

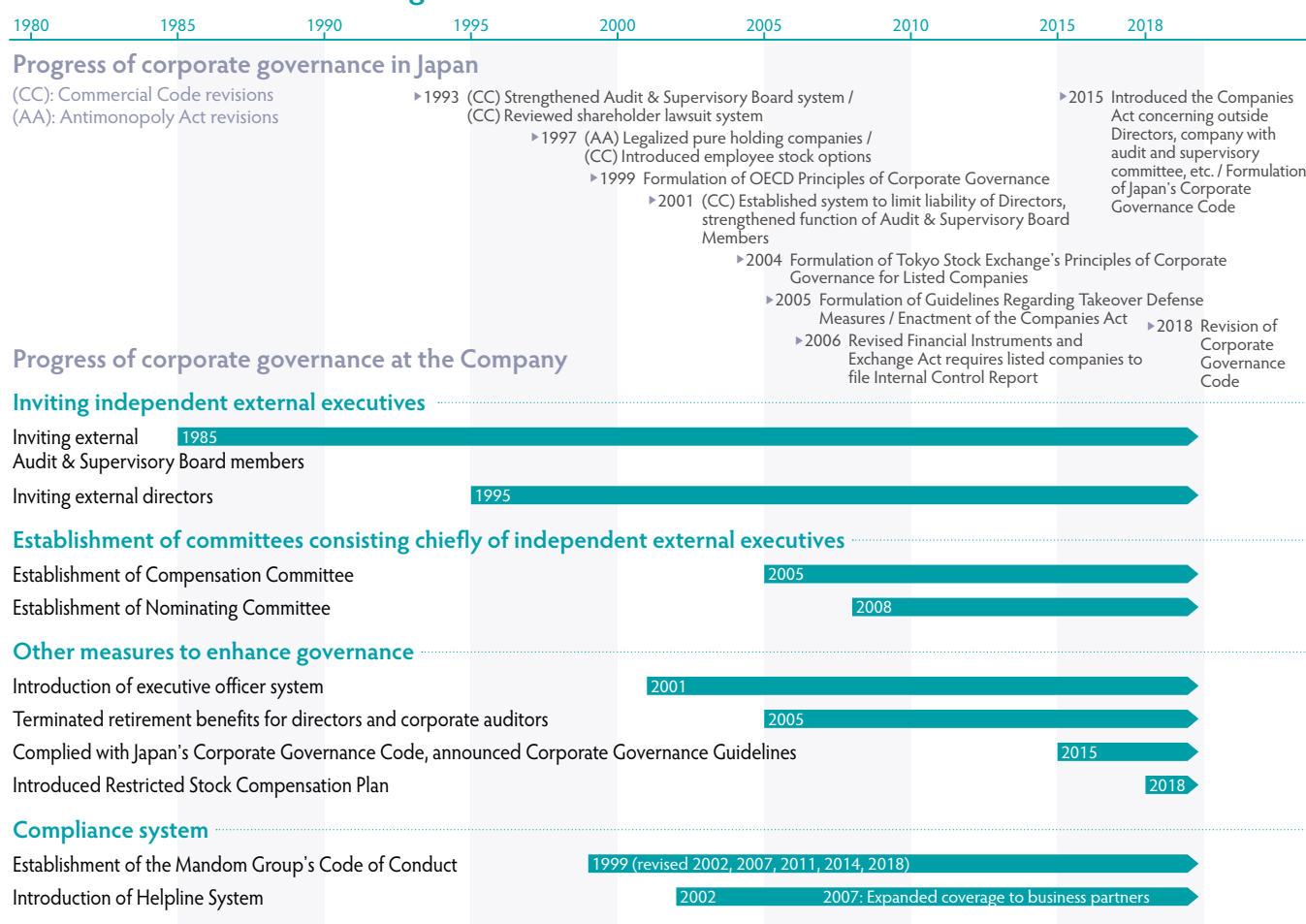
Corporate Governance

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

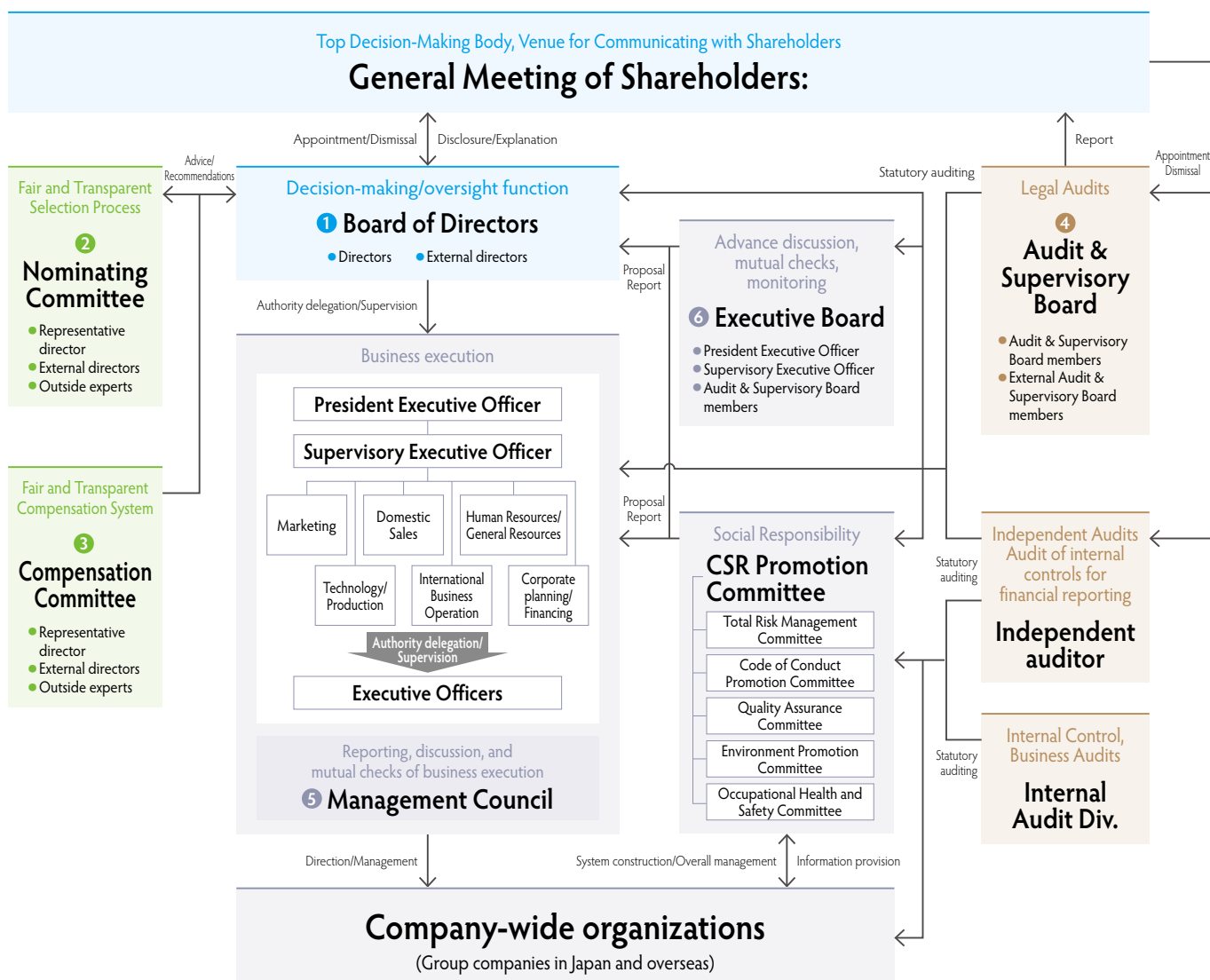
Overview of the Corporate Governance Structure and Reasons for Adopting the Structure

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 executorial 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.

