



Mandom Report 2020

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Editorial Policy

The Mandom Group has been publishing the Mandom Report (integrated report) since 2018 to help our stakeholders understand our medium- to long-term efforts at value creation. Mandom Report also integrates the previously separate KohDoh Report (CSR report). This has been done as part of our work on providing integrated information as a company and to enhance the non-financial information we provide. When editing this report, we put together a brief summary focused on information that is highly important for improving Mandom's corporate value while referring to the "Guidance for Collaborative Value Creation" released by the Ministry of Economy, Trade and Industry and other resources.

Visit our website for more detailed information.

- IR Information:
<https://www.mandom.co.jp/en/ir/>
- CSR Information:
<https://www.mandom.co.jp/en/csr/>

Report Coverage

Mandom Corporation and its affiliated companies both inside and outside Japan

* For details, please see p.98 "Mandom Group Companies."

Reporting Period

FY2019 (ended March 2020)

- Mandom and Group companies in Japan: April 1, 2019-March 31, 2020
- Overseas Group companies: January 1, 2019-December 31, 2019

* To the extent it is possible, the latest information at the time this report was written is included.

Reference Guidelines

- "International <IR> Framework" released by the International Integrated Reporting Council (IIRC)
- "Guidance for Collaborative Value Creation" released by the Ministry of Economy, Trade, and Industry
- "ISO 26000:2010—Guidance on Social Responsibility" edited by Japanese Standards Association
- "Environmental Reporting Guidelines (Fiscal Year 2018 Version)" released by Ministry of the Environment, Japan
- "Sustainability Reporting Guidelines and Standards" released by GRI (Global Reporting Initiative)



Regarding Forward-Looking Statements

This annual report contains forward-looking statements concerning Mandom's current plans, strategies, beliefs and performance. These forward-looking statements include statements other than those based on historical fact and represent the assumptions and beliefs of management based on information currently available. Mandom therefore wishes to caution readers that actual results may differ materially from expectations, and that forward-looking statements are subject to a number of foreseen and unforeseen risks and uncertainties. All amounts have been rounded down to the nearest whole unit.

Background of transition to our vision “human-oriented” company

~From the story of Motonobu Nishimura, the President~

I joined Mandom in 1977 at a time when we were launching a sales company and shifting focus to the realm of direct sales.

However, we had to abandon these manufacturer-centric, strong-armed reforms after only two years. We were forced to liquidate the sales company, which had lost its financial balance.

Seeing the Company in near collapse, I learned an important lesson as I vowed never to repeat this.

In 1980, as the Company aimed to regain its footing, we underwent managerial reforms and the management became significantly younger. While younger managers could match their predecessors in mental and physical energy, they lacked managerial experience, and unlike today, there was no function set in place for drawing up management strategy. **We all had to come together** for the rebuild. We first had to strive to unify our vector within the Company to rebuild as an organization.

At first, most of the inputs from employees were of what I would describe as “geocentric” beliefs.

However, further discussion of these issues would lead us to a more “heliocentric” understandings.

When we began to really feel these changes and movements, we were able to build a business development foundation based on a **perspective of Consumer-led Lifestyle Value Creation**, which has continued to this day. We also developed Mandom terminology which took the perspective of customers. **→ P.94-95**

A central pillar to our current mission is Dedication to Service (Oyakudachi) for consumers.

To us, “Oyakudachi” is the concept of identifying needs of people from across the globe in their daily lives. We hope to provide value which is **“Something New”** or **“Something Different”** based on solid technology and a stylish, fun concept. We hope that our products will help consumers from around the world to feel a little bit of magic, to feel positive and cheerful, through cleaning their body, grooming, and dressing neatly in their day-to-day lives.

We will utilize this mentality passed down over the 90-year history of the Company in order to become a company which is needed in society at not only our 100th anniversary, but beyond. At the core of the reformulated MISSION, constructed in 2017, is the concept of being a **“human-oriented”** company. We have arrived at this concept by revisiting the starting point of our corporate activities, exploring Mandom’s reason for existence that our predecessors have built, and adjusting it to the needs of the times. **→ P.02-03**

Currently, I can strongly feel how technology is growing at an exponential rate.

In order to achieve that, individuals must acquire proper knowledge about new technologies and possess the ability to judge logically what the Earth and the people who live on it need using a strong moral code.

Ultimately, society requires heart.

Human judgment is the foundation for such a society.

In that light, we ultimately reached a thinking which focused on people, which cared for human hearts, and which sought value creation only possible by humans.

We often discussed the question of what capabilities are unique to humans.

Human imagination is the only thing capable of producing new value which can make one feel beautiful, cool, cute, excited, fun, or sad, to stir people’s heart.

We believe that it is the duty of humans to light the fire of these passions and make the impossible possible with an unbending spirit, with the help of strong-willed partners who share the same values. In other words, **we believe that it is a job for humans and role of humans and human-oriented companies, one of which we aspire to be**, to grab and shake hearts and create our shared future.



MISSION Framework

MANDOM MISSION

Human to Human

Mandom is a "human-oriented" company. Guided by our original concepts of Health, Cleanliness & Beauty, we reach boldly beyond the norm to bring wonder and inspiration to people's everyday lives.

MANDOM PRINCIPLES

Consumer-led Lifestyle Value Creation

Challenge, Change, Innovation

Active Employee Engagement

Social Responsibility & Sustainability

Human Assets

MANDOM SPIRIT

Dedication to Service (Oyakudachi)

Respect for Humanity

Freedom & Open-Mindedness

MANDOM MISSION

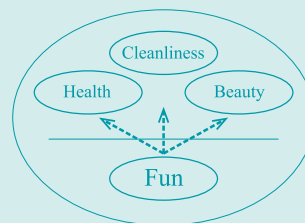
The MANDOM MISSION presents the reason for Mandom's existence and defines its commitment to society.

MISSION Slogan

Human to Human

MISSION Statement

Mandom is a "human-oriented" company. Guided by our original concepts of Health, Cleanliness & Beauty, we reach boldly beyond the norm to bring wonder and inspiration to people's everyday lives.



Five Aspects of Compassion

LOVE	Benevolence toward mankind
SENSIBILITY	Ability to respond to delicate feelings
HAPPINESS	Eagerness to make people happy
FREEDOM	Free-spiritedness
WILL	Enthusiasm for navigating the future

These are the conditions for...

<Imagination>	Imagining ways of making people happy
<Creativity>	Creating value that benefits people

Health, Cleanliness & Beauty (our domain)

The concepts of Health, Cleanliness, Beauty and Fun provide the basis for Mandom's unique business concept. We position Health, Cleanliness & Beauty as elements of the fundamental concept of Fun to remind ourselves to adopt a playful and lighthearted approach to business in this domain.

Reaching boldly beyond the norm (our style)

"Reaching beyond the norm" is not synonymous with selfishness. It means thinking and working out of the box and defying convention. "Boldly" does not suggest thinking and acting in a freewheeling manner. It expresses our determination to take up challenges and face hardships squarely.

Bringing wonder and inspiration to people's everyday lives (our value)

People around the world tend to follow the same routines day after day. In pursuit of more fulfilling lives, we create "something new" and "something different" to bring wonder and lift their spirits and fill their hearts with joy to bring inspiration.

"Human-oriented" (our stance)

However fast and far science may advance, the qualities of Compassion, Imagination and Creativity remain undeniably human. These qualities provide the basis for our "Five Aspects of Compassion," without which no one can acquire the imagination to envision ways of pleasing people and bringing them happiness or the creativity to generate value that provides true benefits. Mandom is committed to offering value by adopting a "human-oriented" approach out of respect for human sensibilities and creativity.

■ MANDOM PRINCIPLES

The MANDOM PRINCIPLES are a code of conduct that is followed by all Mandom personnel at all times.

Consumer-led Lifestyle Value Creation

We are committed to perceiving consumer wants and offering solutions, and to encouraging consumers to embrace wonder and inspiration in their everyday lives. Achieving this requires that all of our business activities begin and end with consumers in mind. We consequently maintain our focus on consumers at all times, and think and act ingeniously in the awareness that we, too, are consumers.

Challenge, Change, Innovation

We exercise courage and think and act ingeniously in an ongoing "Challenge" to the unknown and difficult tasks. These efforts lead to "Change" in existing systems and processes, freeing us to pursue appropriate actions to become the company we want to be in the future. This means continuing the "Innovation" that creates novel value for our stakeholders and the world.

Active Employee Engagement

Active Employee Engagement means that all the "Human Assets" comprising our diverse and multi-talented workforce are aligned toward a common goal, and that every one of us unfailingly performs our assigned roles. We respect and collaborate with each other to realize the overall capabilities of our organization.

Social Responsibility & Sustainability

Our social responsibility extends beyond coexistence with society. We pay serious attention to the views and ideas of people from all walks of life and initiate dialogues with them in recognition of and respect for the diversified values and lifestyles of all members of society. We aim to create a better, more sustainable society by addressing social issues from a global perspective and by working out solutions with our stakeholders through our core businesses.

Human Assets

We regard our colleagues as "Human Assets" and work with them to shape the Company's future in a relationship of mutual respect. As business people, we think and act ingeniously to make meaningful contributions to society.

■ MANDOM SPIRIT

The MANDOM SPIRIT constitutes the bedrock of Mandom's foundation that is handed down through the generations.

Dedication to Service (Oyakudachi)

Dedication to Service refers to our spirit of "bringing happiness to customers and suppliers through our ingenuity; receiving profits in return; and passing them on to our stakeholders."

In the past, cosmetic products were extremely expensive. We were passionate about sharing the fun and happiness of using cosmetic products with more people in their daily routines. That is why we launched Tancho Tique to embody our unique concept of "Value for Money." Much more than an economic concept of offering quality products at affordable prices, this concept represents the true meaning of Dedication to Service presented above.

Respect for Humanity

Respect for Humanity means a spirit of love and trust for each other and of concern and caring for others.

Compassion for our employees and attentiveness to their needs have been part of the Mandom tradition since the onset. We determine our expectations and encourage our employees to exercise ingenuity in word and action to fulfill them. We are fully aware that human resources development is an integral part of organizational growth. This spirit is handed down through generations and across the world.

Freedom & Open-Mindedness

Freedom & Open-Mindedness represents the spirit of our open corporate culture which, unbound by hierarchy, encourages employees to act on their own initiative and express their thoughts without inhibition.

Marketing campaigns conducted following the launch of our "Mandom Series" of products in 1970 challenged the industry status quo and exerted a phenomenal impact on Japanese society. We believe it is important to make continuous efforts of this kind to create new value on a daily basis. Such efforts require an intellectually charged forum of exchange arising from our spirit of Freedom & Open-Mindedness.

Top Message



Ramifications of COVID-19

We mourn the lives of those taken due to the novel coronavirus disease (COVID-19) pandemic and furthermore wish to extend our sincere condolences to all families that have lost loved ones. We would also like to express our deepest sympathies to all those who have contracted COVID-19 and those otherwise encountering hardship resulting from spread of the infection. Moreover, we are profoundly appreciative of all those involved in production, distribution and sales integral in terms of ensuring supplies of daily necessities, and are particularly grateful to all the medical and healthcare professionals who are devoting their efforts in the front-lines of the pandemic during these demanding times.

On April 3, the Company set up its Novel Coronavirus Response Headquarters, which has been tasked with gathering information across the entire Mandom Group and taking action in that regard. Even prior to setting up the response headquarters, from the outset of the pandemic we had been placing top priority on the

health and safety of our customers, business partners and employees. This has involved instructing our employees in Japan and overseas engaged in operations aside from those of factories and logistics to work from home and stagger their shifts to the extent possible. This also involves prohibiting employees from taking domestic and overseas business trips as well as calling on them not to hold or otherwise take part in seminars and other such events. In line with the Japanese government's declaration of a state of emergency issued on April 7, we had employees work from home as a general rule. Even after the government lifted the emergency declaration, we continued our fundamental guidelines on June 1 in terms of actively resorting to remote work arrangements and staggered shifts, as well as online means of holding meetings, briefing sessions and business talks (as of July 31, 2020).

Whereas society at large is facing escalating anxieties and mounting uncertainties, the Mandom Group seeks to protect the health and safety of its employees and their families and maintain employees' jobs, while also engaging in business activities in a manner that involves



**While striving to be of benefit
to consumers worldwide,
we seek to evolve in order
to remain a company that is
valuable for society.**

M Nishimura

Mandom Corporation
President Executive Officer & Director
Motonobu Nishimura

a thorough commitment to crisis management. Moreover, we have also been taking action oriented to society, and taking action in response to market shortages of sanitation products. In June for instance, we began selling Wet Wipes in Japan as an emergency measure that will benefit consumers, leveraging the Company's strengths with respect to technologies for paper product manufacturing and our proprietary production facilities. In August, we intend to launch Alcohol Gel and Alcohol Spray products. Having launched sales of hand sanitizer in Indonesia in April, we seek to take swift action that involves contributing to society drawing on assets owned by the Group.

As the social ramifications of COVID-19 persist, we are finding it difficult to foresee the potential impact of the pandemic in Japan and overseas both in terms of time and scale. Although heading into March we once again began closely examining the extent to which COVID-19 is likely to affect our financial results for the fiscal year ended March 31, 2021, we were honestly unable to make an informed assessment in that regard.

Amid that environment, we opted to postpone by one

year the initiation of our 13th Middle-Range Planning (MP-13) which had originally been slated to begin in the fiscal year ending March 31, 2021, having concluded that embarking on MP-13 would pose extremely high managerial risk such that could potentially involve situations where our plans for the second and subsequent year of the plan would turn out to be wholly unrealistic. Therefore, we positioned fiscal 2020 as the "Pre-MP-13" given that fiscal 2020 constitutes a phase during which we got off to a running start toward MP-13. Key points for the fiscal year ending March 31, 2021, are twofold as follows. First, given that we expect to briefly encounter challenges with respect to sales and profits, we will mount a firm defense which will naturally entail refraining from engaging in unnecessary and non-urgent action and investment, and thoroughly holding down costs that do not generate value. Second, we will make every effort to get off to a running start toward MP-13 which will involve embarking on new value creation and swiftly addressing our business and managerial challenges.



MP-12 infrastructure development

Our 12th Middle-Range Planning (MP-12) had been positioned as a period of infrastructure development toward realizing the VISION2027. Under MP-12, we have been aiming to evolve into a truly global company, which has entailed efforts that involved thoroughly implementing mission-based management by building mechanisms for education and implementation with respect to philosophies deemed to be a building block of utmost importance, creating a global operating structure, and establishing a management platform to support the operating structure. We engaged in efforts in the midst of this turbulence and transformation that, although somewhat insufficient, have involved various initiatives such as adopting a new Group-wide personnel system, promoting work style reforms, adopting Group-wide enterprise resource planning (ERP) and management accounting practices, implementing common groupware, improving office environments to enhance creativity, strengthening global marketing functions by enlisting matrix management organizational structure, reinforcing fundamental research into open innovation drawing on industry-academia partnership involving entities such as Osaka University and Osaka City University, and embarking on construction of a new factory building at Fukusaki Factory to help create a future that embraces people and the environment.

Infrastructure development committed to diversity in a manner tailored to Asia

We have built solid business foundations in Asia underpinned by cooperation with our partners in respective nations, upon having embarked on efforts very early on to form relationships and develop business in the region. However, changes occurring in Asia particularly since the beginning of this century are completely different from what we have encountered thus far in terms of quality, quantity and speed. We find

ourselves no longer able to address changes in the business environment during this so-called VUCA* era, in terms of enabling continuous improvement extending along the path of our existing business model underpinned by foundations we have long been developing.

For instance, thanks to the considerable efforts of our business partners (locally based general distributors) since our establishment, we have built a network that enables our products to reach far and wide across nations such as Indonesia which is home to some 270 million people and consists of around 17,000 islands dispersed over an extensive area spanning 5,500 kilometers east to west.

We regard this vast network of physical retail establishments as a major asset. However, in recent years we have been encountering marked transformation. In particular, this includes: diverse changes in means of information access and dissemination and in information touchpoints involving the youth segment which is our core target market, changes in terms of their increasingly diverse and sophisticated values and wants, and changes in their purchasing behavior. These changes have been underpinned by growth in the number of middle-income earners associated with economic development, and by the rapid proliferation of smartphones and progress of digitalization. As such, we need to take action not only in terms of developing products that inspire such consumers, but also in terms of breaking away from our traditional means of sales promotion with respect to our approach to communications and targeting physical retail establishments, and reforming distribution particularly by undertaking initiatives involving e-commerce channels.

* VUCA is an acronym which stands for volatility, uncertainty, complexity and ambiguity.

Whereas many Japanese companies initially seem to have expanded into Southeast Asia as a site of production in order to seek low-cost advantages particularly in terms of personnel expenses, we created markets with the aim of helping local residents. As such, we know firsthand how difficult it is to tap markets of developing countries. For instance, in order to get as many Indonesian consumers as possible to purchase and use our products, we have been expanding with a focus on retail establishments in traditional markets by creating “sachet” single-use products for two to three yen per item. In so doing, rather than laterally extending its success in Japan to the Indonesian market, Mandom Indonesia has instead taken a unique approach to expansion that has involved addressing needs and wants of local consumers. In the diverse market of Southeast Asia in particular, we have been engaging in locally-aligned business practices while maintaining a

commitment to the histories, cultures, natural features, customs and other such attributes of countries where we have formed relationships. We employ nearly 5,000 people in Indonesia, including beauty experts and factory workers. In providing such job opportunities we seek to bring about growth of our employees in step with that of the Company through our business pursuits. Acting as a good corporate citizen that engages in community life with a persistent dynamism during all eras, currently through the Sustainable Development Goals (SDGs), the Company has inherited from its predecessors an approach to management that adequately strikes a balance between such social responsibility and humanity, ever since having entered the market more than 60 years ago.

Under MP-12, we have adopted a new personnel system at our Group companies in Indonesia. We have been incrementally adopting a performance evaluation system applicable to those employed from the level of manager, thereby moving us a step closer toward transitioning to a personnel system that offers performance-based salaries with a focus on proficiency. The Human Resources Division in Japan had experienced and skilled employees devote time to follow the progress carefully for two years, having local staff members undergo a series of interviews. As a result, we started the operation of the personnel system in January 2019. We will work toward causing that program to take hold which will involve devoting more time to gaining an understanding of our local staff members. We currently implement training programs for our locally-hired employees who are recent graduates upon their arrival at local sites after having undergone three years of training in Japan. We also implement training programs for supervisor-class employees at Fukusaki Factory's manufacturing sites.

As for ACG International Sdn. Bhd. which we made part of the Group last year, for the time being we aim to bring greater stability to its management under its current framework in a manner that shows respect for its corporate culture, and in the near future we aim to generate Group synergies encompassing business alliances and streamlining.

Approach to work at Mandom after COVID-19

I am currently working remotely for the most part, knowing that physical distancing and quarantine help prevent transmission of the COVID-19 virus. That said, this experience has made me further realize that humans are living beings who must communicate with other humans, and that social interaction among people is essential.

At the Company we are actively resorting to file-sharing and online meeting systems on a Group-wide basis, due to the COVID-19 pandemic. However, findings of the recently administered "Work during the COVID-19 Pandemic" interview-based survey seem to suggest that

employees harbor a sense of frustration with respect to communications under remote work arrangements, which is evident from comments to that effect. For instance, one comment was that "I feel uneasy because it is difficult to know people's true intentions based on exchanges involving mainly the written word and main points," and another was that "I worry about whether or not my intentions and those of others are being correctly communicated, and about whether or not matters are understood." Drawing on these results, we have encouraged supervisors to hold individual interviews with staff members, and have furthermore provided them with instruction through the Human Resources Division asking that they consider options for communications and feedback under remote work arrangements. Meanwhile, whereas remarks furnished hinge on the nature of specific challenges at hand, the extent to which dialogue has progressed, and other such factors, we have received positive feedback that has enabled us to develop new styles of conducting business. For instance, one feedback was that "Having become able to get information to those who need it in a timely fashion, anytime and anywhere, we have worked to facilitate agile settlement of payments enlisting the notion of KohDoh (thoughtful action) in a manner that makes it possible to swiftly address changes." In online spaces, one must be mindful of risks such spaces pose in terms of the notion that drawing attention to diverse and inclusive views required for creative environments may result in rejection of such views.

We hope to establish plentiful remote work arrangements tailored to the Mandom Group and its aim of acting as a "human-oriented" company. This is premised on the notion that such remote work arrangements must give rise to a sense of employee connectivity in a manner that improves productivity, yet does not involve inorganic approaches to work, nor should such arrangements impair creativity or diminish Mandom's distinctive corporate culture in terms of its human assets and active employee engagement.

No matter what changes we make to our work arrangements, our corporate competitive strengths will not improve unless all employees take the matter of leveraging their abilities and achieving results seriously. My notion of what constitutes an ideal organization is such that an overall organization should develop a sense of leadership whereby its leaders responsibly fulfill their roles extending beyond their positions and authority. A sense of self-responsibility should permeate the organization, which should accordingly maintain a workforce of independent and strong individuals. Against that backdrop, we need to robustly engage in teamwork underpinned by a sense of unity and trust whereby employees share high aspirations while helping and supporting one another no matter what circumstances they may encounter. As a message to the Company's supervisors to such ends, I ask that our supervisors develop their own organizational units and teams into strong entities that are bolstered by a sense

of unity and trust, while exerting leadership geared to reform.

Toward a new normal

The global pandemic involving COVID-19 struck amid a scenario of social, economic and political dysfunction. The worldwide landscape has been one of progressing internationalization unfolding at tremendous speed, persisting evolution of technologies at exponential rates of growth, people considering the pros and cons of capitalism and other such systems, as well as challenges that are becoming increasingly severe as developed and emerging economies alike achieve greater development. Such challenges include degradation of the environment, climate change, infectious disease, poverty, refugee crises, unemployment, wealth disparity, divisiveness, protectionism, and hardline politics. We now need to ask ourselves whether we should be satisfied with aspects of this world we have built, which will involve assessing the new normal by reflecting back on our origins now that a mindset has been unleashed among citizens of the world who have encountered the COVID-19 pandemic, a matter of life and death. As such, we now face fundamental questions particularly in terms of social systems and economic models, and also in terms of our sense of values, lifestyles, and consumer behaviors such that had been deemed acceptable prior to the pandemic. Moreover, we must not forget to address challenges with respect to the global crisis of climate change which threatens the sustainable existence of humankind. Whereas everyone seemingly recognizes the importance of addressing climate change, in reality people don't appear to be taking any particular action in that regard given that they have not placed high priority on the issue in their day to day lives. As corporate entities and members of society, we must all endeavor to raise awareness regarding challenges posed by climate change. Whereas the COVID-19 pandemic will eventually subside, that is absolutely not the case when it comes to issues involving climate change. In our world as it encounters numerous global threats, an irreversible transformation has started to unfold toward making the notion of a sustainable society a reality. The COVID-19 crisis seems to be further accelerating this transformation. The Sustainable Development Goals (SDGs) set forth in a United Nations report act as guidelines for transforming our world in terms of aiming to fundamentally reorganize social, economic, and political systems. The report cites the true aim of the SDGs as that of "Transforming our world." This calls for us to create a society of abundance, one where human rights are protected and it is possible to achieve self-fulfillment while maintaining our planet in conjunction with human rights and the global environment.

Social and behavioral changes will be brought about with our sights set on the new normal. Business theory is also undergoing rapid change amid a scenario where

value placed on what is tangible and intangible has changed drastically in terms of consumers shifting from ownership to use, and from linear consumption to recycling and re-use. I hope to see us take on challenges going forward in a manner that involves embracing the new normal era enlisting a "Think Positive" approach.

Mandom's vision for society

The sustainability movement reflects a desire for wellness in terms of people aspiring to remain healthy both physically and mentally. The concept of "wellness" represents a broader view of health than the definition of health cited by the World Health Organization, and accordingly encompasses the notion of placing emphasis on taking initiative in health promotion, particularly in terms of maintaining a positive state of mind and establishing a lifestyle that is right for the individual. The expansive horizons of this domain represent a market with substantial potential for growth. The Company aims to help give rise to a society where people who are all smiles feel a little bit of magic and are positive and cheerful in the course of their day-to-day lives in terms of cleaning their bodies, grooming, and dressing neatly—in line with Mandom's corporate philosophy. Our ideal society also is one whereby people are able to achieve abundance and self-fulfillment in the form of wellness. We aim to serve people through our products and services in order to help bring about such a society, and will accordingly fulfill our social responsibilities acting as a good corporate citizen.

Reflecting back on the history of the Company's initiatives with respect to corporate social responsibility, in 2005 we established the Environmental Affairs Department independently of the Quality Assurance Department with the aim of redoubling our efforts involving corporate social responsibility (CSR) through environmental risk management practices. The Environmental Affairs Department was later renamed as the CSR Promotion Division in line with our efforts to strengthen business unit functions, and has accordingly been taking action to address environmental issues and contribute to society. During the decade of the 2000s, assessment of corporate value mainly centered on corporate size and scale of financial assets, and companies tended to take an approach that placed the most emphasis on shareholders among their stakeholders. However, companies have come to place importance on multiple stakeholders in a manner encompassing the environment and human rights given that the notion of assessing non-financial metrics has been gaining traction partially due to adoption of the SDGs and the Paris Agreement in 2015. In the current fiscal year, we established the ESG Promotion Division, which incorporates the functions of the CSR Promotion Department into our business planning functions, with the aim of promoting environmental, social, and governance (ESG) initiatives in-house and enhancing

our ability to communicate outside the Company. We will redouble our efforts to address the demands to us going forward, particularly with respect to the ever-increasing focus on environmental considerations, social factors and governance functions.

Expansion in fields of business that will serve useful purposes in the future

We have amassed a various forms of knowledge due to our involvement in joint research programs with graduate schools of Osaka University since 2015. A recent topic of research has yielded findings relating to applications of regenerative therapies in cosmetics. The research focuses on roles and mechanisms of stem cells with respect to shaping organs present in the skin. Notably, the research team was the first in the world to make discoveries regarding sweat gland stem cells that generate perspiration. The research team has succeeded in establishing immortalized human eccrine sweat gland myoepithelial (iEM) cells that can be cultured for a long period of time. Myoepithelial cells are cells that control the contraction of sweat glands and also function as stem cells that maintain the function of sweat glands. If we could identify the component that regulates the function of human sweat gland myoepithelial cells, it would lead to the development of a new approach of antiperspirant, as well as the development of preventive and therapeutic methods for hyperhidrosis and heat stroke. Whereas this requires many human sweat gland myoepithelial cells, our research group has established a method for maintaining the properties of human myoepithelial cells in the short term, and now applies this method further to introduce immortalizing genes. Thus, we have succeeded in establishing iEM cells that can be cultured for a long period of time. This has also enabled us to engage in the new business of selling this cell line to external research institutions through a Canadian company. Going forward, we hope to play a role not only in the development of our own products, but also with respect to addressing various social challenges relating to perspiration.

In addition to that research, we are making progress in research on so-called transient receptor potential (TRP) channels, which act as sensors for cells in the skin enabling it to sense cold and pain. This research involves technologies that will lead to applications for enabling pleasant and refreshing sensations, while reducing unpleasant sensations and mitigating pain. Commercial viability of these technologies would likely result in expanded product development involving areas of business other than those of our current offerings.

Thoughts on the next generation and successorship to remain a going concern

The COVID-19 pandemic reminded me that corporations

are social institutions. Corporations exist in conjunction with numerous partners and stakeholders and accordingly cannot survive alone. They function in a social capacity according to social norms. As such, we bear a responsibility to serve people, acting as a good corporate citizen who not only engages in economic activity but also exists with others in terms of engaging in community life. I see the notion of corporate value as constituting the sum total of the company's efforts to serve all of its business partners and other stakeholders. The corporate philosophy, SPIRIT, and PRINCIPLES which underpin these efforts serve as the foundation of the Company's existence.

Therefore, we are inclined to revisit these foundations upon encountering uncertainties in making decisions. Our world is embarking on a path of inexorable transformation toward making the notion of a sustainable society a reality. This transformation will give rise to new business competition internationally. Although we are bound to encounter substantial risk when engaging in game-changing initiatives, we must courageously take on challenges that enable us to seize future opportunities. To such ends, I see no need make changes with respect to our goals started under VISION2027 or our milestones going forward. However, our management must unleash a new mindset and exercise leadership geared to initiating discontinuous reform and innovation that alters formats and systems, while adapting to changes in the business environment through a repeated process of status-quo destruction and creation. Meanwhile, I think our future will come into view if we successfully pursue development of our business enlisting as a driving force our intangible intellectual assets, such that include the Mandom Group's hidden potential, our only one values and culture, knowledge and latent abilities residing with our entire workforce (approximately 80% of which are local staff members actively employed in different countries throughout Asia) and organization, and bonds we maintain with customers, business partners and everyone else in the Mandom World.



History of Value Creation

Mandom Corporation's history began in 1927 as Kintsuru Perfume Corporation, which inherited the trademark for high-grade domestic perfume "Kintsuru Perfume."
Shinpachiro Nishimura, the founder, worked to spread cosmetics under the principle of **"Value for Money,"** and that spirit has been passed down to this day.
Since then, Mandom has continually offered consumers a host of unique products always perfectly suited to the lifestyles of the times, launching various industry-first products and growing the market in Japan and other Asian countries.
We will continue to pursue Dedication to Service (Oyakudachi) for consumers all over the world guided by our original concepts of Health, Cleanliness & Beauty.



