and responsibilities as a critical governance body at a company, and should endeavor to acquire and update necessary knowledge and skills. Accordingly, companies should provide and arrange training opportunities suitable to each director and Audit & Supervisory Board member along with financial support for associated expenses. The board should verify whether such opportunities and support are appropriately provided.



"The Audit & Supervisory Board, starting from this fiscal year, holds study sessions led by Audit & Supervisory Board members at Management Council meetings, to provide opportunities to learn the roles and responsibilities of Audit & Supervisory Board members, not only for directors and executive officers but also for the Audit & Supervisory Board members themselves."

3. Issues to be addressed identified during the evaluation/analysis process

Please refer to the Mandom website.



"Corporate Governance Guidelines" Appendix "Summary of evaluation results and analysis of the effectiveness of the Board of Directors"
https://www.mandom.co.jp/ir/src/g_guideline_ex3.pdf (Japanese language)

Content of Executive Compensation

Policy and design-making process

1. Total Amount of Compensation by Executive Category, Type of Compensation, and Eligible Number of Executives

Executive category	Total amount of Compensation (Millions of yen)	Total amount by type of Compensation (Millions of yen)		Eligible number of executives
		Fixed	Performance-linked compensation	
Directors (excluding external directors)	252	167	84	6
Audit & Supervisory Board members (excluding external Audit & Supervisory Board members)	36	36	–	3
External directors	24	24	–	2
External Audit & Supervisory Board members	14	14	–	2

2. Policies and Methods of Determining Executive Compensation Amounts and Calculation Methods

1) Method of Determining Compensation Amounts for Company Executives

In addition to ensuring soundness and transparency, the Company's compensation for operational executive directors is aimed at the appropriate pursuit of efficiency, leading to the achievement of management plans and the enhancement of corporate value. To this end, the Company sets an amount of fixed compensation to ensure steady devotion to their duties. In addition, a certain amount of performance-linked variable compensation is provided to serve as an incentive to a higher level of motivation. The Company's policy is to strike a balance between these two.

The Company sets fixed compensation amounts at appropriate levels by referring to third-party data. These amounts differ according to executive rank and Group management responsibilities.

Performance-linked compensation reflects business performance with reference to the preceding fiscal year and achievement of planned targets, which is the single-year target in the Middle-Range

Planning, and payment amounts are set for each fiscal year. In addition, amounts paid to individual operational executive directors are based on an evaluation of their individual performance.

Compensation for non-executive directors (excluding external directors) is composed solely of fixed compensation.

Compensation for Audit & Supervisory Board members is set at an appropriate level that reflects their important role and responsibility for conducting rigorous legal audits that form the basis of compliance management for the Group and improve corporate value. As the role and responsibility of Audit & Supervisory Board members is to conduct rigorous legal audits unrelated to the Company's operating performance, their compensation is composed only of fixed compensation, which is not affected by operating performance.

2) Compensation Amounts for Company Executives and Policies for Determining Compensation

The Compensation Committee, a majority of whose members are external executives, deliberates and recommends director compensation amounts. Based on these results, the Board of Directors resolves compensation amounts within the scope approved by the General Meeting of Shareholders. The Compensation Committee also deliberates and makes recommendations on policies related to determining director compensation. The Board of Directors then resolves the based on these results.

Audit & Supervisory Board member compensation amounts are determined according to the capabilities and audit experience of individual members on a rational basis and referring to third-party data. These amounts are determined through deliberation among the members of the Audit & Supervisory Board, including the two external members. Policies for determining Audit & Supervisory Board member compensation are also decided through deliberation among the Audit & Supervisory Board members, including the two external members.

Introduction of Restricted Stock Compensation Plan

As noted above, the compensation for executive directors had been comprised of "fixed compensation" and "performance-linked compensation" with considerations to the performance and achievement against single-year targets. However, at the meeting of its Board of Directors held on April 27, 2018, the Directors decided to introduce a restricted stock compensation plan (the "Compensation Plan") as a "middle-range performance-linked compensation" that will be linked to the Middle-Range Planning. At the 101st Annual General Shareholders' Meeting held on June 22, 2018, the shareholders approved this proposal.

► Purpose of introduction

The Compensation Plan is introduced in order to further promote shared value with shareholders and provide an incentive for the Company's Directors (excluding Outside Directors, "Eligible Directors") to strive to continually increase the Company's corporate value.

► Overview

The Eligible Directors shall make in-kind contribution of all monetary compensation receivables to be granted according to the Compensation Plan, and shall, in return, receive the Company's common shares that

will be issued or disposed of by the Company. The total amount of monetary compensation receivables to be paid to Eligible Directors based on the Compensation Plan shall not exceed 150 million yen per year (however, this does not include the portion of employee's salary for Directors who concurrently serve as employees). However, we envision that an amount corresponding to compensation for performance of duties over the three fiscal years covered by the Middle-Range Planning will be paid in a lump sum in the first year of that period, so in principle the amount of compensation shall, in practice, not exceed 50 million yen per fiscal year.

Please refer to the Mandom website for details.



Notice Regarding Introduction of Restricted Stock Compensation Plan
<https://www.mandom.co.jp/english/ir/src/english/2018042701.pdf>