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 and supervisory executive officers both concurrently serving as directors, but also external 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 directors 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

- | | |
|------|---|
| 2018 | April : Disclosure of summary of evaluation results and analysis of the effectiveness of the Board of Directors |
| | May : Abolishment of Internal Rules on Senior Advisors, Honorary Advisors, and Advisors, and thinking on introduction of advisor system |
| | June : Revision of Corporate Governance Guidelines for fiscal 2018 |
| | July : Performance-linked compensation for directors in fiscal 2018 (102nd term) |
| | Payment of monetary compensation claims related to restricted stock |
| | November : Signing of agreement for transfer of ACG International shares |
| | December : 2019 business plan and sales plan for Indonesia business domain |
| | 2019 business plan and sales plan for overseas business domain (total of 11 overseas companies) |
| 2019 | January : Appointment of executive officers in fiscal 2019 |
| | March : Start of construction of new factory building at Fukusaki Factory |

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, and matters related to the business execution by supervisory executive officers.

Election and Composition of Officers

Mandom acknowledges the importance of selecting personnel with various business experiences and of diversity when it comes to the composition of the Board of Directors and the Audit & Supervisory Board.

From the standpoint of promoting women's contribution, Reiko Nakayama was appointed as an external director in June 2019. Additionally, since April 2015, we have had one female executive officer. There are two female directors at our listed subsidiary in Indonesia, which is our biggest overseas subsidiary. Mandom aims to become a global company, and while we currently do not have any foreign national directors or Audit & Supervisory Board members, we acknowledge this as an important issue in order to promote diversity management. Our policy is to proactively promote foreign national and female employees to executive and managerial positions to provide opportunities for them to leverage their talents. Since fiscal 2018, we have selected employees not only from Japan but from our overseas subsidiaries as well for Next Generation Global Leader Training. We are identifying human resources that can play an active role globally and have launched a system for educating and training them. 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.



Standards for the Independence of Independent Outside Executives
https://www.mandom.co.jp/company/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.



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/company/src/g_guideline_ex1.pdf
 (Japanese language)

Overview of executives (As of June 21, 2019)

Name	Field of experience ^{*1}									
	Corporate planning	Global	Marketing	Sales	Technology/ Production	Finance/ Accounting	Human Resources/ General Resources	Legal	Social capital/ environment	Financial and capital markets
[Directors]										
Motonobu Nishimura				●		●				
Shinichiro Koshiba		●	●	●						
Yasuaki Kameda	●		●	●		●		●	●	●
Takeshi Hibi		●		●						
Ken Nishimura	●	●	●	●						
Independent External	Satoshi Nagao	●	●	●		●	●	●	●	
	Reiko Nakayama	●			●	●	●			●
[Audit & Supervisory Board Members]										
Ryuichi Terabayashi			●	●		●				
Hiroo Mizuno				●	●		●			
Independent External	Yukihiro Tsujimura							● Attorney		
	Masahiro Nishio					● 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.

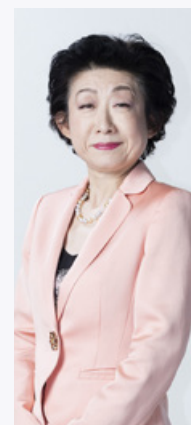
^{*2} Became advisor as of June 22, 2018.

Message from New External Director

When I was a child, Mandom was a company that made hair styling cosmetics for men. Today, however, the company makes a wide range of products, and it is no exaggeration to say that they are national goods that many people use on a daily basis without realizing they are from Mandom.

It is said that in Japan, consumption will continually decrease as the birthrate declines and the population ages, but is that truly the case? Cosmetics and toiletries are products that appeal to sensibilities, so if you propose a new approach or convenience, a certain number of new markets will be born. As society ages and more women participate, there are sure to be more new business opportunities when it comes to the concepts of Health, Cleanliness & Beauty. Moreover, if we are recognized by Japanese people, who are sometimes called the most

discriminating consumers in the world, the range of possibilities for global expansion will also widen. The duty of an external director is to work out long-term growth strategies while always looking at things from the perspective of external minority shareholders. A listed company is a public entity, and its surroundings are many stakeholders, including shareholders, employees and their families, business partners, and customers. We must continually think about what we must and must not do and take action boldly and without restraint in order to meet the expectations of all these stakeholders. What lies beyond that is a further increase in corporate value. I believe that corporate governance should be approached from an offensive rather than a defensive standpoint in order to increase corporate value.