Founder
Shinpachiro Nishimura

Founding Spirit — Spreading high-quality and low-cost products

Spreading high-quality products and having them used by as many people as possible will lead to social contribution.

■ Domestic net sales ■ Overseas net sales

* Post-1997 consolidated base

* Changed the Company's accounting policy from fiscal 2018



1927

Established Kintsuru Perfume Corporation



1960s First Business Crisis

Alcohol-based liquid hair styling products came to market
Performance of the Company was sluggish due to being unable to respond to changes in consumer wants as a result of not letting go of the success of tique and pomade

1980s Second Business Crisis

Transitioned to a direct sales structure in 1978, but with ballooning costs, things came to a standstill in two years, and eventually the decision was made to return to sales through distributors. The crisis left a long-standing impact, particularly with respect to having to reduce personnel.

1933

Launched Tancho Tique



1970

Launched the Mandom Series



1982

Commenced the first MP
Developed Mandom terminology such as "Oyakudachi (Dedication to Service)" and "Seikatsusha (Consumers)."

► Overseas Business

1958

Commenced operations at technical tie-up factory in the Philippines



1969

Established a joint venture in Indonesia



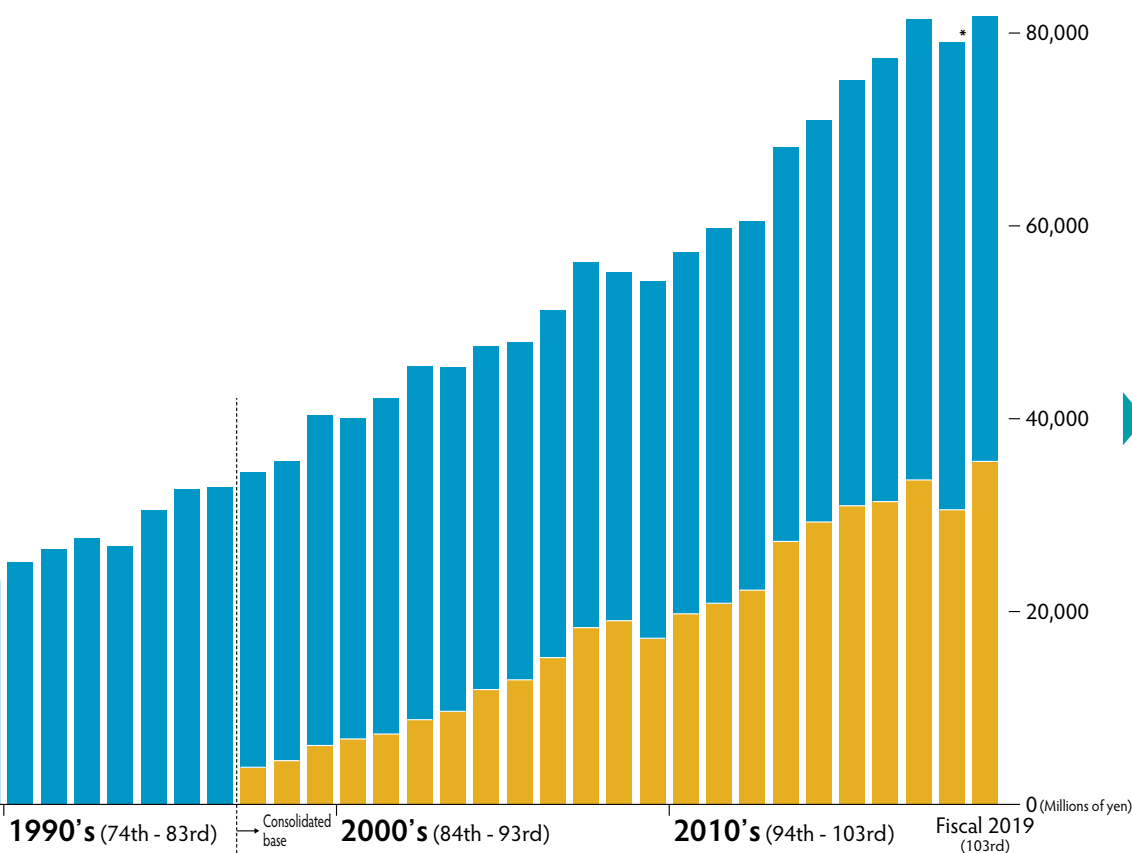
Strengthened Overseas

1988
Singapore

1990
Thailand

1989
Taiwan

1992
The Philippines



Created a market and expanded results by offering new grooming options



1985

Commenced the first over-the-counter sales of Gatsby hair foam for men



LÚCIDO

1989

Launched Lúcido, a lineup of fragrance-free men's cosmetics products, unprecedented in the industry



1994

Launched men's hair styling product Gatsby Water Gloss in Indonesia Expanded product line for various sizes; became widely known, primarily for the sachet-size version



1995

Launched women's cosmetic item Pixy Two Way Cake in Indonesia



1996

Launched Gatsby facial cleansing paper Introduced a new way of grooming



2001

Launched Gatsby Hair Color series, developing a market for men's hair color products

2017

Revised the Mission and formulated VISION2027

2019



The first M&A since founding

Acquired shares of ACG International

Acquired Assets

Only One Marketing

Knowledge in Men's Cosmetics Field

Overseas Expansion Focused on Asia

"Unique Research" and "Reliable Technology"

Production System with Three Manufacturing Bases

Highly-Engaged Human Resources (Employees)

Developments



1993

Hong Kong



1997

Malaysia



2008

China



2015

Vietnam



1996

China



1999

South Korea

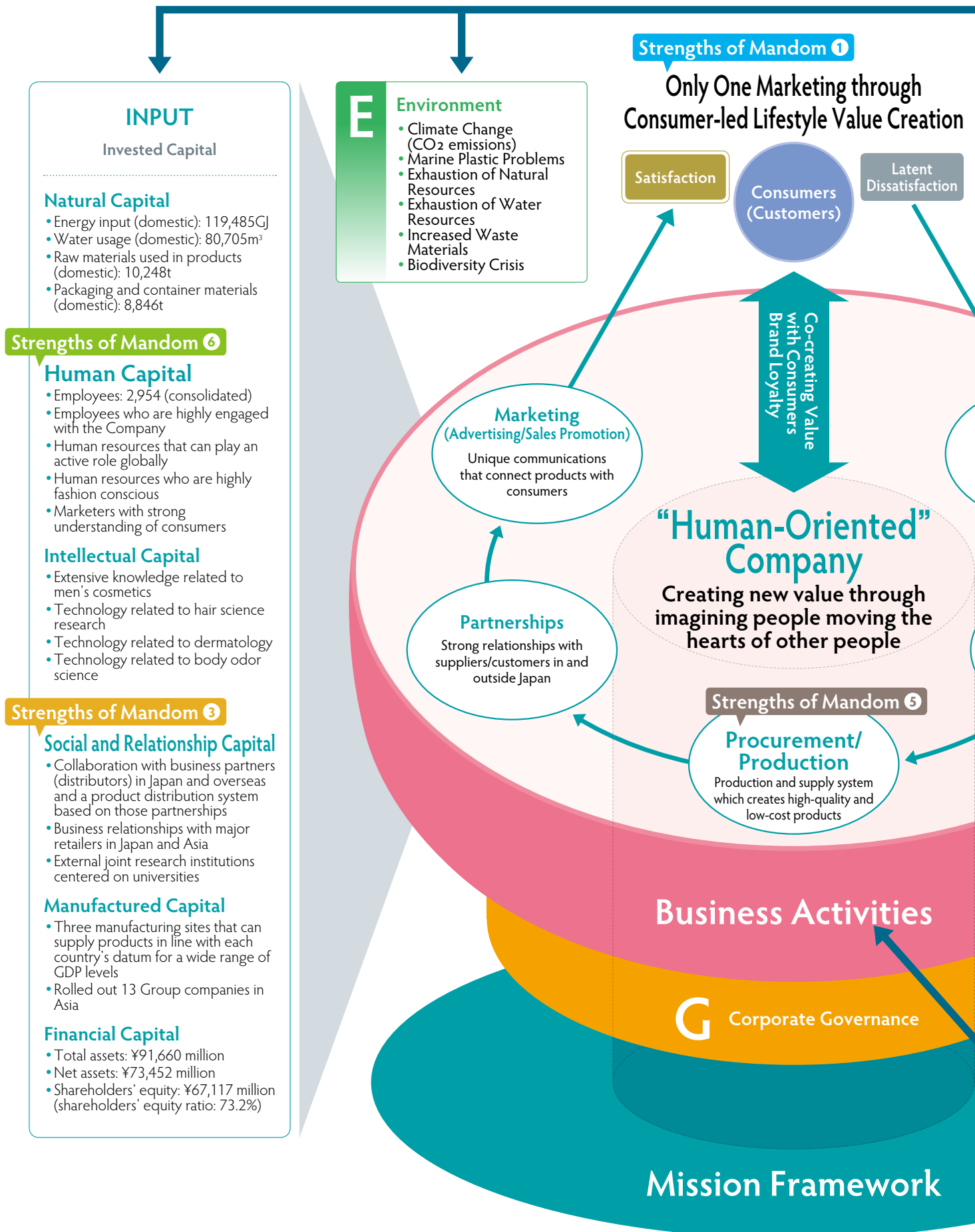


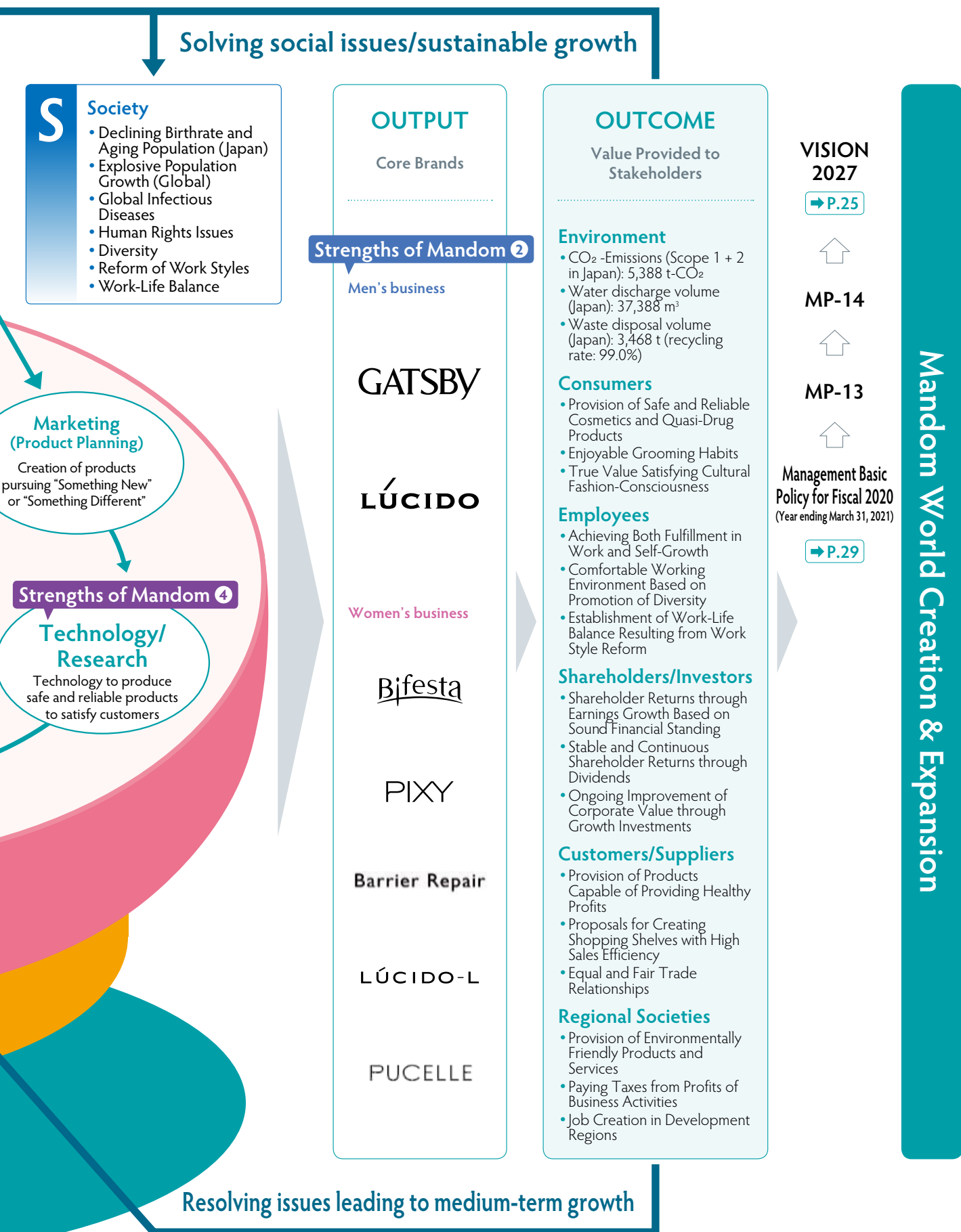
2012

India

→ P.98

Mandom Group's Human-Oriented Value Creation





Strengths of Mandom ①

Only One Marketing through Consumer-led Lifestyle Value Creation

The Mandom Group pursues a marketing model unique to us in which we constantly interact with and give care to consumers. This is in order to meet their latent needs and wants and guide their discoveries and feelings under a marketing philosophy of "Only One Marketing through Consumer-led Lifestyle Value Creation."

Feature **Lúcido**

As we uphold "Pursue Something New/Something Different" as one of Mandom's marketing policies, we have taken efforts to show a Dedication to Services (Oyakudachi) to consumers by proposing new value through the pursuit of unique products and services. To demonstrate this, we would like to present the example of the "Lúcido" brand, which has continued to evolve to flexibly respond to the changes of the times and consumers.

Launched in September 1989, the men's cosmetic brand Lúcido celebrated its 30th anniversary in 2019. Born as the first fragrance-free men's cosmetic brand, Lúcido has grown into a driver of the middle-aged men's cosmetics market in Japan as a brand which offers smart aging to address the concerns of aging as well as the fashion and grooming sensibilities of middle-aged men.

Up until today, Lúcido has continued to provide consumers new discoveries and satisfaction as the brand proposes new cosmetics habits and value with unprecedented perspectives, research, and ideas.



A "fragrance-free" cosmetic products which eliminated the assumptions of "fragrant" cosmetics

At its launch in 1989, cosmetics were assumed to be "fragrant." The scent not only expressed the worldview of the brand, it was also one of the major values of the cosmetic as it provided consumers emotional satisfaction.

While some consumers sought that value in their cosmetics, other consumers faced the difficulty of being unable to wear fragrant cosmetics in their workplaces, or had wants of a fragrance-free cosmetic because scents of cosmetics interfered with the specific scent they wanted to wear. As such, the fragrance-free brand "Lúcido" was born to address these concerns and wants.

After its launch, the product gained the trust of consumers because fragrance-free meant that there was nothing extra added to it. The "fragrance-free" concept also expressed a sense of cleanliness that the Japanese people value. Acknowledging the value of this, the brand gained the support of young working people.

The value came to be sought after by not only men, but also women. In 1993, "Lúcido-L" was launched as a women's product line.

As the economic bubble was reaching its peak, it was standard practice to utilize "development by addition" to attach various features to a product, reflecting the state of the world. However, Mandom focused on foundational features and even removed the "fragrance" which had been the status quo for cosmetics. This innovative concept of "development by subtraction" was accepted by consumers and gained their support.

The launch of Lúcido led to the creation of a new value, "fragrance-free cosmetics," and the construction of a new product category (market).



Shift to brand addressing concerns of middle-aged men and construction of middle-aged men's cosmetics market

Lúcido continued to increase sales as it expanded its items and categories. It grew into one of the brands which represents men's cosmetics, evolving through multiple renewals to respond to the times and changes in consumer wants.

During this, the main users of Lúcido also began to gradually expand from its launch as the user base of the brand shifted from young working people to primarily middle-aged male working people.

While exploring the wants of target consumers via surveys and direct dialogue with them, we realized they were worried about aging changes with those in their 40s or so saying "I can't get my hair done well like before" and "My body seems to smell differently".



In 2011, as target consumers who were in their 20s when the product launched had become middle-aged, Lúcido underwent a product overhaul as a men's aging care brand which focuses on men's early middle-age years. By displaying the age of "40+" on the product package, target consumers could more easily realize that the product was for them. At the same time, we proposed the new genre of middle-aged cosmetics in the men's cosmetics market.

As a result, middle-aged men who had not used cosmetics in the past were encouraged to begin new care habits as they realized that "since I'm in my 40s, I had better start using them."

Following this, various companies began to sell cosmetics for middle-aged men and effective communications strategies were carried out, leading to the large growth of the market, driven by the Lúcido brand.

Proposing new cosmetics habits as a smart aging brand

The current Lúcido is a cosmetics brand for middle-aged men operating in a wide variety of categories based on the theme of "smart aging" for care to positively address the issues of middle-age. The brand provides not only products, but also information.

Mandom conducts research and product development to address the middle-aged men's concerns with aging to propose the new cosmetics habits they need.

Through the discovery of middle-aged body odor, Mandom has spread awareness that odor care, which men tend to only do in the summer to combat sweat odor, should be conducted throughout the year as men age.

As a result, men are more aware of body odor care and more often use shampoo and body soap to combat the body odor for their personal use.

In fall of this year, Mandom will launch new, high-performance skincare and make-up products to address the impression given from the appearance of men's aging skin.

We will take efforts to spread awareness of and gain a foothold in new cosmetics habits by making detailed proposals to middle-aged men as their aging care and skin appearance care needs grow.

In the future, consumer's cosmetics habits and awareness will constantly change along with the changes in society and the environment. However, the cheerful, exuberant feeling when people are well groomed and without worries is timeless.

Lúcido will continue to grow with its consumers as a beloved brand for the next 30 years.



— Hair Styling —



— Skin Care —

LÚCIDO

Responding to middle-aged men's concerns with its extensive product lineup



— Hair Coloring —



— Body Care —

Executive officer message

Since our founding, Mandom has taken efforts to constantly offer new products and values that approach and respond to consumer wants of each era. We are especially proud of having uncovered new markets and categories in the men's cosmetics market.

The Lúcido brand highlighted here also created new value as a "fragrance-free" cosmetic and broke open a new market (domain) as a "middle-aged men's cosmetic."

This fall, we will add a high-performance product to the skin care series and launch a new make-up product. As life spans grow to 100 years, middle-aged men will certainly become more aware of youthfulness and their appearance.

We will continue to respond to their wants and make new proposals to "Pursue Something New/Something Different" to support our customers and allow them to live each day positively and cheerfully.

Please look forward to our new offerings.



Managing Executive Officer & Director
Ken Nishimura

Strengths of Mandom ②

Achievements and Knowledge in Men's Cosmetics Field

Overwhelming presence in men's cosmetics since Tancho and MANDOM

At Mandom's founding, we were known for Kintsuru Perfume.

Mandom did not start out specializing in men's cosmetics.

After launching hit products such as Tancho Tique and the MANDOM series, we began to establish a strong presence in men's cosmetics.

PIXY, a series of cosmetics centered around make-up, has been rolled out in Indonesia since 1987. Mandom also globally launched the Bifesta cleansing and face wash brand in Japan and other Asian countries in 2010 onwards. Both of these series have been performing well, experiencing expanding sales. However, even now the core brand of Mandom remains the men's Gatsby brand.

In order to satisfy the high expectations of male consumers, primarily in the long-selling Gatsby and previously highlighted Lúcido series, Mandom has invested people, resources, and money to continue tracking changes in men's tastes and values. We possess the advantage of having continuously conducted proprietary research regarding men's hair and skin.

Gatsby, our men's grooming brand enjoying tremendous popularity in Asia

Born in 1978, for over 40 years Gatsby has continuously delivered an enjoyable grooming experience, including hairstyling, to young men in their teens and 20s in various Asian countries.

No matter the era, Gatsby has always been and always will be a brand for them.

Gatsby is currently available in all areas of the 11 countries and regions where Mandom does business, including Japan.

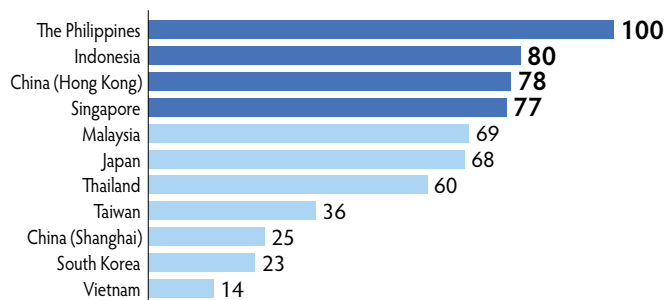
Although Gatsby's brand philosophy is globally unified, different products are sold in Japan and other countries.

The wants, needs, and standards of living of local consumers differ between Japan and other countries, so the content and selling prices of products are designed accordingly.

Gatsby products made at factories in Japan are mainly sold in countries with high GDP per capita, such as Japan and NIEs, the Gatsby products made in Indonesian factories are mainly sold in ASEAN countries where income levels are lower. In China, Gatsby products made at our Chinese factories are sold.

As a result of focusing on young male in our business expansion in Asia, not just with products but also with communication and in-store points of contact, name recognition of the Gatsby brand is high in many countries, and it has penetrated to the point of establishing a number one position in the hair styling market.

► Gatsby awareness by country (%) Mandom survey (2019)



Gatsby brand products distributed in countries

► History of Gatsby

1978. 7

Launched Gatsby



1985. 3

Commenced the first over-the-counter sales of hair foam for men



1994. 11

Launched men's hair styling product Gatsby Water Gloss in Indonesia
Expanded product line for various sizes; became widely known, primarily for the sachet-size version



1999. 3

Achieved ¥10 billion sales, a first in the Japanese cosmetics industry for men's products

2001. 3

Launched Hair Color series, developing a market for men's hair color products



2002. 3

Gatsby Hair Color commercial voted best overall in a survey carried out by CM Databank in the Tokyo metropolitan area



2006. 8

Launched Gatsby Moving Rubber

2013. 8

Released Gatsby brand Hair Jam series as a new styling offering following on the heels of wax



2014. 5

Launched men's hair styling product Gatsby Styling Pomade in Indonesia

2019. 8

Launched Gatsby Inside Lock



Strengths of Mandom ③

Overseas Expansion Focused on the Rapidly Growing Asia

Earliest expansion into Asia in the industry

The Mandom Group views overseas countries as markets rather than production areas (from which to import and sell low cost products in Japan). We are engaged in business overseas with the desire to demonstrate Dedication to Service (Oyakudachi) to local consumers through our products.

Our overseas expansion began with the commencement of operations at Tancho Corporation, our technical tie-up in the Philippines, in 1958.

Later, in 1969, we established a subsidiary in Indonesia via a joint venture.

Since then, we have continued to expand our area of operations, and today, we have 16 business companies in 10 countries and regions outside of Japan.

Furthermore, we export our products from Indonesia to more than 90 countries, including in the Middle East and Africa, via Dubai (UAE), which is a global trade hub.

Product proposals and distribution tailored to each local customer base

Since our founding, there has been a spirit of spreading Value for Money at Mandom.

In our overseas operations, we target the general public in each area. We are engaged in product development with a thorough emphasis on Consumer-led Lifestyle Value Creation for the consumers in each country and region, not getting caught up in what products are popular in Japan.

If there is a need or want among consumers, we will boldly take up the challenge to roll out products in various categories, regardless of whether we have experience with such categories in Japan.

Moreover, income levels of general public vary depending on the country or region, so we offer product sizes that match the buying power of consumers and have built a distribution network that makes it easy for middle-class consumers to acquire our goods. Through these and other efforts, we provide reasonably priced products and services that allow people to enjoy personal styling.



Different sizes of the same item to match the buying power of consumers



Traditional trade store (The Philippines)

Overseas Business Areas



Strengths of Mandom 4

“Unique Research” and “Reliable Technology” to Respond to Consumer Wants

Conducting unique research to respond to diversifying consumer wants

At Mandom, we pursue “value creation” that benefits people.

Mandom does not simply develop and provide products, but rather delivers “value” to customers through our products. Providing Oyakudachi (dedication to service) to consumers is central to our research and development and our concept of “innovation.”

What is our concept of value?

For us, our value means products filling each consumer's day with “discovery” and “inspiration.”

Mandom conducts research and development focused on the three areas of “hair/scalp,” “skin,” and “body odor/antiperspirant,” an area which has gained significant interest in recent years.

Hair/Scalp

The two central pillars of the research are in the “hair styling area (hair styling products, hair coloring products)” and the “hair care area (hair care products, scalp care products).” In order to continue to address the ever-changing, ever-evolving new wants and concerns of consumers, Mandom conducts research and development from the perspective of consumers to develop bold and revolutionary products.



Styling from inside the hair

As a result of joint research with Kyoto University which began in 2014, we discovered that standard hair styling products apply the styling ingredients mainly to the outside of the hair. On the other hand, by making the product penetrate into the hair itself, we can form a binding inside the hair. This discovery led to the development of technologies which achieve producing a more natural look while providing the perfect hold.

Skin

Mandom has continuously conducted surveys and research related to the condition of skin in both men and women and has shown that there are unique conditions for the skin of each gender.

In particular, we have carried out fully designed surveys and research on men before anyone else in the cosmetics industry. We discovered that men's skin has attributes different from that of women's. In recent years, we have conducted research and development which consider how skin condition makes the “impression of appearance.”

We have also made new discoveries about women through research focusing on the relationship between the menstrual cycle and skin condition.



Men's skin impression research

We are conducting “skin impression research” for the development of products which could improve the impression of one's appearance. We discovered that the “youthful impression” of middle-aged men in their 30s and 40s is determined by the “brightness” of their skin and that one's impression can be improved through appropriate skin care.

We also discovered that the impression of “cleanliness” of young men in their teens and 20s is deeply related to surface of their cheeks and forehead, their pores, and their skin tone (brightness, spotting).

Body odor/Antiperspirant

Body odor influences one's impression and plays an important role in achieving smooth communication.

Understanding body odor and taking appropriate care is directly linked to a clean and comfortable life.

Mandom is engaged in research and development to propose products best suited to various body odors, such as with the discovery of a new body odors like the “middle-aged body odor” which had not been identified before and the development of technology to limit the function of substances which are the source of body odor, including sweat.



Discovery of sweat gland structure and its functioning mechanism

We are engaged in industrial joint research on the “sweat gland,” which excretes sweat, with the Graduate School at Osaka University in order to develop high-performance antiperspirants.

We discovered the existence of stem cells in human sweat glands and succeeded in regenerating sweat glandular-like structures in vitro.

The team was also the first in the world to visualize the complex three-dimensional structure of human sweat glands. In addition, we successfully established a new valuation method through visualization and quantification of the contraction of sweat glands to push out sweat. Through these efforts, Mandom aims to develop a deodorant with completely new functionality to directly affect the sweat gland and adjust perspiration itself.

Strengths of Mandom ⑤

Production and Supply System Which Seeks the Spread of High-Quality and Low-Cost Products

Product supply system comprised of three manufacturing bases with different missions

Mandom Group reinforces the concept of products through Consumer-led Lifestyle Value Creation in each Asian country we operate. Mandom has three manufacturing bases in Japan, Indonesia, and China in order to provide high-quality, reasonably priced products and services which fit the income levels, wants, and changes in tastes and lifestyle of consumers in various countries.

Our Fukusaki Factory in Japan takes the lead as our innovation center with technological and production functions. It is the supply base to provide high quality "Made in Japan" women's cosmetics, including Bifesta, to Asian countries. Our Indonesian factory, which serves as a global production center, has a production structure which allows it to manufacture high-quality, cost-competitive products. The factory primarily supplies ASEAN countries, but its global reach extends to many markets. Our factory in China primarily supplies products to the country's domestic market and additionally provides production for the Group.

We are also taking efforts to construct a system to substitute, provide complementary production, and conduct shipping in cases when natural disasters or accidents occur at factories.

► Three manufacturing bases which support the Group



Fukusaki Factory (Japan)

Production volume: **181 million units**



Zhongshan Factory (China)

Production volume: **20 million units**



Factory 1 (Indonesia)

Production volume: **467 million units**

* Production volume: Actual results for 2020 (year ended March 31)

Product supply system which fits various GDP levels and local requirements

Group companies in each country sell products with their own unique product mix; importing products from Japan, Indonesia, and some from China, tailored to the GDP levels of the countries, consumers' income levels, and lifestyles.

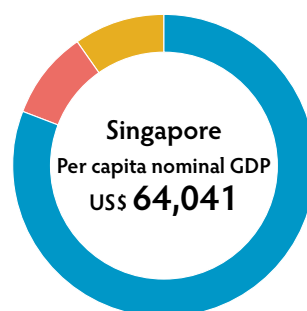
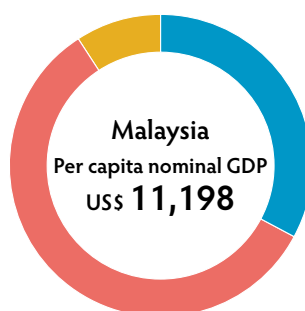
In each country, products produced in Japan are in a higher price zone, while products produced in Indonesia are in a more reasonable price zone and products produced in China are between those two zones.

This makes it possible to arrange the best product mix for each country.

