

# Business and Other Risks

The society we are living in is right in the middle of great changes.

One of those is the exponential advancement of science and technology, including digital technology. The rapid spread of Internet access and smartphones has also brought big changes to our living activities, including explosive growth of e-commerce. Additionally, warming and other aspects of global climate change have become a serious problem. It is heavily impacting our daily lives, including extended periods of abnormally hot temperatures, as well as destructive typhoons. Moreover, in Japan, population decline associated with the declining birthrate and aging society is a problem, but the global population is increasing, especially in Asia, resulting in significant demographic changes.

Based on the lessons learned from two business crises, we believe it is important that the company is a going concern. For a company to continue to exist, first you have to have a sustainable society. In September 2015, the United Nations adopted sustainable development goals (SDGs) as common goals for the international society. We believe that as a corporate citizen, it is important that we think seriously about and act on what we can do to create a sustainable society, including contributing to achievement of SDGs.

When it comes to the manufacture and sale of cosmetics, which is the core of our current business, our most important responsibility is to provide consumers with products they can use with peace of mind.

In January 1998, we established our Quality Philosophy and Fundamental Quality Policy. Since that time, we have attempted to ensure the provision of safe and reliable products and services based on our proprietary Mandom Quality Management System.

We also believe that consideration for the environment and society must be incorporated into our business activities. In recent years, environmental problems such as climate change and plastic pollution in the ocean have been growing steadily worse, and we recognize that this will have an impact on the continuity of our business activities. We also believe that it is important that human assets with various attributes and values are able to fully realize their potential so that we can accurately identify changes in society, come up with innovations to take advantage of new earnings opportunities, and ensure sustainability as a company.



At the same time, when considering what is uniquely required of Mandom by society and that cosmetics are a cultural industry, we believe it is our mission within society to provide value in which users of our products gain confidence in themselves and become cheerful.

What is important in order to put this into practice is how accurately we can identify the wants and needs of consumers. Information is becoming increasingly borderless around the world, including Japan, available almost simultaneously and without much variation between areas. As a result, trends in fashion and cosmetics change frequently and rapidly. If we are late in properly addressing uncertain factors such as changes in the wants and needs of consumers, consumers will not select our products, and we risk getting stuck with stagnant, obsolete products. On the other hand, these changes are also an opportunity for Mandom to create new markets. In fact, Mandom has a strong history of creating various new markets by developing products to propose new grooming options under Consumer-led Lifestyle Value Creation, one of our MISSION approaches. The key will be whether we are able to continue offering products based on the approach Consumer-led Lifestyle Value

Creation, sticking closer to consumers than other companies, imagining what they are feeling, and creating appealing products.

At Mandom, we will pour our every effort into Dedication to Service (Oyakudachi) for the achievement of a sustainable society, which is required for our company to be a going concern, and Dedication to Service (Oyakudachi) to bring a splash of color to the daily lives of consumers everywhere. Our aim is to use our 'Only One' strengths to provide Dedication to Service (Oyakudachi) to a billion people around the world as set forth in the VISION Slogan of VISION2027.