Reiko Nakayama

Supervision

Name	Attendance in Fiscal 2019 (number of times attended/number of times held)			
	Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board
[Directors]				
Motonobu Nishimura	13/13	3/3	3/3	
Shinichiro Koshiba	13/13			
Yasuaki Kameda	13/13			
Takeshi Hibi	13/13			
Tatsuyoshi Kitamura	13/13			
Independent External	Satoshi Nakajima	12/13	3/3	3/3
	Satoshi Nagao	13/13	3/3	3/3
[Audit & Supervisory Board Members]				
Ryuichi Terabayashi	13/13			14/14
Hiroo Mizuno	13/13			14/14
Independent External	Yukihiro Tsujimura	13/13		14/14
	Masahiro Nishio	13/13		14/14
[Advisors]				
Masayoshi Momota	3/13 ¹²			
Tsutomu Tsukada		3/3	3/3	

Execution

Management Council

Number of meetings held in Fiscal 2019

11 times

Members

President Executive Officer

Supervisory Executive Officer

Executive Officers

External Directors

Audit & Supervisory Board Members

External Audit & Supervisory Board Members

Of which, external members:

Directors 2

Audit & Supervisory Board Members 2

Executive Board

Number of meetings held in Fiscal 2019

10 times

Members

President Executive Officer

Supervisory Executive Officer

Audit & Supervisory Board Members

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 2019. 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. Summary of results of evaluations and analysis of the effectiveness of the Board of Directors

The Company is engaged in mission-based management. The aim is to achieve VISION2027—the slogan of which is "Use our 'Only One' strengths to provide Dedication to Service (Oyakudachi) to a billion people around the world"—while instilling the new MISSION Framework announced in 2017 in all employees throughout the world.

Evaluation	The evaluation concluded that the Board of Directors has achieved effectiveness. The properly established the Standards for the Independence of Independent Outside Executives are met, and several independent external directors capable of fulfilling the functions of advising and monitoring are brought in. Suggestions and feedback, including the raising of issues, are sought from the external directors and external Audit & Supervisory Board members. Constructive discussions and sharing of ideas take place with freedom and open-mindedness, including encouraging each director and Audit & Supervisory Board member to actively share their opinions. Independent outside executives and outside experts hold opinion sharing meetings comprised only of independent outside executives and outside experts, and they communicate with each other as necessary and appropriate, sharing information and awareness of issues from an objective standpoint.	Ongoing Issues	<ol style="list-style-type: none"> ① Working to further strengthen business management methods within a business and function matrix structure makes it possible to accurately reflect the results of analyzing the factors behind differences between the management plan and actual results in the strategies and plans for the next year, so further improvement of management efficiency can be expected. ② By reaffirming and raising awareness of the importance of proactive risk-taking supported by improved accuracy in risk evaluation and of ensuring the flexibility of decision-making and business execution, more advanced and innovative decision-making can be carried out in a flexible way. ③ For the management of subsidiaries, attention is devoted to oversight of the Affiliated Company Management Regulations and the detailed guidance of their operation, to gradual progress of the alignment of accounting systems, and to other initiatives. Additionally, work is promoted on building a foundation for addressing international taxes. By doing this, the Company can promote growth built on the assured soundness of subsidiaries, including those located overseas.
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3. Specific comments concerning evaluation of effectiveness

Comments on Evaluation	<ul style="list-style-type: none"> • "In FY2018, a new performance-based stock compensation plan was introduced for top management, the first M&A since the company's founding was executed, and risk-taking challenges have been taken up." • "There is communication between Audit & Supervisory Board and independent external directors, and this contributes to sharing information and understandings with independent external directors. These activities should be enhanced going forward." • "A climate has been cultivated where individuals actively work on gathering information and improving their own skills, including participating in external seminars and workshops." • "The Internal Audit Division and Audit & Supervisory Board members maintain frequent communication to share information." 	Comments on Areas Requiring Improvement	<ul style="list-style-type: none"> • "I get the impression that, when a target is not achieved, analysis of causes and issues only covers the present situations such as market factors and internal factors, and does not develop into medium- to long-term measures such as product strategies or brand strategies. Additionally, in the process of analyzing the current situation, I believe it is necessary to check the market share and the position within the market by a comparative analysis of performance with other companies in the industry." • "Regarding the CEO succession program, the process of selection and career planning has been clarified, but the specific details of the program have still not been provided, so supervision still cannot be said to be sufficient." • "Revisions to Japan's Corporate Governance Code ask for diversity, including diversity in gender and nationality, so I think future efforts will be required, particularly regarding gender."
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Overview of Activities of External Directors (Fiscal 2019)