► Comparison of sales by manufacturing center

- Made in Japan
- Made in Indonesia
- Made in China

* Composition excluding products from other companies



Strengths of Mandom ⑥

Highly-Engaged Employees

Efforts to share and instill the philosophy

Fiscal 2017 marked the start of our twelfth Middle-Range Planning (MP-12), which is positioned as a period to develop the infrastructure for realizing VISION2027, the 100th anniversary of the establishment of the Company. Within this, our priority is the instillation and establishment of the corporate philosophy.

In order to promote the understanding of the corporate philosophy across all employees of Group Companies, the text for training has been translated into eight languages: Mandarin Chinese, Cantonese, Korean, Vietnamese, Indonesian, and Thai, in addition to Japanese and English versions.

These were not simple direct translations but rather translations crafted with the help of local staff to express what the Company truly is trying to express in its philosophy.

We educated all employees on this philosophy in three steps.

First, we held assorted discussions through officers' gatherings.

Then department managers were appointed "evangelists" after learning about this philosophy from these officers.

Finally, these evangelists spread the philosophy to their department staff through workshops.

These efforts reached 1,009 employees in Japan and overseas in the short period of six months.

In 2018 and 2019, we conducted employee surveys and results feedback to follow up on the degree of awareness among employees. A key focus on 2019 is that the "employee engagement," in other words the sense of belonging and desire to contribute to the Company, was higher than the average global company level and the score itself further increased as with the previous year.

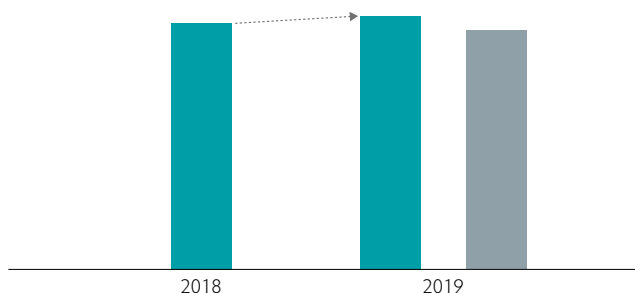
We also saw improvements on "environment which utilizes employees," from below global averages the previous year to be above the global average in 2019.

This is the result of evangelists and on-site staff accepting survey results, by holding dialogues and conducting improvement measures based on Active Employee Engagement.

We consider that maintaining the effectiveness of philosophy awareness is one barometer in achieving a "human-oriented" Company. Therefore, we plan to continue executing measures next year and beyond to establish a PDCA cycle and construct an environment which employees consider the comfortable workplace environment for themselves.

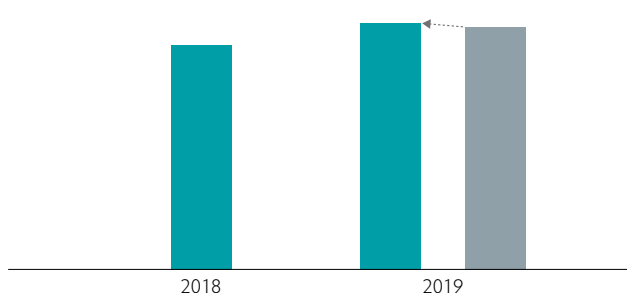
► Employee engagement

■ Mandom ■ Global companies (Norm)



► Environment which utilizes employees

■ Mandom ■ Global companies (Norm)



Personnel affair system encouraging employees to take active roles on a global stage

We are promoting a global personnel affair system as part of our efforts to centralize management platforms in order to become a truly global company.

As we are targeting to foster global human resources who are able to produce results whichever country they are in regardless of the nationality or borders, we are implementing an HR system which bridges the corporate base in Japan and overseas Group companies.

We are moving toward global human resources development in the marketing domain in precedence over other business domains. A foreign national marketer in charge of women's cosmetics was appointed to the Aoyama Office, and in FY 2019, we dispatched two Japanese marketers to overseas positions, making a total of three employees who have taken positions overseas. Furthermore, from April of 2020, an employee from Singapore has assumed the head of the "International Marketing Department" in the Aoyama Office.

In order to achieve the goals of VISION2027, we are also conducting global leadership training programs for selected personnel, primarily among the current department managers, for the purpose of developing human resources who can generate strategic ideas and execute both management and marketing.

As the initial part of this strategy, we spent one year training 15 future leader candidates from in and outside Japan, one fourth of which were foreign nationals working outside of Japan.

In our overseas Group companies, we already have four human resources representing this program on the ground (including one employee of an equity-method affiliate).

Human resource development initiatives

The Company considers all its employees as Human Assets. The aim of VISION2027 is, through daily thoughtful action, to motivate them, and encourage their active engagement. To realize VISION2027, employees must take responsibility as Human Assets to provide support for the Company and society. The Company, in turn, shall seek to develop their capabilities as Human Assets and provide this diverse talent pool with opportunities for motivation and active engagement.

The HR Division shall continue to redesign and develop systems and structures that allow both parties to realize these ideals and provide Dedication to Service (Oyakudachi).

► Main Efforts in FY2019

New employee training	Junior employees with less than 2 years experience on the job are provided with training so that they can learn about the company's principles, acquire the fundamental knowledge required to work at Mandom, gain and verify the skills necessary for working individuals, and develop an appropriate mindset. In this way, we hope to nurture a group of self-reliant employees. Number of new graduates in FY2019: 23 (6 weeks in April-May; 4 days in October) / Number of second year employees: 21 (3 days in October)	Senior Full-time Employee System	When employees turn 60, if they want to continue working until 65, they can select one of the following working options: 1) Senior full-time employee expert (continue taking part in designing and coordinating projects aimed at achieving their division's goals) 2) Senior full-time employee supporter (conduct clerical and other work related to supporting their division) Implemented in April 2020
New manager training	Training conducted in-house for employees new to managerial positions. New managers learn what mindset they need, the role of managers, and about such topics as coaching, mental health, and company regulations. Once a year 1 day: Number of participants in FY2019: 14 (July)	Managerial Position Retirement System	Retirement ages are set for each managerial position, and in the fiscal year following the year when employees reach the retirement age, they voluntarily resign from managerial positions. With the aim of helping them begin new careers and early achieve their potential, this system enables younger employees expected to serve primary roles in realizing VISION2027 to experience working in management. On the other hand, senior employees reaching the managerial retirement age have acquired extensive experience and knowledge that younger employees yet lack. Therefore, under this system we will create new value by maximizing employees' potential in their workplaces, and vitalize their divisions by cultivating the next generation. Implemented in April 2020
Education and training for next-generation global managers	Training will be provided to produce leaders who can devise strategies to achieve the goals of VISION2027, implement integrated management and marketing strategies, establish department-based business concepts based on the superior policies, philosophies, and KohDoh practices with the viewpoint of business management, and make correct decisions and conduct plans from a group perspective by fully utilizing their leadership, communication, and driving abilities. Training schedule: January - October 2021. 20 nominated employees	Side Job System	The side job must be one that can be expected to provide the employee with experience, knowledge, and skills useful in helping Mandom grow, and the employee must be the owner of the side business and also meet a number of conditions, including his/her length of service, specified by Mandom. Implemented in April 2020
Company-wide education on Mandom Code of Conduct	Education for all employees to gain and verify understanding of the Mandom Group's Code of Conduct. Conducted by division with testing. Education is also promoted using the monthly in-house email newsletter. Once a year and about two hours (several times a year for training materials and once a month for internal newsletters) / Targets: All employees	Self-investment Support System	Mandom will cover part of the costs incurred by employees for attending lectures and seminars to acquire the experience, knowledge, and qualifications their career goals require. Implemented in April 2020



For other programs and details, see the website.

CSR Information ► Labor Practices > Human Resource Development

Aiming to Achieve Decent Work and Work-Life Balance

At Mandom we aim to achieve Decent Work practices, encourage proper health management by employees, and promote work-life balance, having in place the following systems and measures.

► Main Efforts in FY2019

Childcare/ Elderly care support system	A support system is in place to enable employees who would otherwise be constrained by childcare or elderly care to continue in their jobs. We have made it compulsory for all employees eligible for childcare support to attend an interview with their manager and the human resource department to promote use of the system. A consultation desk was set up in-house to improve support for employees with regard to balancing work and elderly care. As required	Stress checks	In accordance with our "Stress Check System Based on the Amended Industrial Safety and Health Act" which came into effect on December 1, 2015, we have expanded the scope of stress checks to all employees in collaboration with an EAP organization. Individuals are informed of the results and anonymous statistics are compiled and analyzed by division and department. EAP: Employee Assistance Program Once a year (September) Target: All employees Number of employees examined in FY2019: 929 (Medical examination rate: 91.2%)
Flexible working hours	We introduced this system to make working hours more flexible and correspond to varying workloads. This will allow employees to invest more time in their health and education, which we hope will lead to enhanced productivity and creativity. Number of employees under flexible working hours in FY2019: 778	Health checks	Periodic health checks are conducted for all employees and thorough physical examinations are recommended for employees and spouses over the age of 35, with subsidies provided. Once a year Target: All employees Number of employees examined in FY2019: 1,140 (Medical examination rate: 98.3%)
Work-from-home system	In order for each and every one of our diverse range of employees to be able to work comfortably, and to create a meaningful working environment in which they can maximize their potential, we have implemented a work-from-home system. To begin with, those with certain restrictions on their place of work and working time, such as employees raising children or caregiving, are able to take up to 5 days per month from half-day increments. Number of employees in FY2019: 32 * Due to the novel coronavirus, this system was relaxed and applied company-wide in March.	Smoking Rate Reduction Measures	We aim to reduce the smoking rate in the Company by prohibiting smoking on the company premises during standard working hours, except during break time, and by supporting employees with medical fees for smoking cessation clinics. As required



For other programs and details, see the website.

CSR information ► Work practices > Decent Work and Work-Life Balance



External Site

Work-Life Balance Support Forum ►

Mandom page for general employer action plan under the Act on Advancement of Measures to Support Raising Next-Generation Children (Japanese only)

Mandom Group's Human-Oriented Value Creation Model

Relationship Between Mandom and Stakeholders

	Relation with stakeholders	Stakeholders' areas of interest and stakes
Consumers	<p>Narrowly defined, consumers are end users of Mandom products. Broadly defined, consumers are our employees, shareholders and investors, customers, suppliers, and each and every member of local communities.</p> <p>By producing products based on consumers' needs and wants, we are rewarded with stable profits for consumer satisfaction and we aim for value creation which enriches everyday life and society.</p>	<ul style="list-style-type: none"> • Safe product quality • Products with tangible effects • Satisfaction from using products
Employees	<p>As we advocate a "human-oriented" approach, employees truly make up the center of the Company.</p> <p>We believe that we can continue providing high value to society if each and every employee can work lively with a sense of pride and a strong motivation, and can have a happy relationship with the Company which improves the per capita productivity.</p>	<ul style="list-style-type: none"> • Work that makes one fulfilled and proud • Fair HR evaluation • Satisfying compensation • Motivation for work
Shareholders/Investors	<p>Shareholders and investors expect the Company to produce returns exceeding their capital costs in exchange for financially supporting the execution and growth of the business operations of the Company as the financial capital contributor.</p> <p>In recent years, there have been increased investor interest and demand in awareness and engagement on ESG issues, which are in the spotlight. Shareholders and investors also function as monitors of the Company's business execution.</p> <p>In response, the Company strives for transparency of management, focuses on full accountability through disclosures, and engages in dialogue as needed.</p>	<ul style="list-style-type: none"> • Investment return which exceeds expectations • Appropriate share price • Corporate value improvement • Corporate growth potential
Customers	<p>We use a distributor system for sales in all cases in Japan and many overseas.</p> <p>As such, narrowly defined, our customers are domestic and overseas distributors. Broadly defined, customers can also be considered the retailers where consumers encounter our products. The Company is providing customers effective proposals regarding selling areas and sales promotion.</p>	<ul style="list-style-type: none"> • Bestselling products enjoyed by consumers • Products with high added value • High expertise in product category
Suppliers	<p>As the Company operates its business in Japan and Asia based on the policy of "high-quality and low-cost products," we are supported by many suppliers through the provision of competitive and highly economic raw materials.</p> <p>In response, suppliers seek fair and sound transactions with us.</p> <p>In recent years, society has demanded that activities consider environmental conservation and the respect for human rights throughout the supply chain.</p>	<ul style="list-style-type: none"> • Fair, equal, and transparent transactions • Procurement volume • Securing appropriate profit • Improvement of the Company's technological level • Procurement with societal and environmental considerations
Environment Regional Societies	<p>For a company such as the Mandom Group, which operates widely across Asia, we cannot sustain our business without a mutual understanding and harmony with regional societies.</p> <p>When expanding overseas, Mandom views local regions as one market and produces products based on the wants of the consumers in the area.</p> <p>At the same time, we also generate employment opportunities by hiring locals in each operating country.</p>	<ul style="list-style-type: none"> • Regional development • Job creation • Conservation considerations of regional environment • Safety, securement of local residents' health

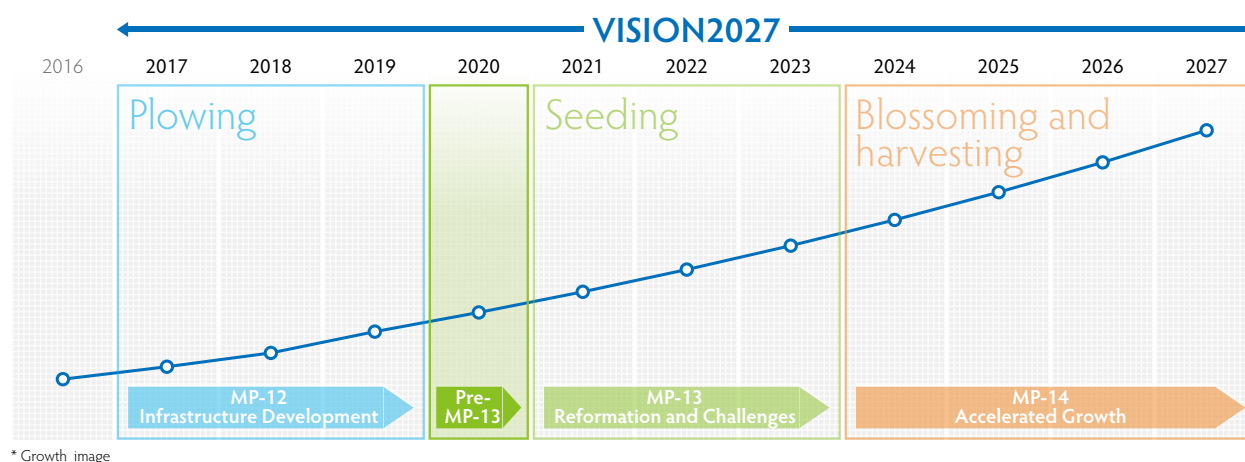
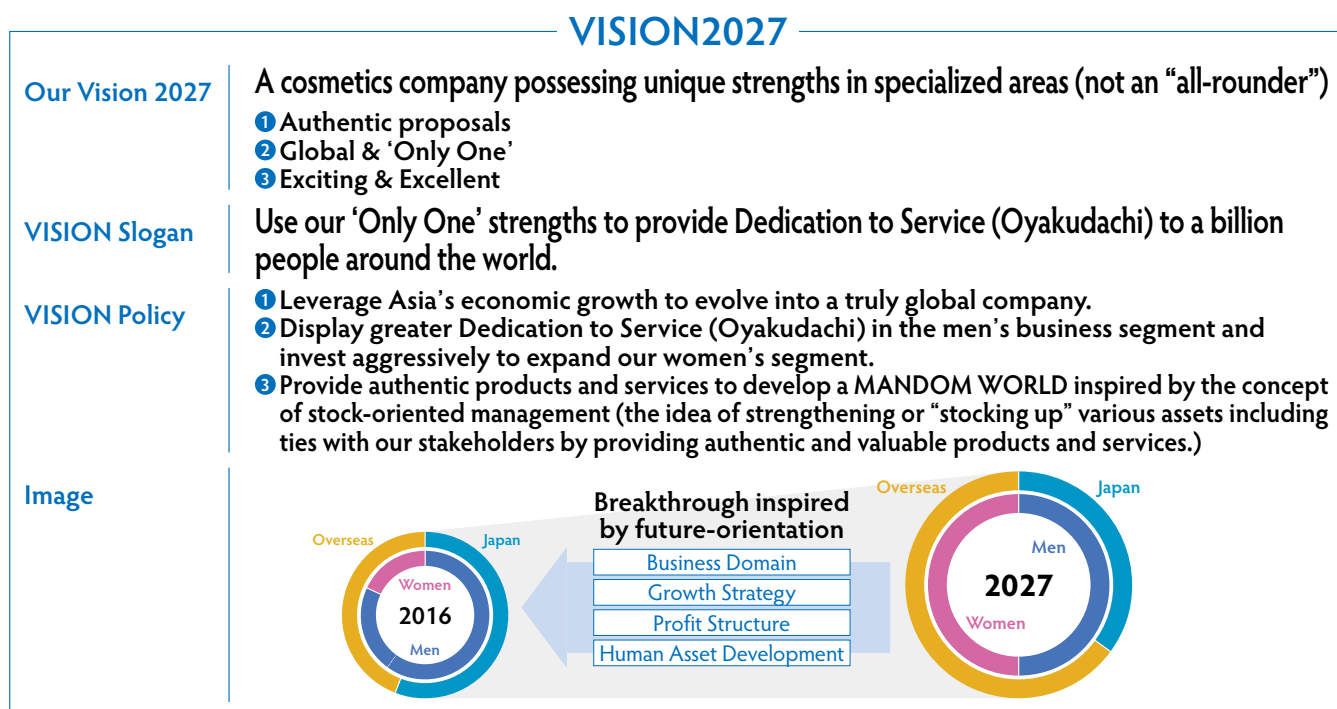
Value provided to stakeholders	Requirements to create value	Major touch points and engagement
Provision of safe and reliable cosmetics and quasi-drug products	<ul style="list-style-type: none"> • Safe and reliable raw materials procurement • Production technologies • Quality management 	<ul style="list-style-type: none"> • Company website • TV advertising • Online advertising • Retail stores • Integrated reports
True value satisfying cultural fashion-consciousness	<ul style="list-style-type: none"> • Cultural knowledge • Aesthetic sense • Fashion sense 	
Enjoyable grooming habits	<ul style="list-style-type: none"> • Understanding of consumers • Product development with “fun” axis 	
Fulfillment in work and employee growth	<ul style="list-style-type: none"> • Fair HR evaluation • HR system which sustains high motivation • Human rights education 	<ul style="list-style-type: none"> • Corporate philosophy survey • Employee performance evaluation interview • Self-evaluation system • Policy presentations
Comfortable working environment based on promotion of diversity	<ul style="list-style-type: none"> • Promote diversity and inclusion. • Human rights education 	
Work-life balance through work style reform	<ul style="list-style-type: none"> • Highly productive work style • Promote decent work 	
Shareholder returns through earnings growth based on sound financial standing	<ul style="list-style-type: none"> • Sustaining and expanding operating cash flow (Operating CF) • Financial capital strategy (Financial CF) • Optimal capital structure (BS) 	<ul style="list-style-type: none"> • General meeting of shareholders • Financial results briefings • Small meetings • Overseas road shows • Conferences held by securities companies • Briefings for private investors • Integrated reports • Shareholder reports • Company website
Ongoing improvement of corporate value through growth investments	<ul style="list-style-type: none"> • Stable increase of share price • Capital strategies (medium-term investment plan) (Investment CF) 	
Provision of products capable of providing healthy profits	<ul style="list-style-type: none"> • Provision of high added value products • Appropriate sales strategies 	<ul style="list-style-type: none"> • Daily sales activities • New product presentations • New product exhibitions • Sales sheets • Product catalogs • Sales proposals materials • Company website
Proposals for creating shopping areas with high sales efficiency	<ul style="list-style-type: none"> • Understanding of customers • Understanding of products 	
Transactions which earn appropriate profits	<ul style="list-style-type: none"> • Appropriate and highly transparent purchasing rules • Creation of high added value products 	<ul style="list-style-type: none"> • Daily purchasing activities • Supplier CSR Guidelines • Integrated reports • Company website
Provision of newest market information	<ul style="list-style-type: none"> • Understanding of market • Understanding of consumers 	
Provision of environmentally friendly products and services	<ul style="list-style-type: none"> • Obtainment and procurement of environmentally friendly raw materials • Environment-adaptive technologies • Initiatives for the environment and climate change 	<ul style="list-style-type: none"> • Information exchange with public institutions, local public bodies, etc. • Exchange with industry organizations • Activities to contribute to regional societies
Job creation	<ul style="list-style-type: none"> • HR system suited to each region • Market creation and business scale expansion 	

Growth Strategy

Changes in Middle-Range Planning

		MP-1 1982/4-1987/3	MP-2 1987/4-1990/3	MP-3 1990/4-1993/3	MP-4 1993/4-1996/3	MP-5 1996/4-1999/3	MP-6 1999/4-2002/3	MP-7 2002/4-2005/3	MP-8 2005/4-2008/3	MP-9 2008/4-2011/3
		Improve Safety					Increase Growth and Profitability		Increase Growth and Profitability + Establish Foundations for New Earnings	
		Increase Growth and Profitability + Promote Group Management					Increase Growth and Profitability + Put Sustainable Growth on Track + Establish Foundations for New Earnings			
		MP-10 2011/4-2014/3					MP-11 2014/4-2017/3		MP-12 2017/4-2020/3	
Positioning		"Only One" Company in Asia with Global Management Expertise Focus on Dedication to Service (Oyakudachi) in Asia to accelerate growth in Group businesses					Middle-Range Planning to Accelerate Growth and Cultivate New Business in Asia Aim to establish competitive advantages by strengthening business expansion in major markets and increase sales volume by cultivating new markets and business fields		Corporate Infrastructure Development for Realizing VISION2027 First of three phases to achieve VISION2027 Aim to become a truly global company through proactive investments to strengthen marketing and internal controls	
Key Points		Shifted to Planning from backcast perspective. Envisioned the ideal form and shape Mandom should take from a long-term perspective and developed a plan which aimed higher, not simply continuing the path of the past.					We will further promote the shift to Asia for the Group's management in order to increase our competitiveness in the Asian market, which has high growth expectations.		Announced a new "MISSION," or corporate philosophy, which centers on the concept of "Human-Oriented," as well as "VISION2027," the shape we want Mandom to take in 2027, the 100th anniversary of the founding of the Company.	
Summary		<ul style="list-style-type: none"> • Stable growth of the Company's core men's grooming business Aim for stable growth as a core business; maintain and expand the market share in categories of the men's grooming segment. • Bolster presence in women's cosmetics business Centered around skin care, aim to strengthen and cultivate business through product lineups suited to the markets of each country of operation. • Continue strengthening overseas business operations with Asia as growth engine Establish Indonesia and China as strategic markets and aim for proactive business expansion to establish presence in the Asian market and improve growth of the Group. In addition, construct distribution network and expand into India and Indochina, markets which are expected to grow in the future. 					<ul style="list-style-type: none"> • Achieve sustainable growth in men's grooming business Aim for sustainable growth as a core business; maintain and expand the market share in categories of the men's cosmetics segment • Speed up expansion of women's cosmetics business Aim to speed up Asian expansion with product lineup customized to each country, focusing on the "skin care" and "base makeup" categories. • Continue strengthening overseas business operations as growth engine Aim to expand the scale of operation by strengthening initiatives toward the major market of Indonesia and construct the foundation for developing markets, such as building a distribution network in China and Indochina. 		<ul style="list-style-type: none"> • Promotion of category strategies and thorough implementation of activity ① Nurturing of a category that can become a firm mainstay ② Increase of brand values • Improvement of growth in overseas operations, focusing on Indonesia ① Indonesia: Display greater Dedication to Service (Oyakudachi) for middle-income class ② Asian countries other than Indonesia: Advance marketing measures unique to each country by understanding consumer wants and achieving profitability • Building a group operation system and improving productivity per unit ① Increases in the decision making accuracy and speed by securing a group personnel affair system, accounting system, and information system, and building a structure for increasing productivity per unit ② Construction of a structure that allows prompt strategy formulation and implementation at the operating company 	
Numerical Targets		(Targets)	(Actual)	(Targets)	(Actual)	(Targets)	(Actual)	(Targets)	(Actual)	(Targets)
Consolidated Net Sales		¥66,000 million or more	¥68,200 million	¥83,000 million	¥77,300 million	¥90,000 million	¥81,700 million			
Men's Grooming Business Average Annual Growth Rate		3.2% or more	5.4%	5.2% or more	2.6%	3.0% or more	-0.6%			
Gatsby Brand Average Annual Growth Rate		3.6% or more	5.9%							
Women's Cosmetics Business Average Annual Growth Rate * Women's business in MP-12		19.3% or more	11.8%	15.0% or more	15.9%	10.0% or more	11.1%			
Consolidated Overseas Net Sales Average Annual Growth Rate		9.4% or more	11.3%	11.4% or more	4.8%	10.0% or more	6.8%			
Consolidated Operating Profit Margin * Operating profit amount in MP-11		10% or more	10.0%	¥8,600 million	¥7,600 million	10% or more	7.1%			
Consolidated Payout Ratio		40% or more	40.0%	40% or more	40.3%	40% or more	63.5%			
Look Back		While there were challenges such as sluggish growth in the women's cosmetic's business and delays in expanding into China and India, where growth was projected, the Group achieved growth targets due to stable growth in the men's grooming business, centered around the "Gatsby" brand, and deepening our presence in the Asian market through proactive investment in marketing activities.					We fell short of our initial targets and a number of issues remain to be dealt with before we can become the company that we want to be. Nonetheless, there was a certain level of results from the resurgence in growth rates. A major success was the extremely high growth rate in women's cosmetic's business. In view of product development of cosmetics in the future, we began a joint research program with outside institutions, starting with the Graduate School at Osaka University.		We were able to execute on just about all of the infrastructure development initiatives we should have executed. On the other hand, profit issues remained regarding the expansion of the top line item (sales). We acknowledge that the cause of this issue lies in our delayed or insufficient response to dramatically rapid and significant changes in consumer tastes and purchasing behavior. This is an ongoing important issue for the next Middle-Range Planning.	
Foreign exchange impact Rupiah/JPY (period average)		MP-10 Set Rate ¥0.0093	2011: 0.0091 2012: 0.0086 2013: 0.0093	MP-11 Set Rate ¥0.0085	2014: 0.0089 2015: 0.0091 2016: 0.0083	MP-12 Set Rate ¥0.0083	2017: 0.0084 2018: 0.0078 2019: 0.0077			
Middle-Range Planning Initial Set Rate and Actual Rate by Year										

Positioning of VISION2027 and MP-12



Outline of MP-12 (12th Middle-Range Planning)

MP-12 (April 2017-March 2020) was designated as the “Infrastructure Development period,” a first step in realizing VISION2027.

Theme Corporate Infrastructure Development for Realizing VISION2027

Management Basic Policy

1. Promotion of category strategies and thorough implementation of activity

- ① Nurturing of a category that can become a firm mainstay
- ② Increase of brand values

2. Improvement of growth in overseas operations, focusing on Indonesia

- ① Indonesia: Display greater Dedication to Service (Oyakudachi) for middle-income class
- ② Asian countries other than Indonesia: Advance marketing measures unique to each country by understanding consumer wants and achieving profitability

3. Building a group operation system and improving productivity per unit

- ① Increases in the decision making accuracy and speed by securing a group personnel affair system, accounting system, and information system, and building a structure for increasing productivity per unit
- ② Construction of a structure that allows prompt strategy formulation and implementation at the operating company

Look Back at MP-12 (12th Middle-Range Planning)

In April 2017, Mandom announced “VISION2027,” the Company’s first long-term corporate vision, along with the start of MP-12.

“A cosmetics company possessing unique strengths in specialized areas (not an “all-rounder”).”

This is the vision we pursue towards 2027, the 100th anniversary year of the Company’s founding, and which represents the Mandom Group’s dream.

In order to achieve the vision, we broke this concept into three phases from 2017 to 2027 and developed a plan which would steadily evolve over time.

MP-12 is positioned as the first phrase, the “Infrastructure Development Period.” In this phase, we aim to become a truly global company, analyze the external environment, and identify internal and external issues. We have established three Management Basic Policies to respond and resolve these issues as well as Management Basic Targets, quantitative targets related to “Growth Potential,” “Profitability,” and “Shareholder Returns.”

Management Basic Policy

1. Promotion of category strategies and thorough implementation of activity [Self-assessment of achievement]

① Nurturing of a category that can become a firm mainstay

- Achieved horizontal deployment of women’s cosmetic “Bifesta” overseas and strengthened non-bath hair treatment category with “Lúcido-L.”
- Achieved solid development of cosmetics for middle-aged market with men’s cosmetic “Lúcido.”

○

② Increase of brand values

- We acknowledge that we have not sufficiently invigorated the men’s cosmetic Gatsby brand, despite having begun rebranding.
- Achieved a certain level of success expanding brand awareness of the women’s cosmetic “Bifesta” through social media and influencers. We have been rebranding Pixy since 2018, and have been receiving support from target consumers with our new Make It Glow line.

△

2. Improvement of growth in overseas operations, focusing on Indonesia

① Indonesia: Display greater Dedication to Service (Oyakudachi) for middle-income class

- Sales of both men’s and women’s cosmetics were sluggish due to competition from local companies’ rival brands, which have gained strength in recent years. Accordingly, we assess that we have not been able to expand sales volume, in other words volume of Dedication to Service (Oyakudachi).

×

② Asian countries other than Indonesia: Advance marketing measures unique to each country by understanding consumer wants and achieving profitability

- We assess that while efforts related to women’s cosmetic Bifesta received a passing grade, efforts related to men’s cosmetic Gatsby were insufficient as sales were sluggish due to the intensification of competition regarding pomade in Indonesia.

△

3. Building a group operation system and improving productivity per unit

① Increases in the decision making accuracy and speed by securing a group personnel affair system, accounting system, and information system, and building a structure for increasing productivity per unit

- We are moving toward global human resources development in the marketing domain in precedence over other business domains. We are already deploying human resources across Japan and overseas Group companies. From April of this year, an employee from Singapore has assumed the head of the “International Marketing Division” in the Aoyama Office.
- Began introducing and operating SAP (shared accounting infrastructure) in Indonesia and Thailand subsidiaries as well as Japan, which makes up over 70% of the total consolidated sales. It is now possible to check the sales in countries which have introduced this system on a daily basis without waiting for reports. Revenue by brand has also been “visualized,” enabling appropriate decision-making on investments.

○

② Construction of a structure that allows prompt strategy formulation and implementation at the operating company

- Achieved shift to profit management structure for overall overseas business operations and set the direction of strategic promotion framework for sustainable growth.

○

Management Basic Target

Growth Potential

Item	Target	Actual	Achievement
Consolidated Net Sales Final year of MP-T2	¥90,000 million	¥81,700 million	Not achieved

¥950 million decrease due to foreign exchange impact, ¥2,700 million decrease pertaining to IFRS adoption. Actual gap is approximately ¥4,500 million. This is mainly due to the planning gap between the men's business in Japan and Indonesia.

Men's business Average annual growth rate	3% or more	-0.6%	Not achieved
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We acknowledge that a major factor is the sluggish growth of the globally-deployed Gatsby brand both in Japan and overseas.

Women's business Average annual growth rate	10% or more	11.1%	Achieved
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Added sales of SILKYGIRL from acquired ACG International; horizontal deployment of "Bifesta" as a global brand in each overseas country proceeded smoothly.

International Business Operation Average annual growth rate	10% or more	6.8%	Not achieved
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Sluggish growth in Indonesia significantly impacted results. This is mainly due to competition from local brands in both men's and women's cosmetics.

Profitability

Item	Target	Actual	Achievement
Consolidated Operating Profit Margin	10%	7.1%	Not achieved

We acknowledge that the greatest factor was the insufficient gross profit caused by our failure to reach the top line which had been initially planned. This is also a result of investment related to infrastructure development progressing as planned.

Shareholder Returns

Item	Target	Actual	Achievement
Payout ratio Consolidated Payout Ratio Consolidated basis, excluding extraordinary items	40%	63.5%	Achieved

Increased dividend payments for the eighth consecutive year this fiscal year. Payout ratio was greatly above target due to decline in profit. We will continue to position returning profit to shareholders as a core management policy and we are committed to continue returning profit to our shareholders in the future.

Major Infrastructure Development Results

Instillation of Corporate Philosophy

- ▶ Continued education and surveys (questionnaires) regarding the corporate philosophy to all employees, including overseas Group employees

For two years following philosophy training, we conduct employee surveys and results feedback to follow up on the degree of awareness among employees. We plan to continue these efforts as we consider maintaining the effectiveness of philosophy awareness among employees as one barometer in achieving a "Human-Oriented" company.

Infrastructure Development

- ▶ Developed Group-wide accounting infrastructure (introduced "SAP" software to Japan, Indonesia and Thailand)

- ▶ Introduced a shared groupware

In order to improve work styles and increase productivity and efficiency, we introduced a groupware across the entire Group.

This system made it possible for employees working from home or teleworking to conduct operations smoothly to prevent the spread of the novel coronavirus. We are currently proactively utilizing this software in each country which has been introduced for data sharing and web meeting systems. We are quickly reaping the benefits of introducing the system.

- ▶ Assembled marketing team in Japan's Aoyama Office; relocated the sales division offices in Tokyo metropolitan area to new offices
- ▶ Adding a new factory building at Fukusaki Factory

Company Structure Development

- ▶ Constructed Group's marketing structure to respond to an era without borders.

The Aoyama Office receives and transmits Group and external information, and also serves as the hub for the Group's marketing teams to foster a sense of unity among the teams and marketers dedicated to each brand, having held several international marketing conferences each year for "Gatsby" and women's cosmetics.

- ▶ Constructed global personnel affair system

Other

- ▶ Acquired ACG International

This was our first corporate acquisition. The acquisition was carried out after determining that it would be effective in eliminating issues in the areas where Mandom experienced the largest gaps between the current status and the form we aspire to in VISION2027 (women's business and overseas area).

We can expect future synergies from ACG International, a company which owns "SILKYGIRL," a makeup brand that enjoys strong popularity among young women in Malaysia.

Growth Strategy

Message from the Executive Officer in charge of the Corporate Planning & Financial Units and the Human Resources & the General Resources Units



Senior Managing Executive Officer & Director
Yasuaki Kameda

Looking back on the MP-12 (12th Middle-Range Planning)

The 12th Middle-Range Planning (hereinafter, "MP-12") is positioned as the "Infrastructure Development Period," the first of three phases in realizing VISION2027, which outlines where we aspire to be in 2027, the 100th anniversary of our founding. This has been a three year period where we focused on developing various management platforms with the aim of becoming a truly global company.

We produced a variety of results such as thorough implementation of mission-based management by constructing a structure for education and implementation of our corporate philosophy, the introduction of a new personnel affair system, the promotion of work style reforms, the introduction of group management accounting, unification of groupware, and a research presentation from a joint research program on advanced cosmetic science with Osaka University Graduate School, which is expected to lead to the development of revolutionary cosmetics. On one hand, several issues have emerged.

Due to the insufficient response to changes in the social environment, consumers, and the competitive environment, I feel that it is necessary to reform our current business model. Millennials and Gen Z have new values. The Company intends to reconstruct group-wide marketing functions to respond to their new values. The Group as a whole believes that it needs to work to further strengthen the commercialization of EC (e-commerce) as well.

Looking at performance targets, in the fiscal year ended March 31, 2020, the final year of MP-12, consolidated net sales increased for the tenth consecutive fiscal year to ¥81.7 billion. However, there was a gap of ¥8.2 billion from the initial target. This was mainly due to the fact that Indonesia was unable to grow in line with initial targets, and sales of men's cosmetics, mainly Gatsby, in Japan and overseas were sluggish. On the other hand, sales of women's cosmetics were

favorable due to the steady horizontal roll-out of Bifesta to Asian countries, and the addition of sales from ACG International, which was newly added to the Group from FY2019. Profits at each stage under operating income all decreased. The primary factor was the lack of gross profit due to the inability to secure the planned sales, but on the other hand, the investment in infrastructure development was implemented as planned. As a result, the Company did not achieve its profitability target of an operating income margin of 10% or more. (7.1% in the year ended March 31, 2020)

Regarding shareholder returns, we set the target of a 40% or more payout ratio, which we have achieved for three consecutive years. (63.5% in the year ended March 31, 2020)

Postponing of the Start of the 13th Middle-Range Planning (MP-13)

The 13th Middle-Range Planning (hereinafter, "MP-13"), which is the second phase following MP-12, is positioned as a "period of reformation and challenge," and MP-14, which follows MP-13, is a period of "sowing seeds" to further accelerate growth. However, in light of the impact of the spread of the novel coronavirus disease (COVID-19), we have decided to postpone the start of the plan by one year.

I would like to share two important points regarding business in this fiscal year.

The first point is that our priority is to protect the health and safety of customers, clients, suppliers, and our employees and their families. We prioritize initiatives to prevent the spread of COVID-19 infection, and promote business activities while giving consideration to safety. For this reason, as it is expected that sales and profits will temporarily be in a difficult situation, I believe that it is important to ensure financial safety first by reviewing non-essential and non-urgent activities and investments. Even in this uncertain situation, in order to procure and secure the funds necessary for management, we have built a cooperative system with financial institutions which allows us to regularly secure funds of around three months' worth of monthly sales. [→ See p. 71 for capital policy](#)

Secondly, under such circumstances, based on the infrastructure development of MP-12, we will implement initiatives that should commence for the "post-COVID-19" world, which is planned for in MP-13.

In that sense, we have positioned this year as "Pre-MP-13," and we would like to consider this as the ramp-up period for "Leaping even higher" with MP-13 and MP-14.

Management Basic Policy for FY2020 (year ending March 31, 2021)

Next, I would like to explain the management basic policy for FY2020 (year ending March 31, 2021), which is "Pre-MP-13."

The first is "revising the group-wide marketing functions to increase brand values."

In the MP-12, we implemented a variety of actions to respond to changes, such as redefining the brand values of Gatsby, communicating the brand message through our tagline within and outside the Company, updating the external creative team, and incorporating digital communication.

However, we have entered the age of digital centrality, and with the speedy, diverse and discontinuous surroundings of consumers and changes in the market environment becoming normalized, there are some parts that cannot be used in the conventional way. I believe that reforms are necessary to combine functional design for creating value together with consumers by organically linking the various functions of the Marketing Division with those of external parties together with the Intellectual Property, IT and Human Resources Divisions, which are support divisions for divisions other than the Marketing Division.

The second is "strengthening the overseas foundation, focusing on Indonesia."

To realize VISION2027, overseas growth is essential. I believe that Indonesia will be the core area to further expand the market in the future. We would like to commence with building a new business model that is highly effective and efficient and conforms with the current market environment, and leads to increased interaction with consumers by working with local general distributors.

In addition, when looking at the current penetration rate of smartphones for target consumers and their communicative behavior in Asia (including Indonesia), where the Company is developing business, the medium with the highest contact rate in each setting of daily life is social media, which has a high level of affinity with smartphones. In order to reach them effectively, we will seek the optimal marketing approach that is both accessible and cost-effective. The Group companies will also speed up and work to strengthen EC (e-commerce), which is expected to continually expand in the future due to the further acceleration of the current COVID-19 pandemic. In April 2020, the Company established a responsible department called the E-Commerce Marketing Division, which will support the promotion of EC not only in Japan but also at each Group company, and will work to strengthen EC both internally and externally.

The third is "improving productivity and enhancing corporate value through business process transformation."

There is social demand for remote work in order to prevent the spread of COVID-19. Currently, at each Group company, the Group

is actively utilizing shared groupware data sharing and web meeting systems that were introduced throughout the Group. We will use this COVID-19 pandemic as an opportunity to actively promote safe and efficient work style reforms in the world "post-COVID-19" and "with COVID-19." Of course, it is important to improve productivity, but we also wish to promote work style reforms that are unique to the Mandom Group, which help employees feel connected to each other and motivated through creativity and the participation of all employees, so that the work style does not become inorganic.

Furthermore, we would also like to actively promote initiatives that address social issues that have been raising the expectations of companies in recent years. We leave no room for doubt that the basic premise of corporate business activities is that society and environment are sound and sustainable. A variety of issues have emerged in the society and environment surrounding the Company's business activities, such as climate change, a decline in biodiversity, and problems with marine plastics. We consider that "Social Responsibility & Sustainability" is the sustainability of the Mandom Group. With that in mind, we aim to evolve our Dedication to Service (Oyakudachi) and create corporate value through initiatives carried out under our core businesses, while treating sustainable management aimed at resolving environmental and social issues, such as incorporating this viewpoint into marketing to obtain customers, as a fundamental concept.

Management Basic Policy for FY2020 (year ending March 31, 2021)

Management stance for this fiscal year

In the current fiscal year, we will prioritize crisis management and prompt response to COVID-19, and will thoroughly promote measures to emphasize financial safety and reform working styles to expand business after the end of the COVID-19 crisis.

In addition, we will position this as "Pre-MP-13" and promote the commencement of initiatives to create new value.

Management Basic Policy for FY2020

1 Revising the group-wide marketing functions to increase brand values

- With regard to manufacturing and communication with target consumers, we will update the current methods we use for consumers, reexamine changing values and lifestyles, create products that empathize with consumers, and pursue communication.
- By making full use of technologies and methods that make use of digital and other technologies, we will seek out what consumers want in smaller and more focused segments that the Company has not yet recognized, and will continue to make proposals with Dedication to Service (Oyakudachi).

2 Strengthening the overseas foundation, focusing on Indonesia

- In Indonesia, we will work to create a new business foundation that is highly effective and efficient, which will lead to increased interaction with consumers who conform with the current society.
- With the spread of smartphones, we will seek out the most suitable marketing methods to effectively reach our target audience, focusing on social media, which is the medium that has the highest contact rate with our target consumers in the present day, which is increasingly digitalized.

3 Improving productivity and enhancing corporate value through business process transformation

- We will pursue highly efficient work styles and actively promote work style reforms with a world "with COVID-19" in mind. We will strive to increase the productivity of each employee and implement the unique working style of the Company, which aims to be a "human-oriented" company where each and every employee can feel fulfillment in work.
- The Company regards initiatives to address social issues as material issues, and the ESG Promotion Division was newly established within the scope of corporate planning this fiscal year to handle the internal promotion of ESG and strengthen our communication of ESG outside the Company. We aim to resolve issues such as climate change and marine plastic problems, and through this, we will promote initiatives that are directly related to competitive advantages in the market and the improvement of corporate value.

Brand Expansion

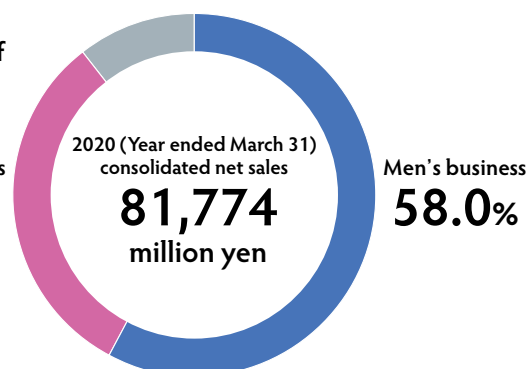
The Mandom Group has five strategic business areas, with operations concentrated in two areas—men's business and women's business*—through which it responds carefully to a range of consumer demands.

* The remaining three areas are categorized as "other businesses" (professional use business, other business and international trading business).

► **Composition of net sales by business**

Women's business
31.7%

Other businesses 10.3%



► Men's business

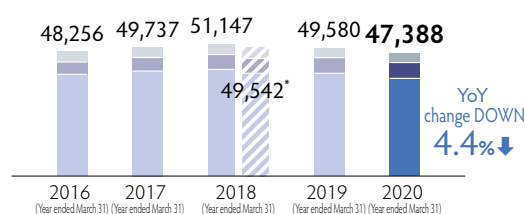
Business offering a range of products including men's everyday grooming products as well as general fashion items, such as hair styling, skin care, and body care products

Target categories: Hair styling/hair coloring/scalp care/face care/body care

Notes: Beginning from the fiscal year ended March 31, 2019, some items that had been treated as expenses have been deducted from net sales at overseas consolidated subsidiaries included in financial statements conforming to IFRS.

► **Net sales** (Millions of yen)

■ GATSBY ■ LÚCIDO ■ Other



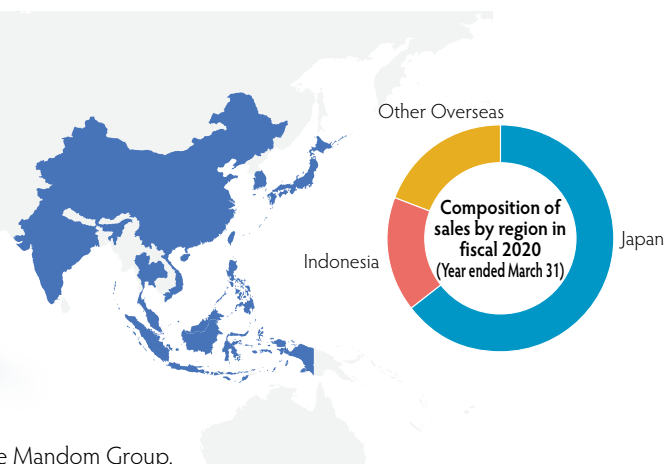
* Calculated using the same criteria as the fiscal 2019 (Year ended March 31)

GATSBY

Japan Overseas



A men's cosmetic brand targeting young men.
Rolling out horizontally across Asia as a core brand of the Mandom Group.

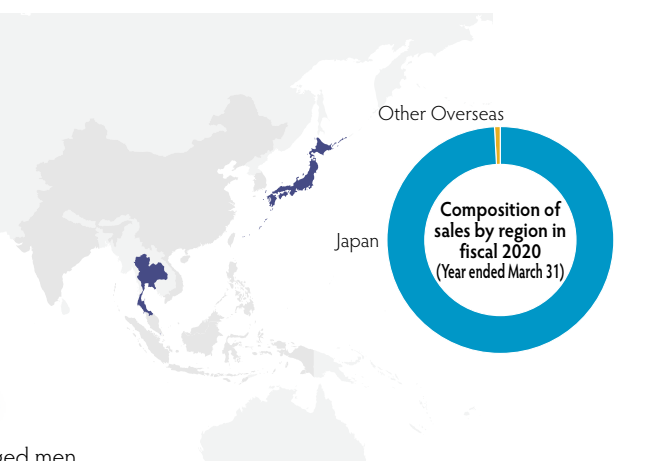


LÚCIDO

Japan Overseas



A men's smart aging cosmetic brand targeting middle-aged men.



► Overseas Development Regions (as of May 31, 2020)

	Japan	Indonesia	Singapore	Taiwan	Hong Kong	South Korea	Malaysia	The Philippines	Thailand	Vietnam	China	India
Men's business												
GATSBY	●	●	●	●	●	●	●	●	●	●	●	●
LÚCIDO	●		●						●			
Women's business												
Bifesta	●	●	●	●	●	●	●	●	●	●	●	
PIXY		●		●			●			●		
LÚCIDO-L	●	●	●	●	●	●	●		●	●	●	
Pucelle		●	●				●			●		

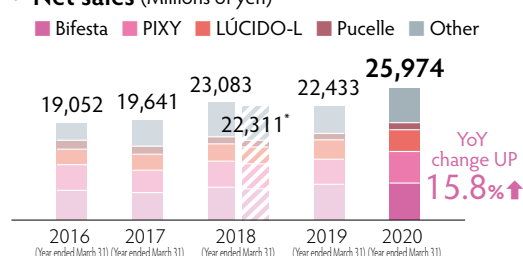
► Women's Business

Business offering a range of products spanning everyday women's grooming and fashion items, including hair styling products, body care products, and products to bring a splash of color to the beauty lives of women, such as make-up and skin care items

Target categories: Make-up/skin care/hair styling/hair coloring/hair treatment/body care

Notes: Beginning from the fiscal year ended March 31, 2019, some items that had been treated as expenses have been deducted from net sales at overseas consolidated subsidiaries included in financial statements conforming to IFRS.

► Net sales (Millions of yen)



Bifesta



A cleansing and facial wash brand to help provide busy modern women with beautiful skin. Rolling out horizontally across various countries as a Japanese brand.

PIXY



A brand that utilizes the beauty, technology, and fashion sense of Japan to pull out the diverse beauty of Asian women. Rolling out in Indonesia and certain other countries.

LÚCIDO-L



A hair styling and hair care brand targeted to young women. Rolling out across Japan and in other Asian countries.

PUCELLE



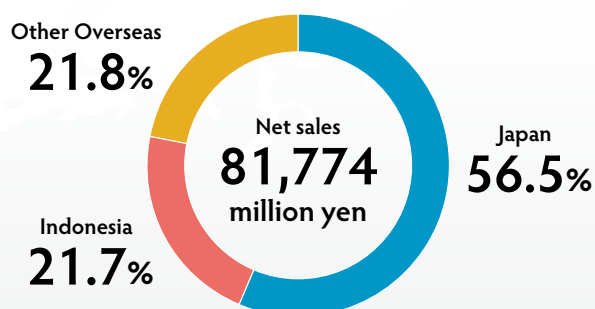
A fragrance and body-care brand for fashion-conscious young women. Centered on fragrances, rolling out in Indonesia and certain other countries.

Business Domains

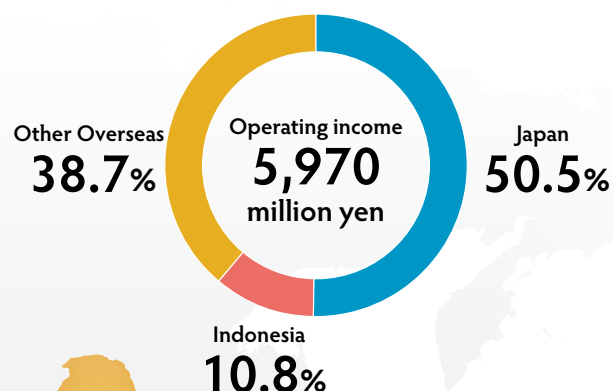
Mandom Group Business Areas

The Mandom Group is developing its global operations, particularly in Asia. The Group segments its operations into three regions: Japan, Indonesia and Other Overseas. We create and invigorate markets by responding meticulously to conditions in each area and to such characteristics as consumer preferences, lifestyles and purchasing power.

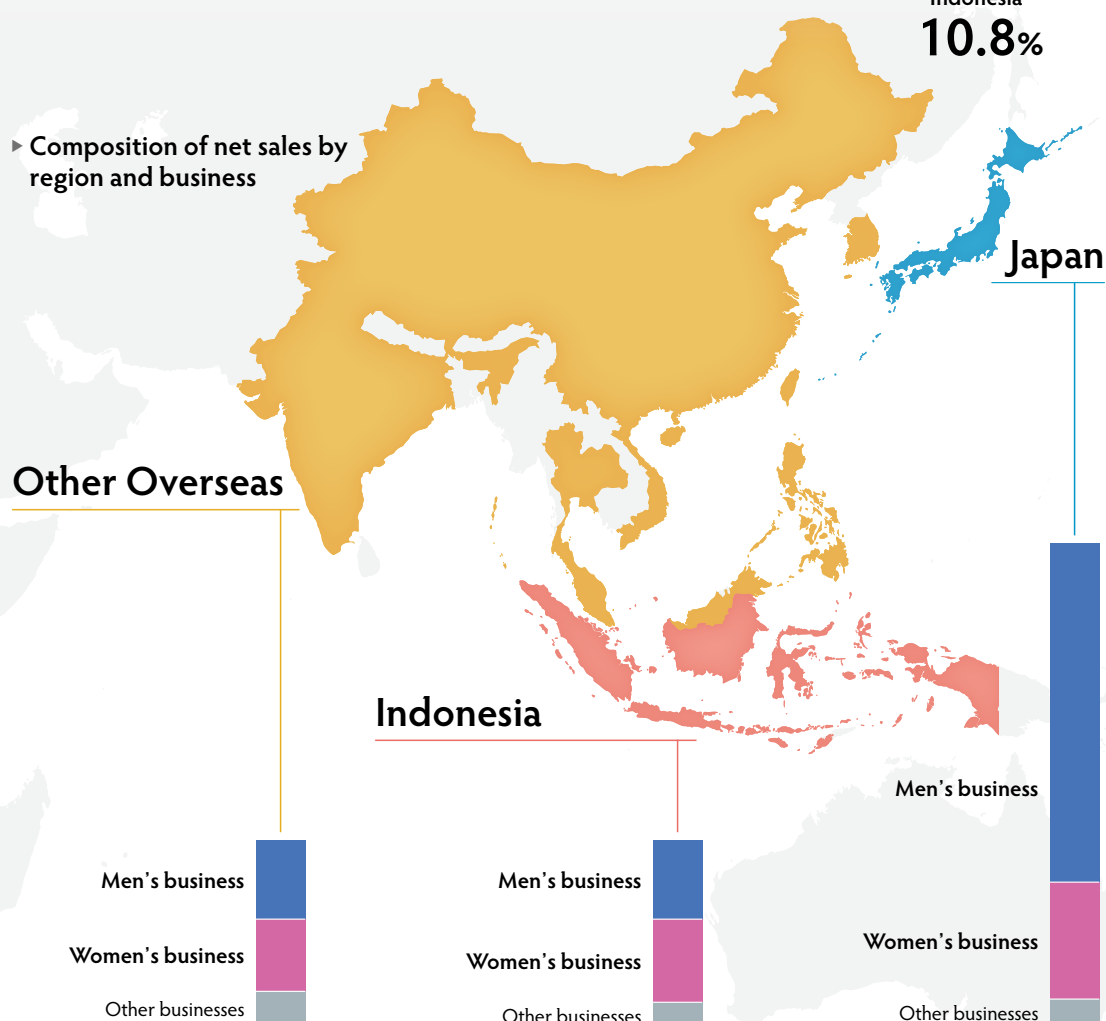
► Composition of consolidated sales by region



► Composition of consolidated operating income by region



► Composition of net sales by region and business



* All figures are for fiscal 2020 (Year ended March 31)

▶ Japan

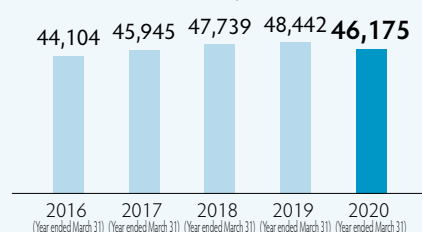
Our core sales region, constituting approximately 60% of the Mandom Group's net sales



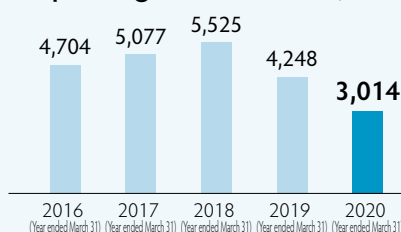
Net sales,
year on year **-4.7%**

Average growth rate,
past five years **+1.2%**

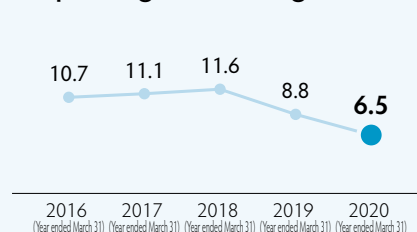
▶ Net sales (Millions of yen)



▶ Operating income (Millions of yen)



▶ Operating income margin (%)



Market Environment

▶ Risks

- Population decrease
- Diversification of consumer wants
- Changes in consumer purchasing styles
- New entries into market besides existing companies
- Trend of declining income
- Changes in lifestyles post-COVID-19

▶ Opportunities

- Increased awareness of interpersonal interactions at school and workplaces
- Spread of cosmetics use among men
- Increase in women busy with work and housework
- Changes in values in women's cosmetics purchasing
- Increased tolerance for spending on cosmetics
- Expansion of middle-aged/senior cosmetics market

Performance for fiscal 2020 (year ended March 31)

In a complete shift from the record-breaking hot weather of previous year, fiscal 2020 experienced unseasonable weather until July with heavy rains in western Japan and a record-long rainy season in east Japan. Owing to this, the sales of men's and women's summer season products were sluggish, primarily Gatsby's body paper.

In addition, inbound sales, centered on "Barrier Repair Facial Masks" and "Bifesta Eye Makeup Remover," were down significantly YoY due to intensifying market competition and the decrease of visitors from China, who were the main cosmetics purchasers among inbound visitors to Japan.

On the other hand, middle-aged men's brand "Lúcido" and women's hair and makeup brand "Lúcido-L" recorded steady growth. Moreover, the "Gatsby" brand launched "Inside Lock," a revolutionary hair styling product series that works by penetrating inside the hair follicle. While this series performed extremely well at the onset, it was unable to absorb the downturn of other products, such as summer season products, leading to a 4.7% drop in sales overall. Operating income also fell significantly (down 29%), largely due to the decline in sales.

Growth Strategy for the Future

While the cosmetics market in Japan is mature, it is still one of the largest markets of its kind in the world. In men's cosmetics, while the market for hair styling products continues to shrink due to declining population, there has been a shift in interest towards body care and face care. Mandom aims to focus on these potential growth categories and bolster new grooming scenario proposals, a strength of the Company.

In women's cosmetics, while the competitive environment is extremely harsh, the market scale is approximately ten times that of the men's cosmetic market. By proposing products which differentiate themselves with unique qualities targeting finely-defined segments of this large market, we believe that it is possible to grow this business. For the time being, we will focus on cleansing, facial wash, and facial skin care products to expand our Dedication to Service (Oyakudachi) in terms of both quantity and quality.

Furthermore, in regards to inbound consumers, Mandom will utilize our strengths of having a sales network in Asia and construct a product distribution network with local Group companies so that we do not need to rely on inbound sales in Japan, but rather make it possible for visitors to Japan to continue buying our products once they return home. At the same time, we will strengthen initiatives toward cross-border e-commerce, including our own flagship website and externally operated websites, primarily in retail, in order to expand Group Dedication to Service (Oyakudachi) in terms of quantity.