1. Visit to regional offices in Japan

Purpose:

- ① So that external directors could ascertain the current situation at offices engaged in new efforts and important offices and offer advice from an outside perspective.
- ② To boost motivation of staff on site by exchanging opinions with external directors.

Date	Place	Division	Visitor		Notes
			Satoshi Nakajima	Satoshi Nagao	
June	Tokyo	Aoyama Office (Marketing Division)	○		Interview with managing executive officer in charge of the Marketing Units
July	Osaka	Joint Research Program with Osaka University Graduate School	○	○	
August	Osaka	Joint Research Program with Osaka University Graduate School	○		
August	Tokyo	Nihonbashi Office (East Japan Sales Division, Sales Planning Division)	○		
March	Tokyo	Aoyama Office (Marketing Division)	○	○	Informal discussion with employees

2. Inspection visit to overseas subsidiaries

Purpose:

- ① So that external directors could ascertain the current situation of overseas subsidiaries and offer advice from an outside perspective.
- ② To observe the markets in each country and ascertain the current situation.

Date	Country	Company name	Days	Visitor	
				Satoshi Nakajima	Satoshi Nagao
May	The Philippines	Mandom Philippines Corporation	3 days	○	○
May	Thailand	Mandom Corporation (Thailand) Ltd.	3 days	○	○
October	Indonesia	PT Mandom Indonesia Tbk	4 days		○
December	Malaysia	Mandom (Malaysia) Sdn. Bhd.	2 days	○	
December	Singapore	Mandom Corporation (Singapore) Pte. Ltd.	2 days	○	
March	Taiwan	Mandom Taiwan Corporation	2 days		○

Content of Executive Compensation

Policy and design-making process

Policy for Determining Executive Compensation Amounts and Calculation Methods

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)	258	163	95	6
Audit & Supervisory Board Members (excluding external Audit & Supervisory Board members)	36	36	—	2
External Directors	24	24	—	2
External Audit & Supervisory Board Members	14	14	—	2

2. Policy for Determining Compensation Amounts for Company Executives

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 is linked to single-year and medium- to long-term performance at an appropriate ratio. Annual payment amounts are set to reflect performance with reference to the Company's performance in the preceding fiscal year and achievement of planned targets, and to the business plan

for the current fiscal year (amounts paid to individual operational executive directors are based on evaluation of their individual performance). Restricted stock compensation (in principle, the amount will correspond to compensation for performance of duties in the first year of the three fiscal years covered by middle-range planning) is linked to medium- to long-term performance. Compensation for non-executive directors (including 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) Process of Determining Compensation for Company Executives

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. Based on these results, the Board of Directors resolves compensation amounts. At the 101st Ordinary General Meeting of Shareholders held on June 22, 2018, a restricted stock compensation plan was introduced for the purpose of further promoting shared value with shareholders and providing an incentive for the Company's directors (excluding external directors) to continually strive to increase the Company's corporate value. 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 Audit & Supervisory Board members, 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.

CEO Succession Program

Mandom has a policy of gradually implementing the succession program on the right to train human resources determined to be qualified to succeed the CEO. A system has been established in which the details of the implementation are reported to the Board of Directors as appropriate, and the Board of Directors provides supervision. They are selected after review by the Nominating Committee, a majority of whose members are external directors, which serves as the advisory body. The selection process will be clarified based on this selection policy to ensure objectivity, timeliness, and transparency.

The succession program is as follows:

- ① Experience at work sites in Japan and other countries
- ② Learning of management theory and knowledge through study abroad or other such program
- ③ Department rotation after promotion to management
- ④ Rotation of area of supervision/execution after promotion to executive position
- ⑤ Training, including OJT, by representative directors, external directors, etc. after promotion to director