New spring/summer season products
"Gatsby Inside Lock Series"



New autumn/winter season products
"Bifesta Micellar Water Dual Phase Pore Clear"



"Lúcido Aging Care Body Cream"



Tmall Global Flagship website



Please refer to the FY2020 Business Results Briefing Materials for more specific initiatives
URL: https://www.mandom.co.jp/en/ir/pdf/presentation_202003_en.pdf

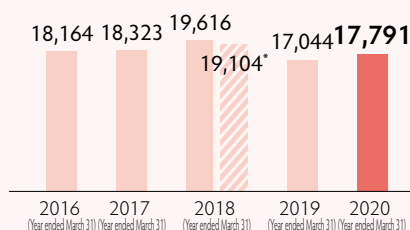
► Indonesia

The largest overseas business area and growth leader for the Mandom Group

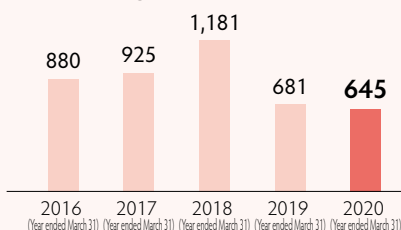


Net sales,
year on year **+4.4%**

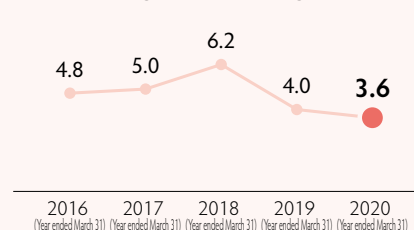
► Net sales (Millions of yen)



► Operating income (Millions of yen)



► Operating income margin (%)



* Calculated using the same criteria as the fiscal 2019 (year ended March 31)

Market Environment

► Risks

- Dramatic changes in consumer lifestyles
- Intensification of competition with emerging local companies
- Changes in distribution environment
- Expansion of e-commerce; changes in consumer purchasing styles
- Declining foreign exchange rate

► Opportunities

- Increase in population, especially younger population
- Increased income
- Growing interest in fashion and grooming
- Growing consideration of interpersonal interactions corresponding to increased opportunities of participation in society

Performance for fiscal 2020 (year ended March 31)

In fiscal 2020, in the men's business, recovering the previous year's results of "Gatsby Styling Pomade," which is now an overwhelmingly popular product, was an issue. While Mandom launched additional new types of pomade products and relaunched the said products in the second half of the fiscal 2020, results still declined YoY due to factors including competitive products from local brands.

On the other hand, in the women's business, "Pixy," which had undergone rebranding since fiscal 2019, contributed to the increase in sales as Mandom proactively launched new products from the new "Make It Glow" line which incorporated trends. Furthermore, the long-selling core product "Two Way Cake" also performed well. In recent years, women's fragrance brand "Pucelle" has continued to struggle against competition from local brands. However, Mandom executed a product overhaul of Pucelle in June and the new product "Eau De Luxe" performed well, leading to a 5.9% local currency base and 4.4% consolidated base increase in overall sales.

Operating income was down 5.4% on a consolidated base due to increased cost-to-sales ratio as well as general and administrative expenses.

Growth Strategy for the Future

In Indonesia, the middle-income population is growing rapidly and means of communication and gathering information is changing, especially among young people, due to the rapid spread of smartphones. Trends and popular products are also changing at a fast pace. Under these circumstances, the cosmetics market is growing continuously. In particular, women's make-up products and men's hair styling products are experiencing a particularly high level of growth on an ongoing basis.

In men's cosmetics, our biggest advantage lies in the hair styling market, which is continuing to grow at a high pace. Because consumer wants are concentrated on pomade products, we will continue to prioritize efforts to strengthen our position in this category. At the same time, we will focus on efforts to maintain our advantage in the hair gel and hair cream markets, where we have overwhelming market share. We aim to maintain our unshakable position in the men's hair styling market.

In women's cosmetics, we will continue to strengthen the brand activity for "Pixy" in the growth market of make-up products. Furthermore, we will continue to watch trends and propose products aligned with women's growing fashion sense in the "Pucelle" brand, which underwent a rebranding in fiscal 2020.



"Gatsby Styling Pomade"



"Pixy Make It Glow Dewy Cushion"



"Pixy Two Way Cake"



"Pucelle Eau De Luxe"



Please refer to the FY2020 Business Results Briefing Materials for more specific initiatives

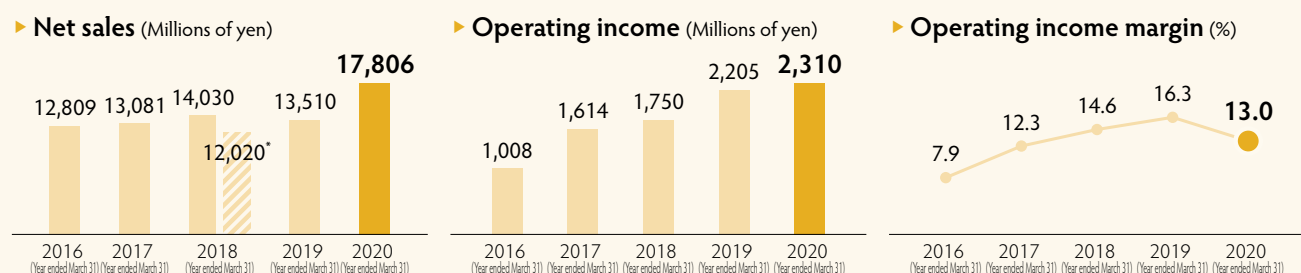
URL: https://www.mandom.co.jp/en/ir/pdf/presentation_202003_en.pdf

► Other Overseas

This area possesses a large potential for future growth and is expected to become the engine of growth in the future



Net sales,
year on year **+31.8%**



Market Environment

► Risks

- Dramatic changes in consumer lifestyles
- Intensification of competition in market filled with global and local companies
- Expansion of e-commerce; changes in consumer purchasing styles
- Declining foreign exchange rate

► Opportunities

- Increase in population
- Growing consideration of interpersonal interactions corresponding to increased opportunities of participation in society
- Increased income
- Growing interest in fashion and grooming

Performance for fiscal 2020 (year ended March 31)

In fiscal 2020, all countries experienced growth, with China, Malaysia and Taiwan experiencing double digit growth. Sales increased 31.8% over the previous year. This sales increase was due to adding sales of the acquired ACG International in fiscal 2020 and continued strong results from women's cosmetic "Bifesta" in most countries.

In addition, both "Bifesta" and "Gatsby" performed well in all of the three countries which recorded double digit growth.

In China and Malaysia, "Gatsby" hair styling products performed well. In particular, we are focusing on opening up the market in China by holding hands-on hair styling events in areas where many students gather since many consumers have still not used products.

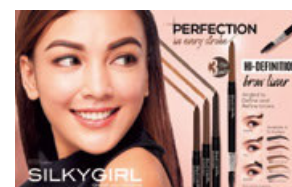
In Taiwan, the use of "Gatsby Facial Cleansing Paper" and "Body Paper" have taken root as a new grooming practice, contributing to results.

Operating income was up 4.8%, primarily due to increased sales.

Growth Strategy for the Future

In the other overseas cosmetics market, there is continued maturation in the NIES area of Singapore, Hong Kong, Taiwan and South Korea, which have relatively high GDP levels. However, in the ASEAN region, which is in the demographic-dividend phase, and China, which has a huge market with a population of over 1.3 billion, we expect to see significant continued growth thanks to the high consumption potential and increased awareness of cosmetics among consumers associated with rising income.

Mandom will provide Dedication to Service (Oyakudachi) to bring smiles to the everyday lives of consumers in the Asian region, which is said to become the pivotal market globally from 2030, by proposing new grooming scenarios, focused on our "Gatsby" brand in the men's cosmetics field, our area of strength, and the women's cleansing/facial wash brand "Bifesta," which is currently performing well.



"SILKYGIRL" advertising visual (ACG International)



"Gatsby" event in university town (China)



"Gatsby" products sold in other overseas markets



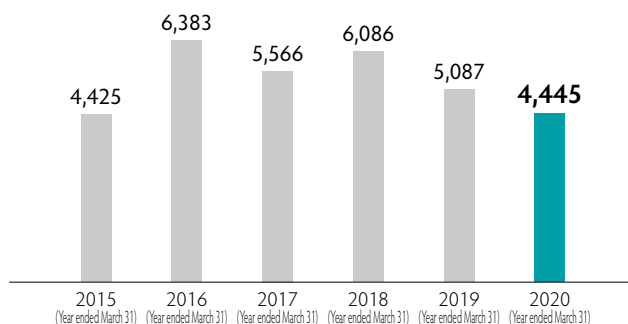
"Bifesta" products sold in other overseas markets

Please refer to the FY2020 Business Results Briefing Materials for more specific initiatives
URL: https://www.mandom.co.jp/en/ir/pdf/presentation_202003_en.pdf

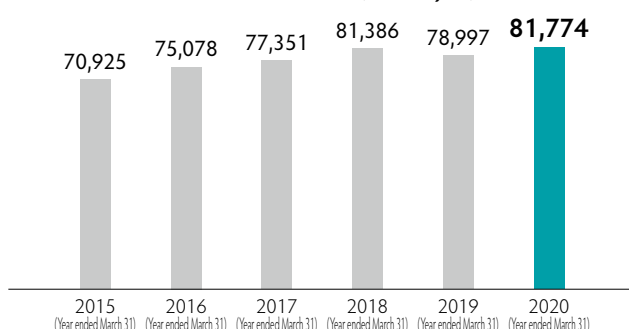
Financial and Non-financial Highlights

Financial Highlights

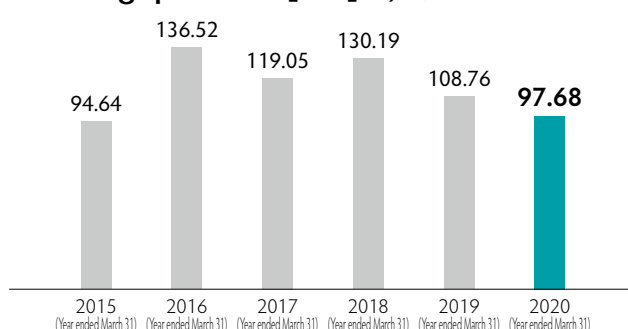
► Net income attributable to owners of the parent (million yen)



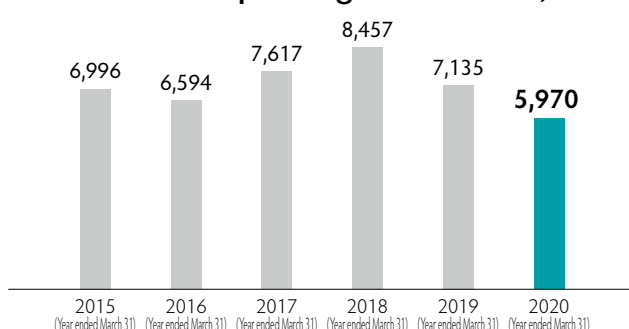
► Consolidated net sales*¹ (million yen)



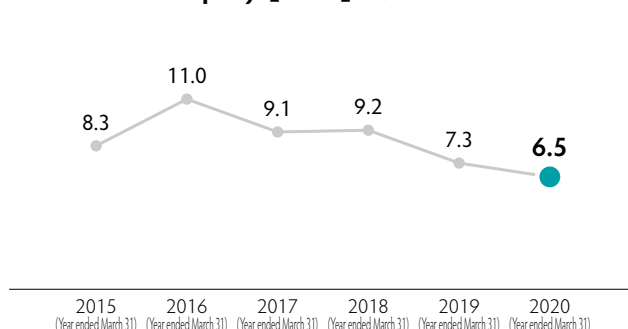
► Earnings per share [EPS]*² (yen)



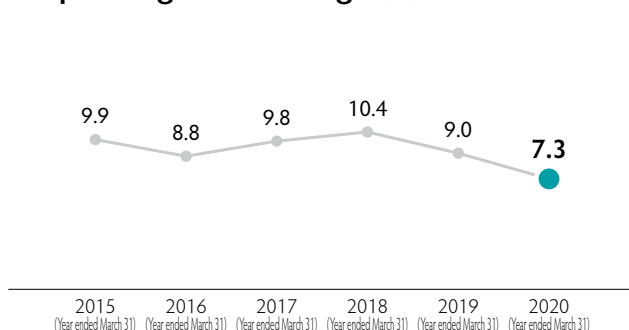
► Consolidated operating income (million yen)



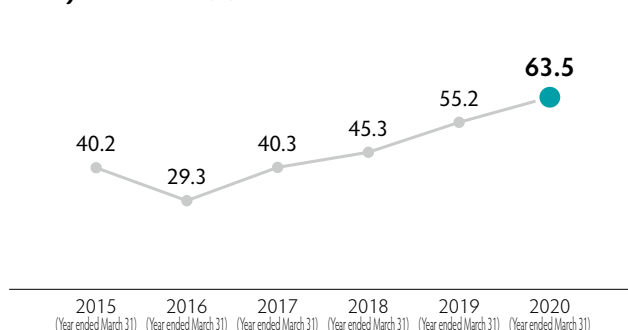
► Return on equity [ROE] (%)



► Operating income margin (%)



► Payout ratio (%)



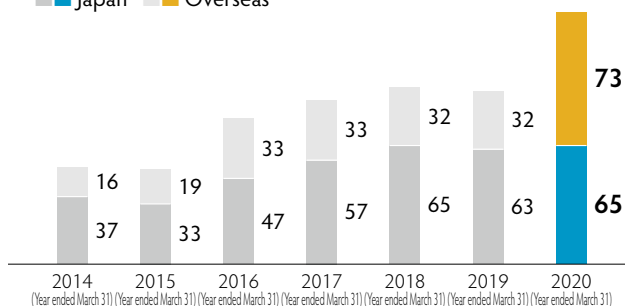
*1 Beginning from the fiscal year ended March 31, 2019, some items that had been treated as expenses have been deducted from net sales at overseas consolidated subsidiaries included in financial statements conforming to IFRS.

*2 We executed a 2-for-1 stock split of common stock on October 1, 2017. EPS above is all figures taking into consideration the impact of stock split.

Non-financial Highlights

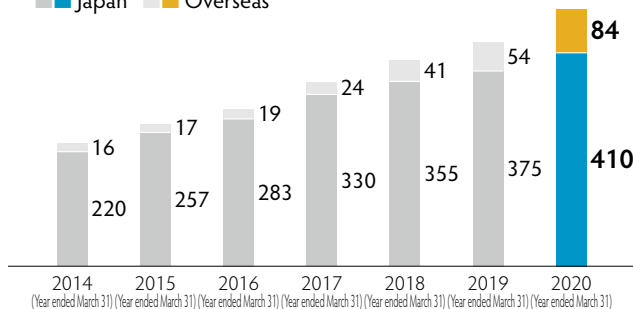
► Number of patent applications submitted per year (cases)

■ Japan ■ Overseas



► Number of patents held (cases)

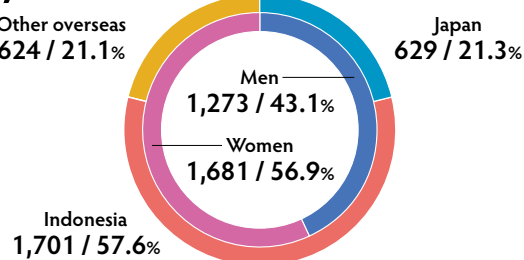
■ Japan ■ Overseas



► Number of employees in consolidated companies (year ended March 2020)

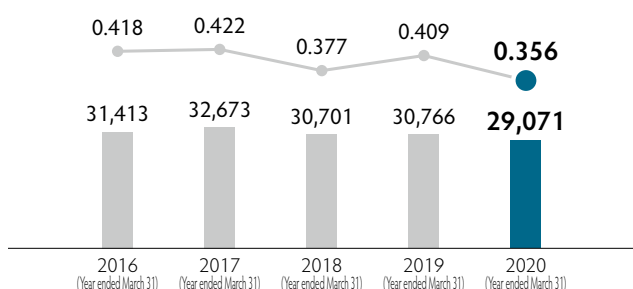
2,954

Other overseas
624 / 21.1%



► CO2 emissions (Scope 1 + 2)

■ CO2 emissions (t-CO2) ● Per unit of sales (t-CO2/million yen)



► Annual shipment volume (year ended March 2020)

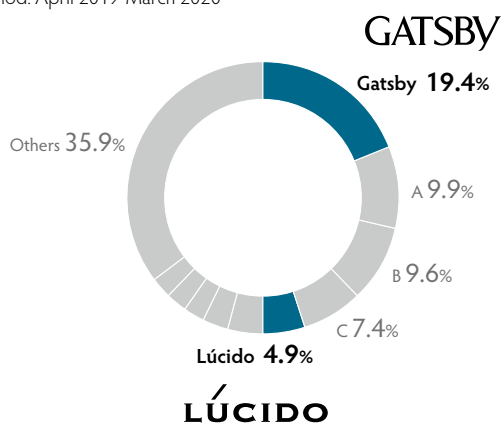
680 million units



One in 5.9 people in Asia use Mandom products

► Domestic brand share of men's cosmetic product market

Market data by Mandom calculations (monetary value)
Period: April 2019-March 2020



Business and Other Risks

Changes in trends and increased awareness towards public health due to the novel coronavirus disease (COVID-19).

We are now living in a situation where a new level of risk of uncertainty has been added to a world where speedy, diverse, complex and discontinuous changes had already become the norm. Globalization is advancing at remarkable speed, technology is evolving at an exponential rate of growth, and capitalism is fueling desires. The merits and demerits of those phenomena, and the light and shadow they cast are emerging with greater definition in all countries of the world, regardless of whether they are developed countries or emerging countries. As economic development has been progressing, the problems of environmental destruction, climate change, infectious diseases, poverty, refugees, unemployment, inequality, social divides, protectionism, authoritarianism and so forth have become more acute, while societies, economies and governments have been functioning less well. Then came the global pandemic of the novel coronavirus.

The spread of the outbreak of the novel coronavirus, which has caused people around the world to confront a life-and-death crisis, has led to major changes in our lives. In China and other Asian countries, a curfew ban was issued, and in Japan, a request to refrain from going out by the Declaration of a State of Emergency was announced. Through such measures, the movement of people and face-to-face social interaction has been extremely restricted.

The novel coronavirus pandemic has changed people's lives completely, and social and behavioral adjustments are being made with sights set on establishing a new normal. For example, **the popularization of teleworking has changed the way consumers feel about personal appearance and fashion, and the frequency of use and trends of cosmetics have changed significantly.** On the other hand, in Asian countries where we conduct business, **awareness of public health is rising, and we believe that we can expand our Dedication to Service (Oyakudachi) to society through expanding our products and services.**

In fiscal 2020, we will proactively take action towards social and environmental issues such as climate change

The basic premise of our business activities is to have a society and environment that is sound and sustainable. Currently, various issues are emerging that threaten the soundness of that social environment.

One example is the **issue of climate change.**

Currently, we are facing a global crisis that threatens human sustainability.

As climate change becomes more serious, it is expected to be accompanied by human and physical risks, such as endangerment of the lives of employees and their families, damage to production sites, and the resulting impact on the procurement of raw materials, as well as the risk of policy and regulatory transition such as the increase in carbon prices. On the other hand, we believe that there are opportunities for us to demonstrate our Dedication to Service (Oyakudachi) to society through products that provide a sense of comfortable coolness, which is one of the Company's strengths in order to provide customers with a comfortable experience even when the temperature rises.

In addition, **other issues expected to affect the Mandom Group's business activities include marine plastic problems, resource recycling issues, protecting biodiversity and human rights violations at the raw material procurement stage, employee satisfaction and diversity issues, and ensuring high quality, safe and secure products and services for consumers.**

The world is already undergoing an irreversible transformation toward the realization of a sustainable society, and it is necessary for us, not just as a company but as each and every employee, to raise our awareness of issues as an active member of society.

Under such circumstances, we have set forth "improve productivity and corporate value by reforming business processes" as one of the management basic policies for fiscal 2020. **We will actively promote initiatives to address social and environmental issues, including prevention of the spread of COVID-19.**



Addressing consumers' changing needs and wants is both an opportunity and a risk

At the same time, when considering the reason for Mandom's existence 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 feel a sense of radiance through such actions as daily cleansing, dressing as they like, and making themselves look pretty.** What is important in order to put this into practice is how accurately we can identify the needs and wants of consumers.

We have created a variety of markets through new grooming proposals in our development of products based on "Consumer-led Lifestyle Value Creation," one of our corporate philosophies. However, the needs and wants of consumers now are changing at a remarkable pace. So much so that a fashion fad will have ended by the time products targeted for it can be produced using conventional methods. For Mandom, **changes in consumers' needs and wants are opportunities to create new markets. There is a risk, however, that if an appropriate response to a certain change is too late, it will not gain support from consumers, causing the brand value to drop and in turn, decreasing our corporate value.**

The key will be whether we are able to know our consumer better than other companies, and imagine his or her feelings to create attractive products within the appropriate timing.



"Social Responsibility & Sustainability" is sustainability of the Mandom Group

Therefore, these moments in the social environment that we call game changes pose a major risk for us. But they also offer a chance for us to seize the greatest opportunity. **We consider that "Social Responsibility & Sustainability" is the sustainability of the Mandom Group.** With that in mind, we aim to evolve our usefulness to society and create corporate value through initiatives carried out under our core businesses, while treating sustainable management aimed at resolving social and environmental issues as a fundamental concept.

In addition, an essential part of our goals to realize a new normal is the need to realize "sustainable everyday life," which is synonymous with an everyday life in which the goals set forth by the SDGs have been realized. In order to grasp the impacts on society, the environment and the economy, and translate that understanding into more effective activities, we will identify the issues that Mandom should prioritize and strengthen in the future and focus on them.



SUSTAINABLE DEVELOPMENT GOALS



Approach to ESG

Framework for a global society and sustainability of the Mandom Group

At the Sustainable Development Summit held on September 25, 2015, sustainable development goals (SDGs) were adopted as shared targets to be met by 2030 and new initiatives were launched across the whole of global society aimed at sustainable development.

In the Mandom Group, one of the themes of our declared initiatives from fiscal 2015 was similarly to strengthen our CSR promotion system. In April 2015, we set up the CSR Promotion Division, a corporate department dedicated to this task. In April 2020, some functions of the CSR Promotion Division were incorporated into the corporate planning function in order to respond to the increasing demands for

companies in such areas, including eco-friendliness, social contribution, and governance functions, and the ESG Planning Division was newly established to handle the internal promotion of ESG and strengthen our communication of ESG outside the Group.

In September 2015, we signed the UN Global Compact to express our support for its ten principles in four areas of activity, with the aim of allowing all Mandom Group employees to share in the values of global society as a step toward sustainable development, and to create new opportunities to strengthen relations with a diverse and wide range of stakeholders.

The Mandom Group declared its participation in the UN Global Compact in September 2015. We support the Ten Principles relating to human rights, labor, environment, and anti-corruption as universal principles which should be highly valued by global corporations.

The Ten Principles of the UN Global Compact

- | | |
|------------------------|---|
| Human Rights | Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and |
| | Principle 2 : make sure that they are not complicit in human rights abuses. |
| Labor | Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; |
| | Principle 4 : the elimination of all forms of forced and compulsory labour; |
| | Principle 5 : the effective abolition of child labour; and |
| | Principle 6 : the elimination of discrimination in respect of employment and occupation. |
| Environment | Principle 7 : Businesses should support a precautionary approach to environmental challenges; |
| | Principle 8 : undertake initiatives to promote greater environmental responsibility; and |
| | Principle 9 : encourage the development and diffusion of environmentally friendly technologies. |
| Anti-Corruption | Principle 10 : Businesses should work against corruption in all its forms, including extortion and bribery |



Promotion System for Sustainability of the Mandom Group

We have established a Sustainability Promotion Committee, headed by the President Executive Officer with the aim of strengthening the sustainability promotion system. While

developing our approach for promoting the sustainability of the Mandom Group and holding discussions with relevant departments at committee meetings and other meetings, we are strengthening our efforts to contribute to the sustainable development of society.



Approach to Sustainability

At the foundation of the Mandom Group's business activities is the key premise that the "E: Environment" and "S: Society" surrounding the Mandom Group should be sound and sustainable. However, in the environment and society surrounding our business activities, various issues such as climate change, biodiversity decline, marine plastic problems, and human rights issues in the supply chain have emerged. We believe that it is necessary to establish a sound "G: Governance" system to provide appropriate response and support that response.

As one of the MANDOM PRINCIPLES of the corporate philosophy, we consider that "Social Responsibility & Sustainability" is the sustainability of the Mandom Group. With that in mind, we aim to evolve our Dedication to Service (Oyakudachi) to society and create corporate value through initiatives carried out under our core businesses, while treating sustainable management aimed at resolving social and environmental issues (ESG management + SDG management) as a fundamental concept.

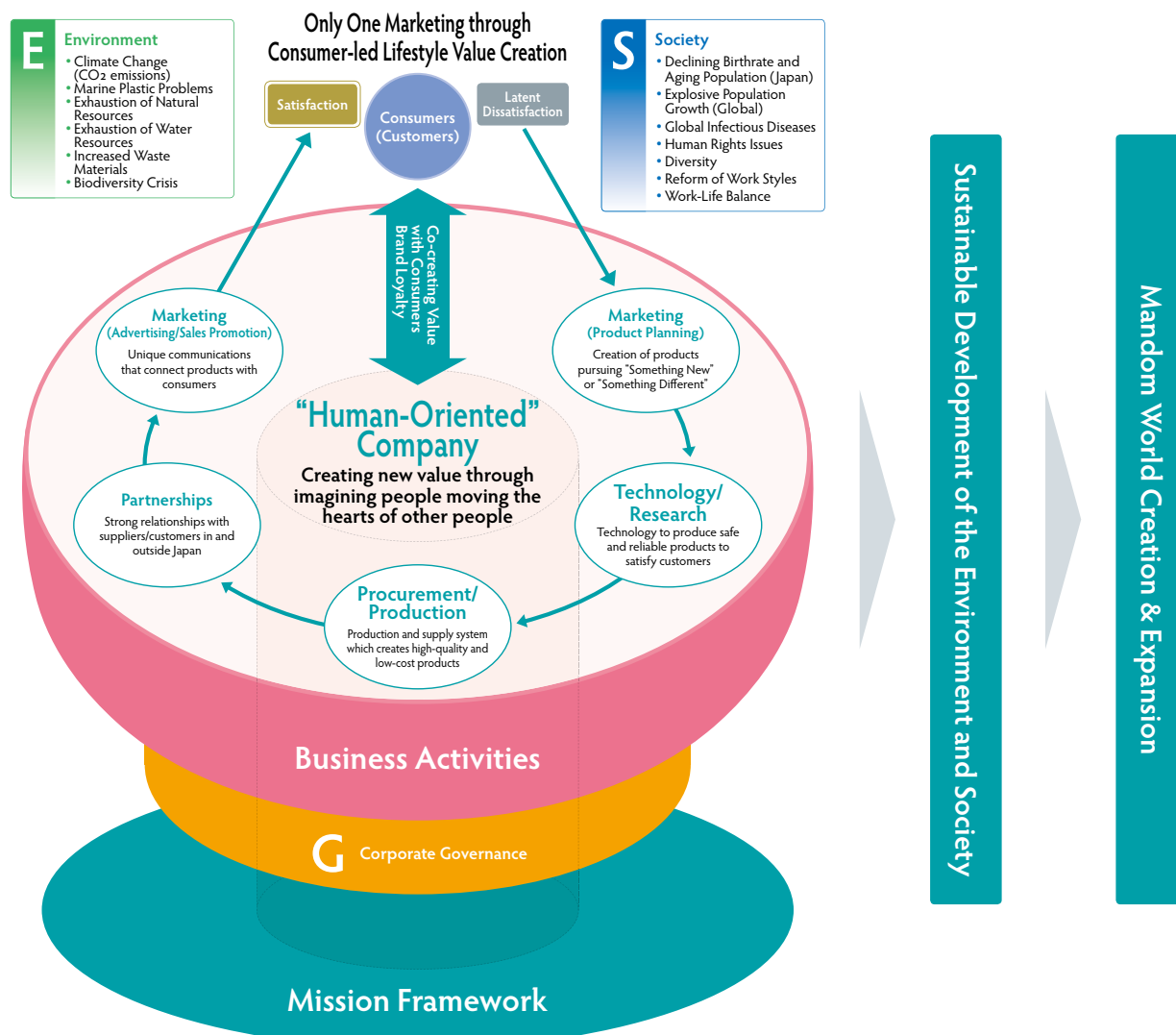
In addition, we live in an era of rapid change and supported by science and technology. That gives us all the more reason to aim to achieve sustainable development of the environment and society through health, cleanliness and beauty, and to enhance the corporate value of the Mandom Group as a "human-oriented" company that treasures the compassion for the human spirit in a way that is uniquely human, along with the emotions, passion and imagination of humans.

Social Responsibility & Sustainability

Our social responsibility extends beyond coexistence with society. We pay serious attention to the views and ideas of people from all walks of life and initiate dialogues with them in recognition of and respect for the diversified values and lifestyles of all members of society.

We aim to create a better, more sustainable society by addressing social issues from a global perspective and by working out solutions with our stakeholders through our core businesses.

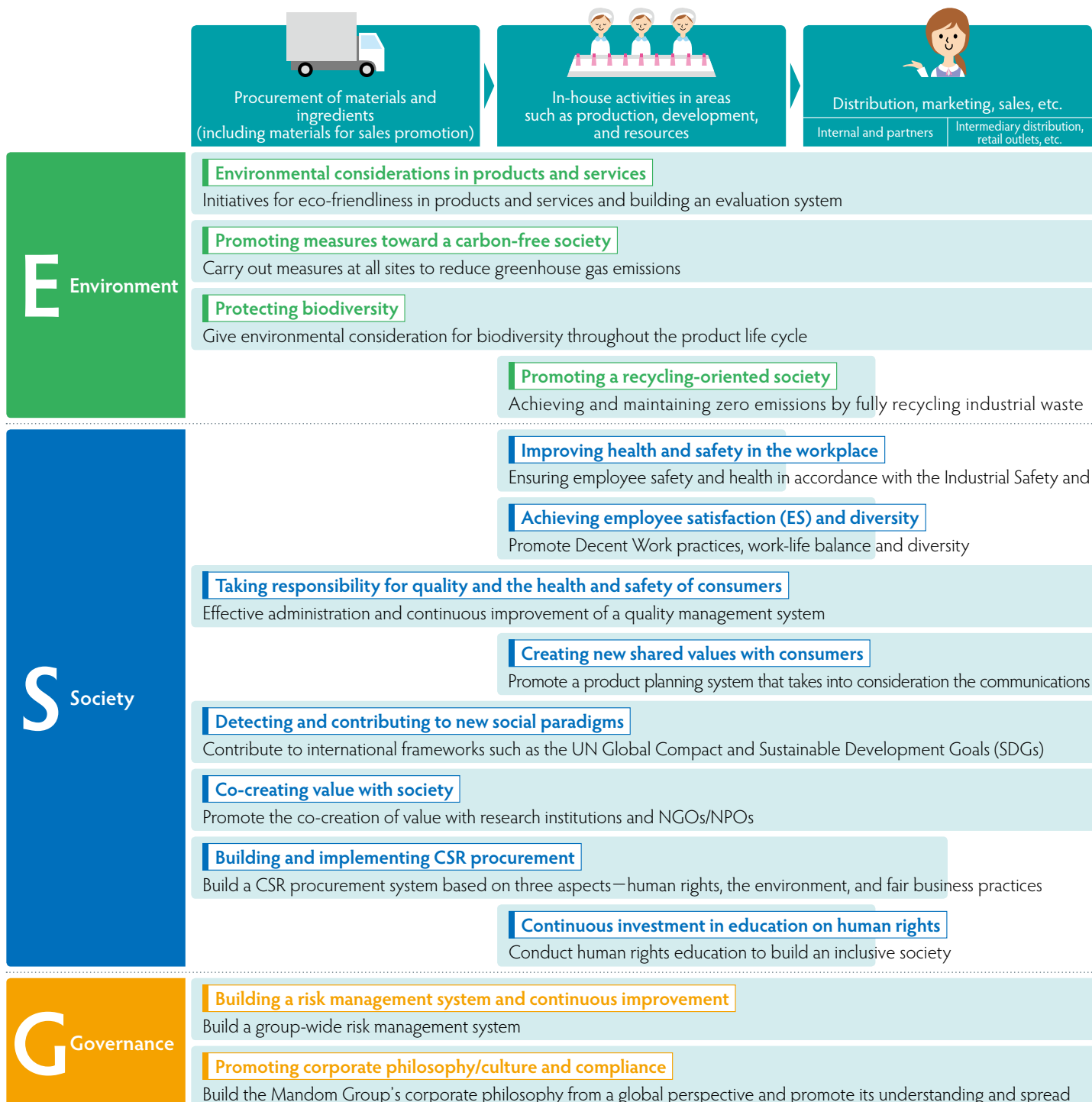
Mandom Group's Human-Oriented Value Creation Model → P.12



ESG Efforts and the Mandom Group's Value Chain

As indicated below, we have examined and clarified the relationship between the ESG efforts of the Mandom Group and each stage of the Mandom Group's business activities (value chain).

We will further advance and strengthen our initiatives while developing an understanding of both positive and negative impacts of the business activities of the Mandom Group on the value chain.



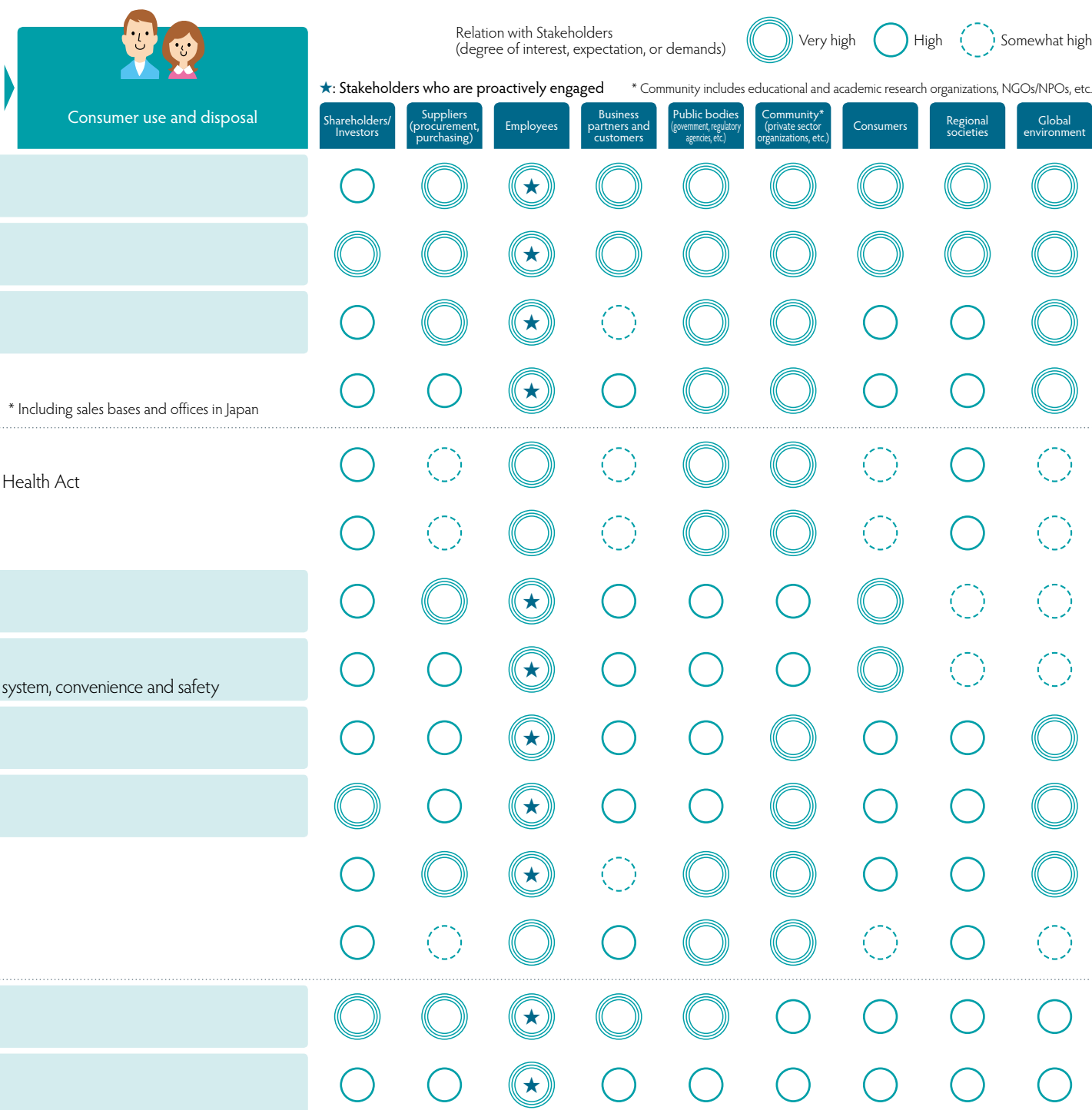
The Relation between ESG Efforts and Stakeholders

Mandom has been conducting dialogues with a wide range of diverse stakeholders since fiscal 2006 in order to take their requests, hear their expectations, and reflect those in our business activities.

Stakeholders are diverse in terms of their expectations and demands on corporations, and their prioritization of issues pertaining to sustainability. These differences depend on their standpoint, principles, lifestyle, way of thinking, and other factors.

Based on one of the MANDOM PRINCIPLES of "Consumer-led Lifestyle Value Creation," we will continue to improve on the themes and details of initiatives going forward while taking advantage of various opportunities enabling exchange of views and dialogue with a wide range of people such as experts, research institutions, and groups.

 CSR Information
▶ Stakeholder Dialogue



ESG Efforts

E Environment

Environmental Policies and Environmental Promotion System

It is our sincere hope to instill OYAKUDACHI, a contribution towards a comfortable life, for our consumers, our community, and the preservation of the global environment, through the actions of our business. We have always been environmentally conscious in daily operations at Mandom, and it came into fruition in August 1999, in the form of the establishment of the Mandom Environmental Philosophy and

Fundamental Environmental Policy. Also, our Fukusaki Factory set its "Environmental Policy". It was certified to ISO 14001 in November 2000.

Subsequently, in June 2020, the Mandom Group revised its environmental policies with the aim of addressing diversifying environmental issues and is continuing to promote environmental activities.

The Mandom Group's Environmental Policies

The Mandom Group, based on its corporate philosophy, recognizes that environmental issues are a common issue for all humankind, and strives to understand the environmental impact of the entire value chain through its business activities. We will strive to realize a sustainable society by creating value through our core business, while cooperating with society to cater to its wishes.

1. Initiatives for Climate Change

We will promote initiatives to reduce greenhouse gas emissions in the value chain with the aim of forming a decarbonized society.

2. Initiatives for biodiversity

We seek to accurately grasp the effects on biodiversity in our value chain and promote initiatives to avoid and reduce that impact.

3. Initiatives for resource recycling

We will promote initiatives to conserve resources and recycle products to realize a circular economy throughout the product life cycle.

4. Initiatives for eco-friendliness in products and services

We place eco-friendliness as one of our product values and promote efforts to create value that empathizes with society in accordance with the Mandom Group Eco-Friendliness Product Standards.

5. Compliance with laws and social norms

We will comply with environmental laws and regulations, and strive to actively respond to social norms and wishes, in line with a philosophy of Social Responsibility & Sustainability.

6. Promotion of environmental communication

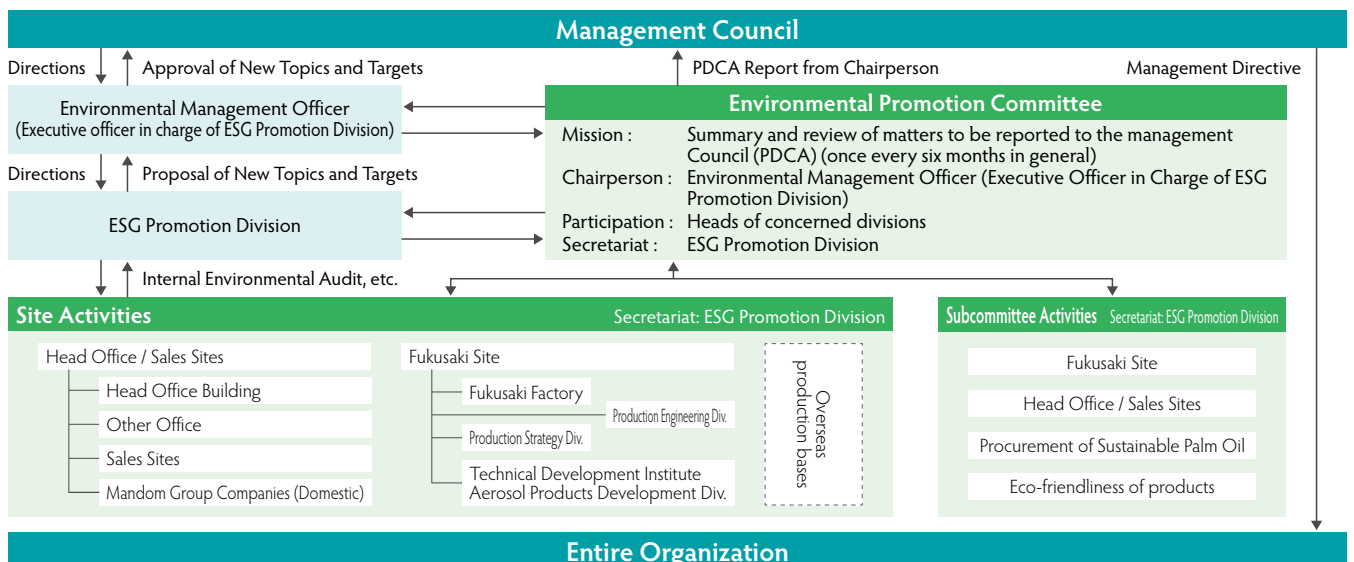
We will share this policy to the public and actively promote the disclosure of environmental information as we strive to promote communication with stakeholders.

7. Efforts as "one consumer"

We work to protect the environment by conserving resources, reducing waste, using recycled products, etc., not just as a corporate citizen but as one consumer.

* In addition to the above, the Fukusaki Factory has separately established the "Fukusaki Factory Environmental Policy."
(https://www.mandom.co.jp/company/philosophy_sf.html#eco)
(Japanese Only)

Environmental Promotion System



Environmental Considerations in Products and Services

► Basic philosophy

We place eco-friendliness as one of our product values and promote efforts to create value that empathizes with society in accordance with the Mandom Group Eco-Friendliness Product Standards.

Priority Initiatives

- Continuously improve the eco-friendliness of products by building a management system for evaluating environmentally friendly processes and their results in products and services

Formulating environmental-friendliness standards

In accordance with our Environmental Policies, we have established a set of environmental-friendliness standards for every stage of our products' life cycles. In so doing, we are promoting the manufacture of environmentally friendly products that help us move toward a more sustainable society.

Life cycle stage	Environmental efforts	Environmental consideration
Procurement of raw materials	Biodiversity conservation Forest conservation	Use of RSPO-certified palm oil as a raw material Use of FSC-certified paper and card for items such as inner boxes, individual boxes, and instruction manuals Use of paper and card made from recycled pulp for items such as inner boxes, individual boxes, and instruction manuals
	CO ₂ emissions reduction	Use of renewable materials for containers and packaging
Product use	CO ₂ emissions reduction	Reduce use of electricity used for dryers and of gas for hot water supply compared to conventional products
	Water use reduction	Reduce use of water compared to conventional products
Disposal	Waste reduction	Reduce weight of container and packaging materials compared to conventional products Reduce weight of inner/individual boxes compared to conventional products, or eliminate use Reduce weight of containers through use of package refills
	Plastic waste reduction	Switch from plastic containers to card or glass containers
Others	Recycling	Measures to make separation for disposal easier (easily removable labels, etc.)

Conventional products are equivalent products from 2016, when our Environmental Philosophy was revised.

Products that meet one or more of the environmental considerations listed on the right will be categorized as environmentally friendly products and we will take steps to reach the following goals:

1. Ensure that 90% of Mandom's products for the domestic market are environmentally friendly products by the year 2027 (in line with in-house standards).
2. Ensure that 100% of the Mandom Group's products are environmentally friendly products by the year 2050 (in line with in-house standards).

Responding to plastic problems

Mandom is promoting the following initiatives to reduce plastic waste.

Reduce Reduction of usage and emissions	Promote initiatives to reduce the amount of plastics used and the amount of plastics discarded by reducing the thickness and weight of containers and packaging as well as sales promotion materials, and by adopting materials other than plastics.
Reuse Promotion of reuse	Promote the development of refillable and replaceable products with the aim of reducing waste of single-use containers by enabling repeated use of main containers.
Recycle Promotion of recycling	Promote the development of products that are easy to sort during disposal as well as containers made of mono material for easy reuse or recycle and recycled materials.
Renewable Promotion of switching to renewable materials	Promote the switching to sustainable materials such as plant-based materials (biomass plastics, etc.) to reduce the use of petroleum-based materials.

In addition, Mandom has established a policy to replace Plastic Microbeads, which have attracted concern for their environmental impact on the oceans, with materials that do not present such concerns and completed the conversion to alternative materials in fiscal 2017.



Plant-based materials (biomass plastics) are used for part of the film of Gatsby facial cleansing paper and body cleansing paper.



Development of refillable products

Protecting biodiversity

► Basic philosophy

We seek to accurately grasp the effects on biodiversity in our value chain and promote initiatives to avoid and reduce that impact.

Priority Initiatives

- Promotion of procurement of sustainable palm oil and procurement of sustainable paper containers and packaging materials

Formulation of targets

1. To switch completely to the use of RSPO^{*1}-certified palm oil as a raw material source by 2027.
2. To switch completely to the use of FSC^{*2}-certified paper for paper containers and packaging by 2027

*1 RSPO: Roundtable on Sustainable Palm Oil



External Site

FSC *2
► FSC Official Website

RSPO Official Website
► About RSPO

These efforts will not only protect both the environment and biodiversity; they will help to actively build and strengthen cooperative relationships with related counterparties and experts, NGOs and NPOs, and people in various communities. At the same time, the efforts will lead to our building and implementing a CSR procurement system that also considers human rights and labor issues.

Procurement of Sustainable Palm Oil

For the procurement of sustainable palm oil in light of impacts on the environment, we joined the Roundtable on Sustainable Palm Oil (RSPO) in March 2018.

With an eye toward future long-term targets, we completed a certificate purchase via the RSPO supply chain certification model (Book & Claim system) for the full amount of the raw materials derived from palm oil that are used in the greatest volume at our Fukusaki Factory.

Procurement of Sustainable Paper Container and Packaging Materials

As a FY2017 initiative relating to the procurement of sustainable paper container and packaging materials, we began phased switching to FSC-certified cardboard at the Fukusaki Factory, starting from new deliveries in February 2018, with a focus on cardboard used to transport products manufactured by Mandom. (Actual switchover in FY2019: 61.2%)

Promoting measures toward a carbon-free society

► Basic philosophy

We will promote initiatives to reduce greenhouse gas emissions in the value chain with the aim of forming a decarbonized society.

Priority Initiatives

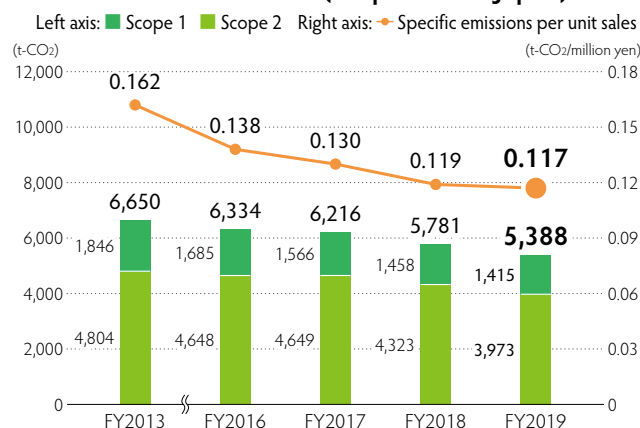
- Promoting measures to create a carbon-free society based on the Paris Agreement, and efforts to reduce greenhouse gas emissions at all sites

Formulation of targets

1. Reduce total Scope 1 + 2 CO₂ emissions for domestic business by 26% relative to FY2013 levels by 2027.
2. Reduce total CO₂ emissions for the Mandom Group by 80% relative to FY2013 levels by 2050.

In FY2019, Scope 1 + 2 CO₂ emissions of the domestic business in Japan were 5,388 tons, a 19% reduction relative to FY2013.

► Trends in CO₂ Emissions (Scope 1 + 2 in Japan)

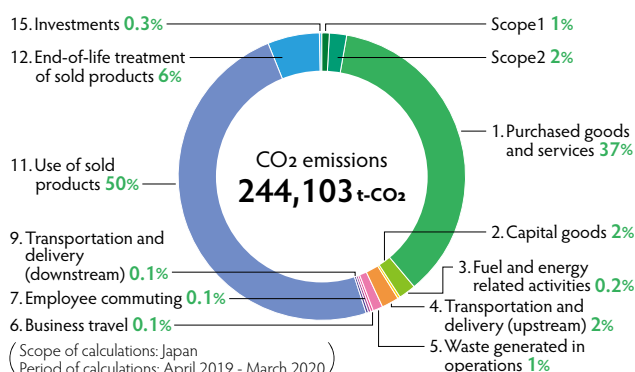


Calculating greenhouse gas emissions for the entire value chain (Scope 3)

Since FY2018, Mandom has been calculating the greenhouse gas emissions produced throughout the value chain from the procurement of materials to the manufacture of products based on the Scope 3 Standard established by the GHG Protocol.

Our calculations show that more than 90% of greenhouse gas emissions fall under Scope 3 and we were able to see that emissions were particularly large in Category 1 (Purchased goods and services) and Category 11 (Use of sold products).

In addition to improving the accuracy of future calculations, we will strive to reduce our environmental impact throughout the value chain, such as by developing environmentally friendly products that can help reduce emissions in the categories detailed above.



Factory Systems

At the Fukusaki Factory, the power consumption data taken from the power monitoring system is shared at a monthly supervisors' meeting and used in the various sections of the factory to develop energy-saving measures.

A switch was made to thermal energy for nighttime power for the air-conditioning and refrigeration system, and an ice thermal storage system was adopted for the daytime for the most effective use of power. We are also upgrading airconditioning equipment, and changing lighting to LEDs. Power consumption at Fukusaki Factory in FY2019 was 7.175 million kWh, for a decrease of 0.4% over the previous year, and CO₂ emissions (Scope 1 + 2) declined by 8.0% year on year to 3,460 tons.



Power monitoring system of the Fukusaki Factory

Office Systems

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 LED lighting and high-efficiency transformers.

Power consumption in domestic offices in FY2019 was 2.692 million kWh, for a decrease of 2.3% over the previous year, and CO₂ emissions (Scope 1 + 2) declined by 4.5% year-on-year to 1,928 tons.



Demand monitoring equipment at the head office building

Product Distribution

To reduce CO₂ emissions in distribution, we have been streamlining operations and pursuing a modal shift from trucks to freight trains and cargo ships. We started outsourcing operations in October 2004 with the aim of streamlining our distribution operations, using freight trains primarily for transporting products from Himeji to Kyushu, and cargo ships for transporting products from Maizuru to Hokkaido. In truck transportation, we strive to continue achieving as close to a 100% load efficiency as possible.

CO₂ emissions attributable to distribution (Scope 3, Category 4) in FY2019 were 2,153 tons, a year-on-year decrease of 8.3%.



CSR Information

- ▶ Overview of Domestic Environmental Load of the Mandom Group
- ▶ Historical Environmental Data
- ▶ Environmental Data by Production Site

Promoting a recycling-oriented society

► Basic philosophy

We will promote initiatives to conserve resources and recycle products to realize a circular economy throughout the product life cycle.

Priority Initiatives

- Achieve and maintain zero emissions by fully recycling industrial waste

Reducing Waste

Since October 2003 at the Fukusaki Factory we have been maintaining a 99% or higher rate of resource recovery from industrial waste to qualify as “zero waste emissions.” In FY2019, this was achieved at all Mandom business sites in Japan.

To encourage waste reduction and recycling at our head office building, we conduct environmental awareness seminars relating to such topics as environmental problems, and rules for proper waste classification and disposal for new employees and individuals who have transferred to the head office building.

Waste emissions including general wastes were 3,468 tons in FY2019, a year-on-year decrease of 6.0%.

Wastewater Efforts

Starting in September 2015, wastewater from the Fukusaki Factory began to be discharged directly into Hyogo Prefecture’s Fukusaki municipal sewage system, in effect relaxing effluent standards, but Mandom has continued to set standards higher than agreed values and treats wastewater accordingly. Also, the results of measuring water quality discharged into the sewage system are reported to the town of Fukusaki once a month.

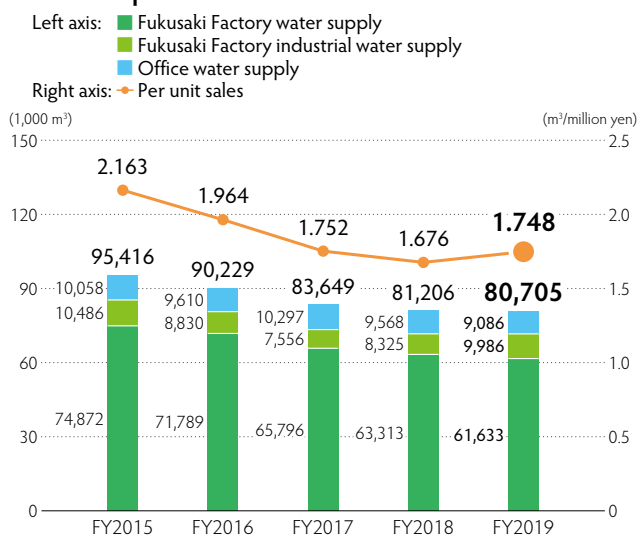
The amount of water effluent discharged in FY2019 was 37,388m³, a decrease of 3.3% year on year.

Efficient Water Use

At the Fukusaki Factory, we are working to reduce water use by regularly calling upon each department to save water, and reviewing methods of cleaning production equipment, piping and other facilities. Also, at the head office building we use water-saving equipment that controls water flow and low-flush toilets to reduce water use.

The amount of water effluent discharged in FY2019 was 80,705m³, a decrease of 0.6% year on year.

► Water input



Preventing Pollution

At the Fukusaki Factory, when the boilers operate for an extended time, there are increased emissions of the air contaminants sulfur oxide (SOx) and nitrogen oxide (NOx). We have therefore installed a new boiler, introduced electric water heaters, etc.

In FY2019, due to the operation of new boiler facilities throughout the year, emissions of sulfur oxides (SOx) and nitrogen oxides (Nox) became zero.



CSR Information

- Overview of Domestic Environmental Load of the Mandom Group
- Historical Environmental Data
- Environmental Data by Production Site

Ensuring diversity and improving workplace health and safety

► Basic philosophy

We consider our employees corporate assets that are vital to our business, and strive continuously to create safe, clean workplaces that give employees the freedom to express themselves.

Priority Initiatives

- Build and continuously improve a labor system under the premise of securing diverse human resources and providing fair and impartial evaluations
- Promote taking health checks to all employees, mainly for preventive purposes, carry out stress checks, and provide education on mental health.

I Ensuring diversity

We are trying to build an organizational system that embodies diversity and inclusion in order to retain human resources with diverse attributes and value systems, and enable them to reach their full potential.

The five Mandom Principles announced in May 2017 are a code of conduct that is followed by all Mandom personnel at all times and include "Active Employee Engagement" and "Human Assets"; every day we are engaged in thoughtful action in this area.

Promoting Women's Participation

In April 2016, a Japanese law took effect, which obliges large companies and local and central governments to set numerical targets for hiring and promoting women. Mandom understands that promotion of women is an important theme that draws expectations and demands from a broad range of players in the society. Accordingly, this theme has been reflected in "Achieving employee satisfaction (ES) and diversity." In line with the objectives and purposes of the law, Mandom will develop and execute a phased action plan to help realize a society where women are promoted and encouraged to exercise their individuality and unleash their full potential. We will also disclose our actions and keep the information up to date through the official website of Ministry of Health, Labour and Welfare below.

Promoting Hiring of People with Disabilities

We aim to build an organization that encourages diversity and inclusion. As part of this, we are creating workplace environments that allow us to hire more people with disabilities and facilitate their participation.

At our head office we have set up an accessible restroom on the ground floor, provided handicapped parking spaces, and made the office hallways wide enough for wheelchairs and other mobility equipment, among our many efforts to ensure a "barrier-free" workplace.

At the Fukusaki Factory in 2014 we renovated the production building, and set up accessible and multi-purpose restrooms, along with an accessible entrance and other measures.

Our initiatives go beyond simply providing support in terms of implementing physical accessibility measures. In order to foster a mindset and workplace culture where disabled employees can work with a sense of satisfaction together with diverse human resources, we enlist the cooperation of the Japan Universal Manners Association (Mirairo Inc.) and carry out training for universal manners certification.



External Site

Ministry of Health, Labour and Welfare Official Website
► Mandom page for general employer action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Japanese only)

CSR Information

► Mandom Key Data on Personnel and Labor

ESG Efforts

Creating a Healthy and Safe Workplace Environment at Our Factory

Mandom's Fukusaki Factory has acquired OHSAS 18001 certification, a widely used international standard for occupational health and safety management systems, and we are working hard to create a healthy and safe workplace environment.

(OHSAS: Occupation Health & Safety Assessment Series)

The OHSAS 18001 international standard aims to proactively prevent labor accidents, mitigate disasters and eliminate health hazard risks by clarifying the occupational health and safety policies of organizations, and conducting PDCA (Plan-Do-Check-Action) management using an "established evaluation system."

Going forward we will continue working hard to ensure that operations at Mandom's Fukusaki Factory take into account consumers, society, the environment, and employees. This will be achieved by striving for continuous operation and synergistic effects, and implementing three management systems: an occupational health and safety management system; an environmental management system (ISO 14001 international standard) which aims to simultaneously achieve management together with reduction in environmental risk and contribution to the environment based on the idea of sustainability; and the Mandom Quality Management System for raising the quality of the company, products, and services, and achieving true customer satisfaction.



Group training at the Fukusaki Factory on occupational health and safety and environmental protection



External Site

Official Website, Japan Management Association Quality Assurance Registration Center

▶ BS OHSAS18001

"What is the Occupational Health and Safety Management System (OHSMS)?" (Japanese Only)

Mental Health Measures

Since FY2011 we have utilized the Employee Assistance Program (EAP) specialist HOKENDOHJINSHA Inc. to provide a toll-free support hotline for employees and their families that allows individuals to speak with an outside counselor about their troubles.

In May 2011, we also set up regulations pertaining to employees taking leave to cover how employees are treated when they are on leave and after they return to the workplace. In these and other ways we are strengthening our mental health measures. Since FY2012 we have been asking all employees to take a diagnostic test for stress and following up with private consultations if necessary.

Mandom Safe Driving Courses

Within the Mandom Group in Japan, about 500 vehicles are on the roads per day across the country, including both company vehicles and vehicles used for commuting to work. We set up a Vehicle Safety Measures Committee to carry out ongoing, in-house educational activities with cooperation by experts on road traffic safety to prevent road accidents.

In FY2019, safe driving courses taught by outside instructors were held in June for sales staff working at our head office building, drivers, and others who wanted to participate and participants were reminded of their responsibility and the importance of driving as a representative of the company. We will continue to thoroughly implement a safe-driving mindset.



Safe driving course at the head office

Safety Measures at Head Office Building

Mandom is engaged in various initiatives to help prevent casualties from natural disasters. Every year, firefighters from Osaka's Chuo Fire Station visit the head office building to conduct a variety of drills to prepare Mandom's employees for a potential disaster such as an earthquake or fire, covering topics such as alerting others when a fire is discovered, initial efforts to put out a fire, using a fire extinguisher, evacuation, and rescue. We are also engaged in a basic course in life-saving and provide emergency skills training.



Lecture on emergency life-saving techniques

Providing high quality and peace of mind

► Basic philosophy

We will utilize the feedback received from customers in our business activities to improve the benefits of our products and services from their standpoint and to ensure safety.

Priority Initiatives

- Effective administration and continuous improvement of a quality management system in every phase of our business activities—planning, design and development, procurement, production, shipping and sales
- Build a system of communication that enables the use of feedback from a wide range of consumers; build a product planning system that takes into consideration user-friendliness and safety

Quality management system

Regarding quality assurance for cosmetics and quasi-drugs, Mandom works to assure fully satisfactory quality as demanded by consumers from purchase to end of use. We take measures to improve the quality of our products and services at every stage — planning, design and development, production and shipping. To ensure the reliability of these activities, in January 1998 Mandom established the Quality Philosophy and Fundamental Quality Policy, and built a quality assurance system that became ISO 9001-certified in December 1998.

Since that time, as the quality philosophy and practices were deemed to have taken root company-wide, we voluntarily surrendered ISO 9001 certification in December 2013. We have since pursued continuous improvement of quality through the Mandom quality management system.

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 that pertains to good quality practices (GQP), good vigilance practices (GVP) and good manufacturing practices (GMP) for cosmetics.

Please refer to the following pages for details of the Mandom Group's quality assurance activities aimed at achieving "true customer satisfaction" and the system for utilizing customer feedback in its operations.

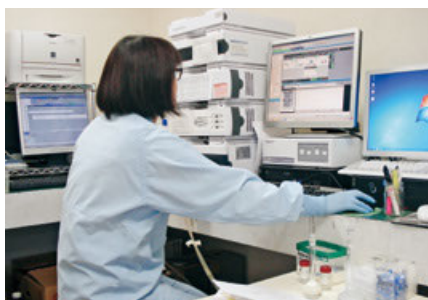


CSR Information

► Consumer Issues: Promotion of Quality Assurance System



Measures for prevention of contamination by foreign matter (air showers)



Analysis of active ingredients of quasi-drugs



Analysis of active ingredients of quasi-drugs



Sensory test of product contents



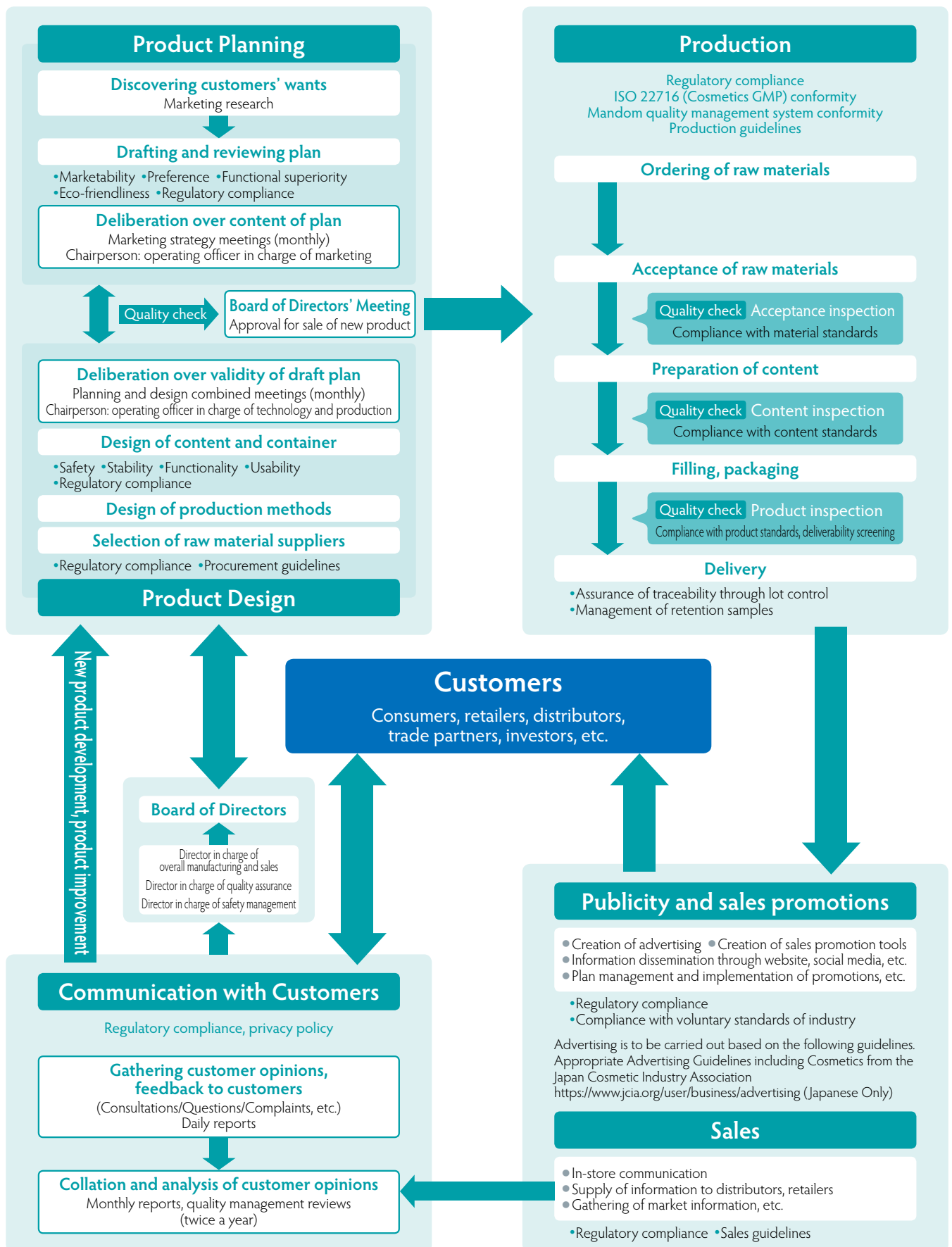
Visual inspection of products



Functionality inspection of product contents

ESG Efforts

Mandom Quality Assurance Activities and Implementation of Customer Feedback

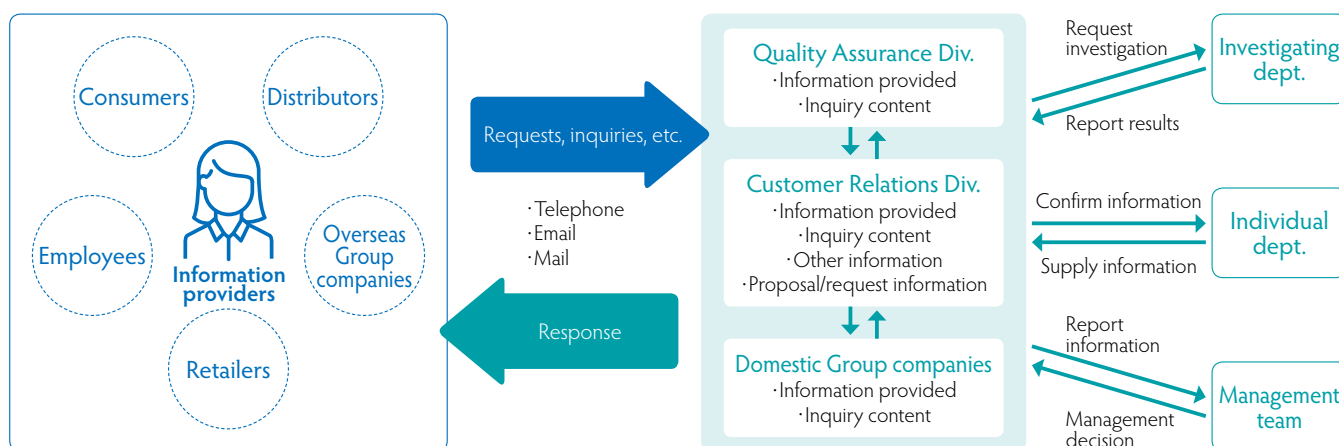
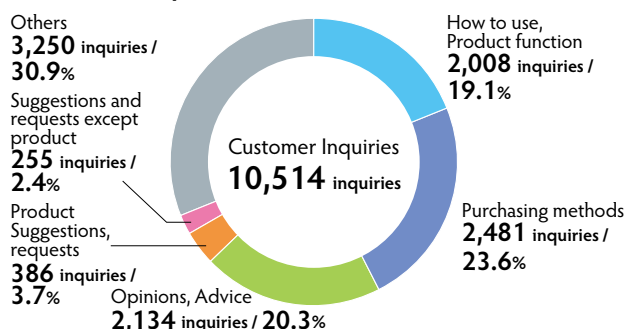


Customer Inquiry System

We set up a Customer Relations Division in 1994 as a general contact point for communicating with customers, including their suggestions, requests and other feedback. After reviewing the feedback received, we add information to the Frequently Asked Questions (FAQ) & Inquiries section of our website as part of our efforts to ensure the supply of information.

Furthermore, feedback is compiled in a database, and through mutually attended internal meetings, is passed along to top management and relevant departments to be integrated into future product development and improvement.

Customer Inquiries in FY2019



[Top Page](#)
[Customer Support](#)

Examples of Utilizing Customer Feedback

At Mandom, we share feedback from customers with top management and relevant departments, and work to achieve true customer satisfaction.

The following presents our latest efforts making use of customer feedback.

FY2019	LÚCIDO Hair Color One Push Type	We changed the specifications of the discharge nozzle so that both dyeing agents are dispensed evenly in response to feedback that "the discharge unit is difficult to push and only one dyeing agent comes out."
FY2018	New spring season products	A universal font was adopted for some new products to improve visibility and legibility.
FY2017	Hair foam products	Added easy-to-understand video to the FAQ & Inquiries section of website, describing how to correctly use hair foam products so they can be used to the end in a foamy condition.
	LÚCIDO Hair Color One Push Type	Improved specifications and changed button design due to feedback that it is difficult to remove and attach the cover.
	GB Body Hair Trimmer	Added a caution label to make clear that the blade is not replaceable, as a response to the misunderstanding that the product can be disassembled and its blade replaced.
FY2016	GATSBY Natural Bleach & Color Series LÚCIDO-L Creamy Milk Hair Color Series	To prevent replacement of the contents, other tampering, and infiltration of foreign matter, specifications were changed so that the product cannot be opened until use. The precautions indication was also improved to be easier to see.
	GATSBY Hair Styling Foam	The previous illustration of the use method (for enabling use of the entire contents of the container) was enlarged based on customer feedback that product foaming trailed off with use.
	LUCIDO-L Oil Treatment #EX Hair Oil	Owing to customer feedback that the protruding part of the sales appeal label hurt to the touch, the label shape was redesigned with a rounded tip.

[CSR Information](#)
[Consumer Issues > Communication with Customers](#)

Information provision on precautions for using hair color

On October 23, 2015, the Consumer Safety Investigation Commission (of the Consumer Affairs Agency) published its "Report on the Causes of Accidents, etc. Based on Article 23, Section 1 of the Consumer Safety Act," with the Minister of Health, Labour and Welfare presenting a recommendation on measures to prevent the onset and exacerbation of skin disorders caused by hair coloring products. Based on the Ministry of Health, Labour and Welfare's notification to the hair coloring industry and the recommendations of the Consumer Affairs Agency, Mandom has added information in the Customer Support section of its website and product information sections of each product in the hair coloring category to properly inform

customers how to safely use hair coloring, particularly the importance of conducting a patch test 48 hours prior to using a hair coloring product.



External Site

Ministry of Health, Labour and Welfare Website
▶ Skin Damage Owing to Hair Dyes (Japanese Only)



Top Page

▶ Customer Support > Q&A on Product Category > Q&A on Hair Coloring >

Full Lists of Ingredients Published on the Mandom Website's Product Information Page

The Customer Relations Division at Mandom receives a large number of inquiries from customers, many of which are in regard to the ingredients in products used by consumers. Sometimes customers would ask about ingredients that were not displayed in full on the container itself for space reasons (only being listed on the mount, outer box, or the like). At other times customers had discarded the container after using a refill. Up to this point, the Customer Relations Division had dealt with each request individually, but situations have arisen where customers could not get the information quickly enough, such as in an emergency when a product had been swallowed accidentally or a person had an allergic reaction, and a phone call was made after business hours, when the answer could not be provided immediately. Because of such circumstances, on April 28, 2017, full lists of ingredients were published on Mandom's official website to

help customers, with the following objectives.

Objectives:

- To allow customers to quickly obtain full lists of ingredients when seeing a doctor after the occurrence of a health problem (such as dermatological symptoms, accidental ingestion, an allergic reaction, etc.)
- To reduce time and effort required to answer inquiries from customers (by phone or email)



CSR Information

▶ Latest CSR information (article updated on May 11, 2017) (Japanese Only)

Smell Care Seminars

In today's mature market for products and services, personal elements such as a company's customer-facing interactions can be the deciding factor in business success or failure. Body odor and smells are rapidly becoming a social issue, even being picked up by the mass media, as a factor in obstructing good personal relations both inside and outside business contexts.

To assist consumers based on men's deodorant research, Mandom started smell management activities in 2014, and we regularly offer Smell Care Seminars. In FY2019, these seminars were held at 10 companies and groups, and were attended by a total of 406 people. We also offer a Smell Care Quiz (e-learning) for individuals. For details, please see the links below.



- ▶ Scientifically studying the body odor of men: Research on Men's Smell (Japanese Only)
- ▶ Overview of Smell Care Seminar, Inquiries and Applications (Japanese Only)

Handling of Personal Information

At Mandom, we use personal information to deal appropriately with complaints, inquiries and consultations, and to otherwise interact with the customer.

To achieve the purposes for which the information was gathered, we sometimes entrust work to outside contractors, but information is never disclosed to third parties other than outsourcing contractors.

In helping provide our customers with a secure and comfortable lifestyle, a key basis of our business activities is properly and appropriately handling the personal information held by our company, which we believe is one of our social responsibilities. Therefore, we have established and abide by our privacy policy for the handling of personal information.



Group Company Information

▶ Corporate philosophy > Philosophy and policy in specific fields (Japanese Only)

Co-creating value with the community

► Basic philosophy

We will ascertain social issues from a global perspective and take useful action to resolve those issues in pursuit of sustainable social development and sustainable business growth.

Priority Initiatives

- Build co-creative relationships with research organizations, NGOs, NPOs and others to achieve sustainable social development and begin taking measures (with Japanese Society for Alternatives to Animal Experiments; Graduate School of Pharmaceutical Sciences, Osaka University, etc.)

■ The Japanese Society for Alternatives to Animal Experiments

In recent years, as society's awareness of safety in cosmetics has risen, the need has grown for a wider range of evaluative techniques that will enable the development of safe products.

Mandom has declared a policy of no animal experiments. As part of that, we present technical information at meetings held by the Japanese Society for Alternatives to Animal Experiments, and since 2008, we have subsidized research costs by offering grants every year for selected international research on alternatives to animal experiments.

At the 30th Annual Meeting of the Japanese Society for Alternatives to Animal Experiments on November 24, 2017, our previous research grant activities were recognized for their major contribution to the Japanese Society for Alternatives to Animal Experiments, and we received a Distinguished Service Award from the society.

In April 2020, we began providing research grants for the three topics selected as our 13th (FY2020) research themes.



CSR Information

- Community Involvement and Development > Approach to alternative to animal experiments



External Site

The Japanese Society for Alternatives to Animal Experiments

■ Joint Research Program with the Graduate School of Pharmaceutical Sciences at Osaka University

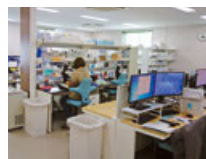
In June 2015, Osaka University and Mandom established the Advanced Cosmetic Science Joint Research Program at the Graduate School of Pharmaceutical Sciences at Osaka University.

The joint research program employs cutting-edge technologies from fields that have seen remarkable growth in recent years, such as regenerative medicine, applying them to research the development of next-generation functional cosmetics and quasi-drugs.

At the same time, as one of our efforts to broaden our global network of technology in Asia, Mandom is actively helping to invite young lecturers from universities in Asia to the Graduate School of Pharmaceutical Sciences of Osaka University.

In August 2018, Mandom and Osaka University concluded an agreement on the Cross-Appointment System with the aim of further promoting continuous and multiple cooperation focusing on co-creation between the universities and the company.

In addition, aiming to promote open innovation through tie-ups between industry and academia, and as a way of introducing the efforts of the Laboratory of Advanced Cosmetic Science, Mandom helps to hold luncheon seminars.



Some of the research results announced thus far are as follows.

- Three-dimensional observation of human sebaceous glands achieved, original sebum secretion assessment method established
- First Japanese research group to receive the Academic Prize at Cosmetic Victories 2019
- Successful generation of immortalized human eccrine sweat gland myoepithelial cells

For details and other research results, please refer below.



CSR Information

- Community Involvement and Development > Joint Research Program with the Graduate School of Pharmaceutical Sciences at Osaka University

Sustainable procurement of raw materials

► Basic philosophy

With the shared goal of sustainable social development, we will build good relationships with our trading partners and fulfill our social responsibilities through our business activities.

Priority Initiatives

- Draft Supplier CSR Guidelines and gain the cooperation of trading partners to build and operate a CSR procurement system (Based on the specific topics within three core subjects—human rights, labor practices and the environment)

Toward Fair and Transparent Transactions

Mandom established the Antimonopoly Act Compliance Program back in July 2004, which was revised in 2010, to establish fair and transparent business transactions and build stable relationships of trust as a good partner to our trading partners.

Our legal affairs office holds seminars for the sales division and purchasing department based on this program. The purchasing department also participates in outside seminars related to purchasing and procurement to acquire greater knowledge.

Once a year, Code of Conduct education is carried out at all Japan-based divisions in the Mandom Group at which time various guidelines on procurement and sales are read together to instill their principles in employees. Since September 2007 the Mandom Group has been expanding the scope of its Helpline System to include business partners. See below for more details.



CSR Information

► Fair operating practices

Building and implementing a CSR procurement System

Building and Implementing a CSR Procurement System

We have selected “the building and implementing a CSR procurement system” and are engaged in drafting supplier CSR guidelines and gaining the cooperation of trading partners to achieve this goal.

As times change in an age of rapid globalization, social and environmental issues are becoming more varied and complex. We currently give consideration and take action based on our Procurement Guidelines, but we need to strengthen their implementation, which includes making ongoing improvements and revisions to prevent new social and environmental issues from arising and thereby avoiding such risks. Another reason for better implementation is to be able to continue responding to expectations and demands from a broad range of stakeholders.

We strive to achieve fairness and transparency in all transactions and will try to gain the cooperation of our trading partners as we practice due diligence with respect to specific topics in core areas such as human rights, labor practices and the environment, alongside taking other measures to build a sustainable and CSR procurement system.

About the Mandom Group's Supplier CSR Guidelines (Ver. 2)

To move toward sustainable procurement, we issued the Mandom Group Supplier CSR Guidelines (Ver. 2) in November 2017, asked our trading partners to develop an understanding of these guidelines, and started monitoring using the CSR Procurement Self-Assessment Tool Set recommended by the Global Compact Network Japan.

Going forward, we will secure the understanding and cooperation of our trading partners — through steps such as requesting that these guidelines be shared with secondary, tertiary, and overseas trading partners — and we will continue discussions, working step-by-step to make our supply chain more transparent.



CSR Information

► Fair operating practices

Mandom Group Supplier CSR Guidelines (Version 2)

Mandom Group values our suppliers as partners in promoting sustainable development. We extend our support to suppliers that comply with the Guidelines as set forth below.

Corporate Governance

1. Understand and comply with laws and regulations, relevant voluntary standards and international conventions related to business operations.
2. Develop policies and a code of conduct related to CSR and provide in-house support and training.
3. Structure an internal control system to conduct compliance management.
4. Establish a business continuity plan.

Human Rights

1. Respect human rights and avoid complicity in any human rights violations.
2. Respect diversity and prohibit discrimination.
3. Respect the lifestyles of indigenous peoples and local communities.
4. Eliminate all forms of harassment.

Labor

1. Recognize and adopt international rules regarding labor.*
* Including the Universal Declaration of Human Rights, the ILO's Core Labor Standards, the ten principles of the UN's Global Compact, the UN's Guiding Principles for Business and Human Rights, and the OECD's Guidelines for Multinational Enterprises.
2. Provide equal opportunities for upskilling and career development for all employees.
3. Provide a safe and clean work environment and care for employees' health.
4. Ensure workers are paid fair wages and ensure proper management of working hours.
5. Eliminate forced labor, child labor, and inhumane treatment of workers.
6. Respect local religions, traditions, and customs.
7. Support the effective recognition of the freedom of association and the right to collective bargaining.

The Environment

1. Structure a system to promote environmental management and set goals for continuous improvement.
2. Implement measures to save energy, reduce greenhouse gases, prevent pollution and conserve biodiversity.
3. Ensure proper management of chemicals and waste disposal.

Fair Operating Practices

1. Ensure fair, transparent and free business transactions and respect contractual terms.
2. Respect property rights and prevent infringement.
3. Eliminate any involvement with groups that make illegal demands of the company or the general public.
4. Prevent all forms of corruption, including coercion and bribery.
5. Establish a customer inquiries function to receive and deal with complaints and feedback from outside the company.

Quality and Safety

1. Structure a management system that ensures quality and safety of goods and services.
2. Provide appropriate information that ensures quality and safety of goods and services.
3. Provide products and services that contribute to sustainable development.

Information Security

1. Implement strict information security practices to ensure confidential information (including personal information) is handled safely.

Supply Chain

1. Ensure companies in your supply chain and/or subcontracting companies, related to business with the Mandom Group, comply with the Guidelines.
 If your company already has guidelines in place with at least the same requirements and requests supplier compliance, no further action is required.

Coexistence with Local Communities

1. Build good relationships with local communities through collaboration.
2. Respond promptly and sincerely to complaints from surrounding areas.
3. Support communities through business activities.

● Revisions to the Guidelines

We will make revisions to the Guidelines to respond to changes both within and outside the Mandom Group as circumstances demand.

Revisions will be posted on our website. Please note that further consent and/or confirmation of compliance status will be required.

● Confirmation of compliance status

The Suppliers' CSR Self-Assessment Survey has been compiled based on the CSR/Sustainable Procurement Self-Assessment Tool Set published by UN Global Compact Network Japan as the ninth instalment in their series of Building the Sustainable World. See the external website below for more details.



External Site

Global Compact Network Japan

▶ CSR/Sustainable Procurement Self-Assessment Tool Set (English version)

Human Rights

► **Basic Policy**

We support and respect the protection of human rights as declared by the international community and will do our best to continuously monitor actions and educate people at every stage of our business activities to avoid complicity in any human rights violations.

Priority Initiatives

- Conduct in-house human rights education aimed at training employees to act in a way befitting a corporation engaged in global business (P.20) and in-house human rights awareness activities designed to build an inclusive society

Promoting Human Rights Education

At Mandom, we disseminate the following information through our Mandom Group Code of Conduct (2018 revised version), and promote KohDoh to ensure workplaces are safe, comfortable, and rewarding places to work. We also work hard to promote human rights awareness through ongoing employee education.

Excerpt from the Mandom Group Code of Conduct (2018 revised version)

Respect for Human Rights, Ban on Discriminatory Treatment

1. We shall respect the basic human rights of everybody.
2. Under no circumstance shall we discriminate against anybody for their nationality, race, ethnicity, religion, color of skin, age, sex, gender identity, sexual orientation, health condition, physical disability or employment status. Should we detect any discrimination, we shall not turn a blind eye.
3. We shall not discriminate against anybody or anything on the grounds of preconception or prejudice.
4. We shall not force anybody to follow our own personal beliefs or preferences.

Ban on Child Labor and Forced Labor

1. We shall refrain absolutely from any use of child labor, the employment of children who are under the minimum working age.
2. We shall refrain absolutely from any use of forced labor, the illegal extraction of labor by means of physical or psychological constraint.
3. We shall comply with treaties and laws that prohibit child labor and forced labor.

Development of Working Conditions

1. We shall create working conditions which are conducive to work, taking into account health and safety.
2. We shall produce ways of working which develop individual capability and respect diversity, personality and individuality so that we can enhance the power of individual members to the strength of the entire team.
3. Placing top priority on human life, we shall comply with laws and rules concerning working conditions/industrial health and safety.
4. We shall positively implement measures such as creating a safety-first environment and ensuring reasonable working hours.
5. We shall actively participate in efforts to maintain and promote health.
6. If any accidents or other problems relating to our product occur, we shall promptly respond to such a situation.

Ban on Harassment

1. We shall speak and act with consideration from other people's point of view.
2. We shall not engage in sexual harassment (any sexual acts that go against somebody else's will).
3. We shall not engage in power harassment (any harassment using some advantage of business position in and out of the office).
4. We shall not engage in maternity harassment (any unfair treatment for pregnancy or childbirth).
5. We shall not engage in other harassment such as social harassment (infringements of privacy or nuisances involving social networks) and alcohol harassment (for example, forcing of participation in drinking parties, forcing of drinking down a jug of beer in one go).
6. Should we detect any harassment, we shall not turn a blind eye.

Realizing a Society Enabling Participation by Diverse Human Resources

At Mandom we promote activities that foster a culture which values diversity and difference, not only by utilizing female employees, but also exploiting a variety of highly individual, diverse capabilities, and embracing employees with foreign nationality. The issues of human rights and labor practices are

closely related. We are working to develop an organizational system that embodies diversity and inclusion in order to retain human resources with diverse attributes and value systems, and enable them to reach their full potential.

Understanding and Paying Respect to the Culture and Customs of People in Different Countries

We carry out business with respect for the history, culture, customs, and ways of thinking of the people in different countries and regions.

Our wholly owned subsidiary, PT Mandom Indonesia Tbk is based in a country where about 90% of the population is Muslim. To show respect for the religious customs of Muslim workers, we have built a place of worship on company grounds and run operations with as much consideration as possible for prayer times throughout the day.

Also, in deference to the victims of the July 10, 2015 fire at the plant in Indonesia, and the families of those who were injured or who lost their lives, we have engaged in follow-up activities in a way that is respectful of local customs, religious beliefs, and culture.



100-day memorial for victims of the factory fire accident in Indonesia (October 19, 2015)

Regarding our Special Subsidiary, Mandom Will Corp.

In August 2018, we established the Mandom Will Corp. (referred to below as "Mandom Will") with the aim of utilizing diverse human resources and expanding employment, and on December 17, 2018, the company acquired certification as a Special Subsidiary, as set forth in the Act on Employment Promotion etc. of Persons with Disabilities.

At Mandom Will, we have put in place an environment and programs tailored to suit diversity, so that people with disabilities and those returning to employment can work with high motivation over the long term without undue stress. Steps taken in this area include allocating work to match diverse capabilities and characteristics, and enabling

the taking of annual paid holiday in hourly units to deal with issues such as going to the hospital. We are also working to develop human resources capable of self-growth through work.

The Mandom Group is promoting diversity and inclusion to ensure acceptance of diversity, enable individuals to perform at their peak ability, and achieve growth of both the company and our employees. Going forward, we will continue efforts to cultivate human resources and develop an environment/programs to realize a company where all employees are valued assets who can derive satisfaction from their work.

Human Rights Initiatives in the Supply Chain

We have been promoting inter-departmental CSR activities since setting up a CSR Promotion Committee (currently Sustainability Promotion Committee) in 2015.

At the Sustainability Promotion Committee we have set forth the issue of building and implementing a CSR procurement system. We are working to develop a CSR procurement system that takes into account issues in the supply chain such as human rights, labor practices, the environment, and fair business practices, while enlisting the cooperation of trading partners.

In November 2017, we issued the Mandom Group Supplier

CSR Guidelines (Ver. 2), asked all of our trading partners to develop an understanding of these guidelines, and started monitoring using the CSR Procurement Self-Assessment Tool Set recommended by the Global Compact Network Japan. For details, please see the Mandom Group Supplier CSR Guidelines (Ver. 2), P.57.



CSR Information

► Mandom Group CSR Promotion System

► Fair Operating Practices > Building and implementing a CSR procurement system

Corporate Governance

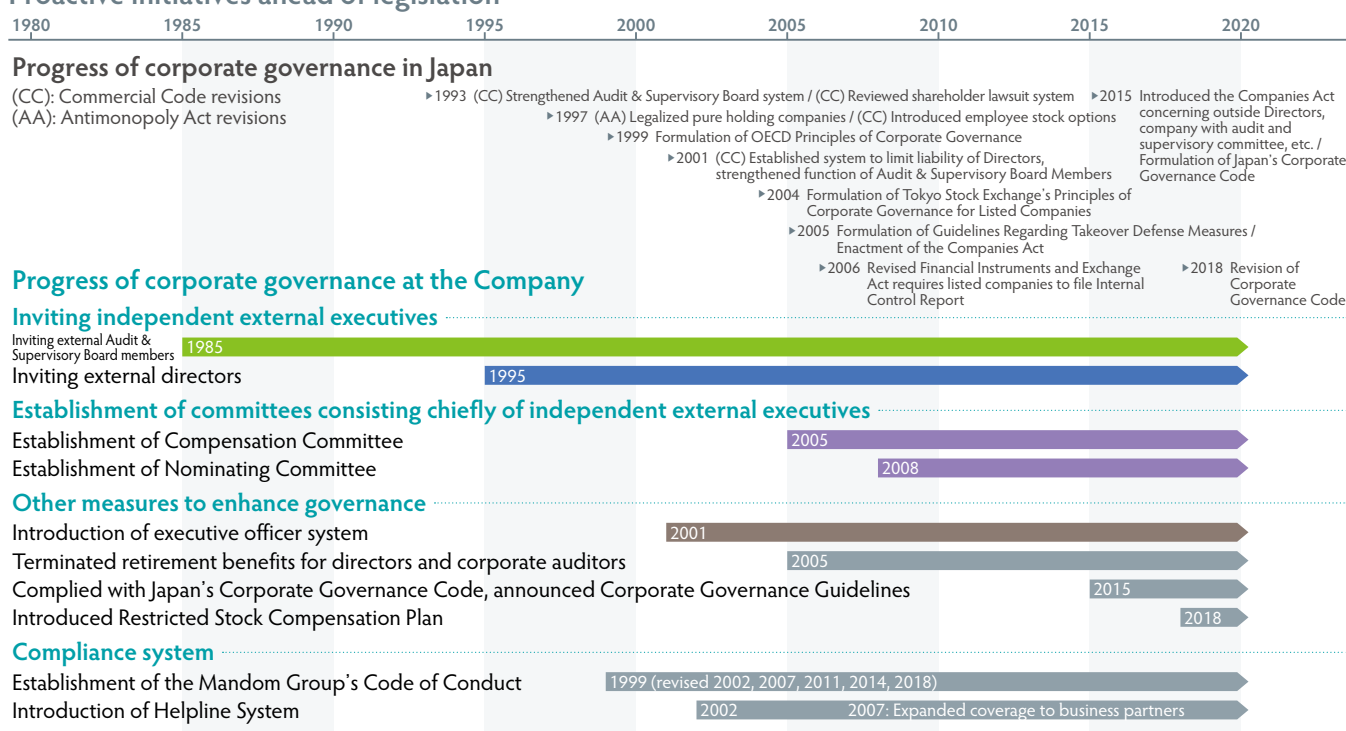
G Governance

► 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



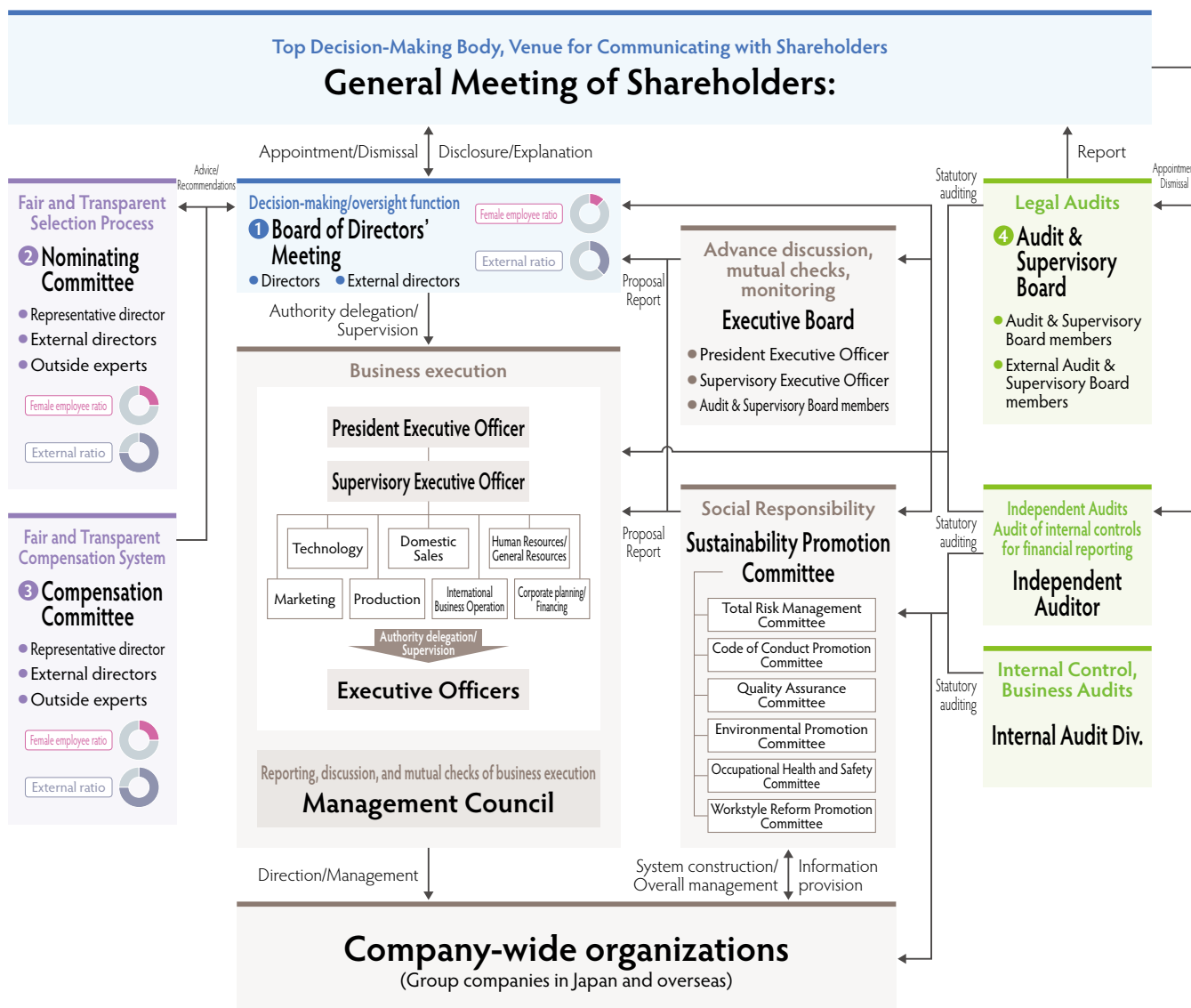
Corporate Governance Structure

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 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.

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 senior management 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 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 [Directors/External 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.

Topics at the Board of Directors meetings

First half of the fiscal year - 45 deliberation and approval items

- ▶ **Major topics**
 - Disclosure of summary of evaluation results and analysis of the effectiveness of the Board of Directors
 - Reorganization of the Group Management Plan for fiscal 2019
 - Acquisition of treasury stock
 - Establishment of bank borrowings
 - Submission of Corporate Governance Report for fiscal 2019
 - Selection of Representative Director

Second half of the fiscal year - 42 deliberation and approval items

- ▶ **Major topics**
 - Executive personnel in fiscal 2020 (104th fiscal term)
 - Appointment of executive officers in fiscal 2020 (104th fiscal term)
 - Licensing of non-exclusive sales of "Human sweat gland stem cells" by ABM established at the Osaka University Joint Research Chairs
 - MP-13 MCJ Middle-Range Planning (draft)

2 Nominating Committee

[Representative Director/External directors/Outside experts]

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 is consulted by the Board of Directors for proposals regarding candidates for director, Audit & Supervisory Board member and supervisory executive officer.

3 Compensation Committee

[Representative Director/External directors/Outside experts]

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 is consulted by the Board of Directors for policies regarding compensation for directors and supervisory executive officers.

4 Audit & Supervisory Board

[Audit & Supervisory Board members/External Audit & Supervisory Board members]

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.

Fields of experience of Directors and Audit & Supervisory Board Members of the Company

Mandom acknowledges the importance of a composition of 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. 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 subsidiary in the overseas business.

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. For reference, four overseas nationals (one of whom is an equity-method affiliate) have already served as representatives of overseas subsidiaries. Going forward, 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.

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, the Company aims to reinforce its corporate governance and augment the Group's overall management quality.

The Company has formulated the Standards for the Independence of Independent Outside Executives shown below. The external directors and external Audit & Supervisory Board members of the Company 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.



Standards for the Independence of Independent Outside Executives

https://www.mandom.co.jp/company/src/g_guideline_ex2.pdf
(Japanese language)



Explanation of individual reasons for the selection of the principle members of the management 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 23, 2020)

Name	Field of experience*									
	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	Reiko Nakayama	●		●		●	●			●
	Shigeki Suzuki	●	●		●				●	
	Hitoshi Tanii	●		●	●					●
[Audit & Supervisory Board Members]										
Hiroo Mizuno				●	●		●			
Takehiko Ikehata	●		●							
Independent External	Yukihiro Tsujimura							● Attorney		
	Masahiro Nishio					● CPA				

* 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.

Message from external Director: advice after a year in office -Reiko Nakayama-

- What is your impression about the effectiveness of the Board of Directors of Mandom one year after joining?

Executive officers are faithful to their duties and make efforts to share this with all officers. I feel that external officers often express their opinions without hesitation. If I am to say what I would further wish for, I think we should create a corporate culture that encourages executives to exchange opinions in a lively manner. This is because, while good relationships with each other are preferred, it is only natural that the departments of Corporate planning, Development, Manufacturing, Sales, and Marketing do not always all agree on one opinion.

- What are your thoughts and opinions from your experience as a member of the Nominating Committee and Compensation Committee of Mandom for one year?

When it comes to nominating officers, it is of the utmost importance that all members of the Committee fully understand and share the qualities that the Company expects of its directors and executive officers, and select the best personnel. I believe that my mission is to do my best to make that happen. Regarding the Compensation Committee, in terms of the current compensation system, I believe it is worthwhile to appreciate that it combines monetary and stock compensation and that it implements medium-term targets with

clear numerical targets. As for future issues, I think that it is necessary to consider reflecting the setting target because the part that shareholders value such as capital cost and cash flow is not adopted and ESG is not taken into consideration.

- What advice would you most like to give to Mandom as a corporation?

I don't think there is enough awareness regarding diversity. I think it might be the case that male employees intend to take action for diversity, but from the perspective of female employees, I feel that this is not always the case. The Company's growth has been centered on men's cosmetics, but in recent years women's cosmetics have increased. When it comes to creating products that are more desirable to women, I think it is necessary to develop them while fully considering and understanding the perspectives and sensibilities of women looking forward. To this end, I believe that both men and women employees need to further reform their awareness.



Supervision				
Name	Attendance in Fiscal 2020 (number of times attended/number of times held)			
	Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board

[Directors]

	Motonobu Nishimura	12/13	4/4	1/1	
	Shinichiro Koshiba	13/13			
	Yasuaki Kameda	13/13			
	Takeshi Hibi	13/13			
	Ken Nishimura	10/10			
	Tatsuyoshi Kitamura	3/3			
Independent External	Satoshi Nagao	13/13	4/4	1/1	
	Reiko Nakayama	9/10	4/4	1/1	
	Satoshi Nakajima	2/3			

[Audit & Supervisory Board Members]

	Ryuichi Terabayashi	13/13			16/16
	Hiroo Mizuno	13/13			16/16
Independent External	Yukihiro Tsujimura	13/13			16/16
	Masahiro Nishio	13/13			16/16

Execution	
Management Council	Executive Board
Number of meetings held in Fiscal 2020	Number of meetings held in Fiscal 2020
11 times	10 times
Members	Members
President Executive Officer Supervisory Executive Officer Executive Officers External Directors Audit & Supervisory Board Members External Audit & Supervisory Board Members	President Executive Officer Supervisory Executive Officer (Observers) External Directors Audit & Supervisory Board Members
Of which, external members: External Directors 2 External Audit & Supervisory Board Members 2	
Meeting Roles	Meeting Roles
The Management Council deliberates matters to be resolved by the Board of Directors beforehand and matters related to business management policies.	The Executive Board deliberates beforehand important matters related to management policy, business plan and new business to be resolved by the Board of Directors and Management Council.

Evaluation of the Effectiveness of the Board of Directors

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

- (1) In January 2020, a questionnaire* was distributed to members of the Board of Directors, and responses were received from all respondents.

* 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, as well as a space requesting free comments, for instance to raise any issues.

Regarding the results of this evaluation, the highest rating (adequate) of the four levels was the most common at more than 70%.

- (2) Based on these responses, the representative director (President Executive Officer) interviewed internal directors 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 June.

- (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

- Evaluation**
- ① The Board of Directors is promoting management strategies and goals through constructive discussions of the Board of Directors itself based on the long-term vision of "VISION2027" and the "12th Middle-Range Planning (April 2017 to March 2020)," and based on prior deliberation at the Executive Board and the Management Council, etc.
 - ② Independent external directors meet the Standards for the Independence of Independent External Executives, as formulated by the Board of Directors, and they recruited human resources who have an objective and shareholder-oriented monitoring function and an effective advisory function from a global perspective, and these directors have fulfilled their responsibilities and duties.
 - ③ The Board of Directors ask external directors and external Audit & Supervisory Board members for suggestions and opinions, including questions raised, and strives to foster a spirit of respect for free, open and constructive discussions and exchanges of opinions by encouraging directors and Audit & Supervisory Board members to actively make comments.
 - ④ Board of Directors regulations, regulations on decision-making authority, and other regulations stating clearly the criteria for matters to be decided by the Board of Directors and matters to be delegated to management are appropriately in place and operational, so that the flexibility of business execution is being ensured, and oversight by the Board of Directors is being performed appropriately.
 - ⑤ The Board of Directors manages conflicts of interest between the management and related parties and the Company and transaction appropriateness and transaction conditions by conducting procedures that require strict audits performed by Audit & Supervisory Board members based on the regulations of the Audit & Supervisory Board and deliberation and approval by the Board of Directors based on the regulations of Directors.

On the basis of the rationale set out above, the Board of Directors of Mandom determined that it had achieved effectiveness.

- Suggestions and advice**
- As for the factors behind the difference between the plan and the actual results, working to further strengthen business management methods within a business and function matrix structure makes it possible to accurately reflect the results of the analysis in the strategies and plans for the next year, so further improvement of management efficiency can be realized.
 - By having the management reaffirm and raise awareness of the importance of proactive proposals 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.

Specific comments on items evaluated and items requiring improvement

- | | |
|--|--|
| <p>Evaluation points</p> <ul style="list-style-type: none"> • At meetings attended by officers, including the Board of Directors, discussions are actively conducted, and an environment in which opinions can be easily expressed is provided. • At the Board of Directors' meetings, there were many opinions from external officers, and we consider that they are functioning properly. • The Board of Directors considers that deliberations are fairly fair. • Discussions are basically held in a free-spirited atmosphere, and we appreciate the fact that there are no negative remarks, despite the fact that some discussions are rather reserved. • The Company has introduced a performance-linked stock compensation plan and is taking on challenges involving risk taking, such as M&A and large-scale plant investment. | <p>Points that need improvement</p> <ul style="list-style-type: none"> • The Board of Directors should review the agenda for reference to facilitate transfer to the Management Council so that it can concentrate on decision-making for important strategies. • If there is a difference between the plan and the results, the short-term consideration will largely depend on external factors, but from a long-term perspective, internal factors should not be overlooked, and we consider that discussions from both perspectives are desirable. • We consider that only a few statements made by Directors on individual proposals were outside of their area of responsibility for execution. • With the rapidly changing business environment, it is necessary to maintain a system for accepting challenging proposals from management and further promote support for speedy execution of business. • Since directors of the Company are directors who serve concurrently as executive officers, training for directors should be conducted systematically. |
|--|--|

Content of Executive Compensation

1. Policy for Determining Compensation Amounts for Company Executives

			Basis for determining compensation	Operational Executive Directors	Non-executive Directors	External Directors	Audit & Supervisory Board Members
Performance-linked compensation	c	Medium- to long-term performance-linked portion "Restricted Stock Compensation"	Consolidated net sales under the Middle-Range Planning and Consolidated Operating Profit Margin	○ Up to ¥150 million per year			
	b	Medium- to long-term performance-linked portion	Performance evaluation for the previous fiscal year and Individual Target Evaluation	○			
Fixed	a	Fixed	Set by role by referring to external data	○	○	○	○

○ Total of ¥450 million or less per year for a and b

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.

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.

2. 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)	267	165	102	6
Audit & Supervisory Board Members (excluding external Audit & Supervisory Board members)	36	36	—	2
External Directors	20	20	—	3
External Audit & Supervisory Board Members	16	16	—	2



Please refer to the Mandom website for details.
<https://www.mandom.co.jp/en/company/governance.html>

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

Overview of activities of external directors and external Audit & Supervisory Board Members (Fiscal 2020)

1. Visit to regional offices in Japan

Purpose:

- ① To ascertain the current situation at offices engaged in new efforts and important offices and receive advice from an outside perspective.
- ② To deepen awareness of management issues and get a better understanding of changes in the business situation and changes in the business environment.

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 Audits of the status of adoption of internal control system at overseas subsidiaries

3. Others

Both Mr. Tsujimura and Mr. Nishio have held one study session in the Management Council and the Audit & Supervisory Board utilizing their knowledge and fields of experience.

External Directors Visit to regional offices in Japan

Date	Place	Division	Visitor		Notes
			Satoshi Nagao	Reiko Nakayama	
June	Sapporo	East Japan Sales Division, Sapporo sales office	●		Inspection of Sales Sites
June	Fukuoka	West Japan Sales Division, Fukuoka sales office	●		
August	Osaka	Technical Development Center (In-house)	●		
September	Osaka	Joint Research Program with Osaka University Graduate School		●	
October	Osaka	Joint Research Program with Osaka University Graduate School	●		
November	Osaka	Technical Development Center (In-house)		●	
December	Tokyo	Nihombashi Office		●	Interviews with managing executive officers in charge of the Domestic Sales Units and department managers of each Sales Domain
February	Tokyo	Nihombashi Office	●		

External Audit & Supervisory Board Members Visit to regional offices in Japan

Date	Place	Division	Visitor		Notes
			Yukihiro Tsujimura	Masahiro Nishio	
November	Tokyo	Nihombashi Office	●		Department Managers Information Exchange Meeting
November	Tokyo	Aoyama Office	●	●	

External Audit & Supervisory Board Members Inspection visit to overseas subsidiaries

Date	Country	Company name	Visitor		Days	Notes
			Yukihiro Tsujimura	Masahiro Nishio		
August	Malaysia	MANDOM (MALAYSIA) SDN. BHD. ACG INTERNATIONAL SDN. BHD.		●	2 days	Business management and governance system, confirmation of validity of basic management rules, labor-related matters
September	Vietnam	MANDOM VIETNAM CO., LTD.	●		3 days	

Executives, Audit & Supervisory Board Members



① President Executive Officer & Director

Motonobu Nishimura (Born on January 9, 1951)

April 1977	Joined the Company
April 1983	General Manager, the East Japan Sales Division
June 1984	Director (current position)
June 1987	Managing Director
June 1990	Representative Director (current position); Senior Vice President
June 1995	President Director
May 2000	Audit & Supervisory Board Member, PT. Mandom Indonesia Tbk (current position)
June 2004	President Executive Officer (current position)
April 2008	In charge of the Internal Control Promotion Division (now the Internal Audit Division) (until June 2015)
April 2019	In charge of the Internal Audit Division

② Senior Managing Executive Officer & Director

Shinichiro Koshiba (Born on December 24, 1963)

In charge of the International Business Operation Units, the International Business Division 1, the International Business Strategy Division

April 1987	Joined the Company
July 1993	Senior Managing Director, Sunwa Marketing Co., Ltd.
May 1997	General Manager, Zhongshan City Rida Fine Chemical Co., Ltd. (now Zhongshan City Rida Cosmetics Co., Ltd.)
April 2002	General Manager, the Sales Planning Division
June 2008	Executive Officer
April 2013	Managing Executive Officer; In charge of the Marketing Units
June 2016	Director (current position)
April 2018	Senior Managing Executive Officer (current position)
	In charge of the International Business Operation Units (current position)
	Audit & Supervisory Board Member, Chairman, PT Mandom Indonesia Tbk (current position)

③ Senior Managing Executive Officer & Director

Yasuaki Kameda (Born on November 1, 1961)

In charge of the Corporate Planning & Financial Units and the Human Resources & General Resources Units, the Legal Affairs Division, the Investor Relations Division, and the Secretarial Office

April 1984	Joined the Company
April 2008	General Manager, the Product Development Department Section 1 (now the Brand Marketing Division 1)
April 2009	Executive Officer
April 2012	In charge of the Chain Store Sales Division 1, the Chain Store Sales Division 2 and the Distribution Channel Development Division; General Manager, the Chain Store Sales Division 2
April 2014	In charge of the Corporate Planning Division (now the Corporate Administration Division) and the Corporate Communications & Investor Relations Division (now the Investor Relations Division); General Manager, the Corporate Planning Division
April 2015	Managing Executive Officer; In charge of the Corporate Planning Units (current position)
April 2017	In charge of the Corporate Planning & Financial Units and the Human Resources & the General Resources Units (current position)
June 2017	Director (current position)
April 2018	Senior Managing Executive Officer (current position)

④ Managing Executive Officer & Director

Takeshi Hibi (Born on April 16, 1960)

In charge of the Domestic Sales Units, the Sales Planning Division and the Distribution Channel Development Division

April 1984	Joined the Company
April 1999	Director and President, Mandom (Malaysia) Sdn. Bhd.
April 2008	Managing Director, PT Mandom Indonesia Tbk
April 2011	Representative Director and President, PT Mandom Indonesia Tbk
April 2014	Executive Officer
April 2015	Managing Executive Officer (current position)
April 2016	In charge of the Sales Units
June 2016	Director (current position)
April 2017	In charge of the Domestic Sales Units (current position)

(As of July 1, 2020)



5 Managing Executive Officer & Director

Ken Nishimura (Born on May 12, 1982)

In charge of the Marketing Units, Direct Marketing Division, the Group Marketing Strategy Division, the Public Relations Division

April	2008	Joined the Company
January	2011	Assistant Manager, Mandom Corporation (Singapore) Pte. Ltd.
April	2013	Human Resources Division
July	2015	The Human Resources Div., stationed at Europe IESE Business School (Spain)
May	2017	Graduated from IESE Business School (MBA)
July	2017	Executive Officer, General Manager, the Corporate Strategy Division
April	2018	Managing Executive Officer (current position); In charge of the Marketing Units (current position)
		In charge of the Marketing Division 2 (now the Brand Marketing Division 3), the New Business Development Division (now the Direct Marketing Division), the Group Marketing Strategy Division and the Public Relations Division (current position)
June	2019	Director (current position)

6 External Director Reiko Nakayama (Born on April 2, 1959)

April	1983	Joined Japan Associated Finance Co., Ltd. (now JAFECO Co., Ltd.)
January	1997	Joined Marusan Securities Co., Ltd.
March	2000	General Manager, Investment Information Department, Marusan Securities Co., Ltd.
October	2004	General Manager, Underwriting Department, Marusan Securities Co., Ltd.
October	2008	Director, LivTech, Inc.
February	2009	Director, Head of Administrative H.Q. Division, LivTech, Inc.
March	2015	External Director, LUCKLAND CO., LTD.
March	2016	External Director (Audit and Supervisory Committee Member), LUCKLAND CO., LTD. (current position)
March	2017	Audit & Supervisory Board Member, UcarPAC Co. LTD. (current position)
June	2018	External Director, YUSHIN PRECISION EQUIPMENT CO., LTD. (current position)
June	2019	External Director of the Company (current position)

Executive Officers

Managing Executive Officer	Koichi Watanabe	Supervising Production Units In charge of the Purchasing Division and the Production Strategy Division
Managing Executive Officer	Masahiro Ueda	Representative Director and President, PT Mandom Indonesia Tbk
Managing Executive Officer	Fumihiro Okada	Supervising Technology Units In charge of Technology Strategy Division, Skin Science Development Institute, Fundamental Research Institute, Quality Assurance Division and Customer Support Division; General Manager, Fundamental Research Institute
Executive Officer	Tatsuya Arichi	In charge of Internal Audit Division; General Manager, Internal Audit Division
Executive Officer	Noboru Nonaka	In charge of the East Japan Sales Division and the West Japan Sales Division
Executive Officer	Misao Tsubakihara	In charge of Product Evaluation Institute and Technical Development Institute; General Manager, Technical Development Institute
Executive Officer	Kenji Uchiyama	In charge of the Chain Store Sales Division 1, the Chain Store Sales Division 2 and the Chain Store Sales Division 3; General Manager, the Chain Store Sales Division 1
Executive Officer	Yoshikazu Hongo	In charge of the International Business Division 2; General Manager, the International Business Division 2
Executive Officer	Masanori Sawada	In charge of the IT Innovation Promotion Division and the Finance Division; General Manager, the Finance Division
Executive Officer	Masahiko Ushigami	In charge of the General Administration Division and the Human Resources Division; General Manager, the Human Resources Division
Executive Officer	Yasumasa Yoshida	In charge of the Brand Marketing Division 1, the Brand Marketing Division 2, the Brand Marketing Division 3, the International Marketing Division and the EC Marketing Division; General Manager, the Brand Marketing Division 1
Executive Officer	Tsunehisa Hirota	In charge of the Fukusaki Factory and the Production Engineering Division; General Manager, the Fukusaki Factory
Executive Officer	Tetsuaki Matsuda	In charge of the Corporate Strategy Division, the Corporate Administration Division and the ESG Promotion Division; General Manager, the Corporate Strategy Division

7 External Director Shigeki Suzuki (Born on January 2, 1953)

April	1975	Joined Toyota Motor Co., Ltd.
January	1999	Project General Manager, Material Engineering Division No. 2 (High Polymer Materials), Toyota Motor Corporation
January	2001	Project General Manager, Material Engineering Division No. 3 (Advanced Materials Technology Research), Toyota Motor Corporation
January	2003	Project General Manager, Material Engineering Division No. 1 (Metal/Inorganic Materials), Toyota Motor Corporation
June	2007	Managing Officer, (Material Technology Field, Intellectual Property Division Environmental Affairs Div. and Future Project Div.), Toyota Motor Corporation
April	2013	Advisor, Primearth EV Energy Co., Ltd.
June	2013	Representative Director and Vice President, Primearth EV Energy Co., Ltd.
June	2014	Representative Director and President, Primearth EV Energy Co., Ltd.

8 External Director Hitoshi Tanii (Born on June 2, 1972)

April	1996	Joined NIPPON TELEGRAPH AND TELEPHONE CORPORATION
September	1997	Established Digital Network Service Limited Partnership Company Representative Partner
January	2000	Established Infocast, Inc. Representative Director
September	2000	Established Index Digital Co., Ltd. Representative Director and President
June	2005	Established Synergy Marketing, Inc. Representative Director
September	2016	External Director, Market Enterprise Co., Ltd. (current position)
March	2017	External Director, adish Co., Ltd. (current position)
February	2017	Representative Director, Pay-forward Inc. (current position)
January	2019	External Director, Space Engine Co., Ltd. (current position)
July	2019	Chairperson of the Board, Synergy Marketing, Inc. (current position)
August	2019	External Director, any Carry Co., Ltd. (current position)
December	2019	External Director, ONDECK Co., Ltd. (current position)
January	2020	Established Happy PR Co., Ltd. Representative Director (current position)

9 Audit & Supervisory Board Member

Hiroo Mizuno

10 Audit & Supervisory Board Member

Takehiko Ikehata

11 External Audit & Supervisory Board Member

Yukihiro Tsujimura

12 External Audit & Supervisory Board Member

Masahiro Nishio

Compliance

Rather than relying on external standards and adopting passive compliance stance that centers on just adhering to regulations required by laws, the Mandom Group sets voluntary standards that exceed legal requirements, taking an independent and proactive stance for the purpose of “usefulness to consumers,” toward protecting consumer safety and benefits.

The Mandom Group has established the “**Mandom Group Code of Conduct**” as a compliance program that officers and employees should always keep in mind in order to realize the corporate philosophy (five times since 1999). In order to ensure thorough compliance with the Code of Conduct, the Company has established the Code of Conduct Promotion Committee, which focuses on awareness-raising and education on compliance for all departments.

In addition, in December 2002, we introduced (expanded the up to business partners in 2007) a helpline system, which is an internal reporting system for compliance violations, aimed at early detection, early correction, and prevention of risks related to compliance violations. With this system, legitimate information providers are completely protected, and retaliatory acts against information providers are absolutely prohibited.



► Mandom Group's Code of Conduct

Excerpt from the Mandom Group Code of Conduct (2018 revised version)

Mandom Group Compliance

As a member of society, we fully understand domestic and international laws, customs, and all other social norms and their respective mentality, comply with them with a spirit of legal compliance, and always act ethically with a high degree of social decency.

The compliance of the Mandom Group is based on “usefulness” (founding spirit) and “honesty toward society” (corporate philosophy).

In other words, rather than relying on external standards and adopting passive compliance stance that centers on just adhering to regulations required by laws, the Mandom Group sets voluntary standards that exceed legal requirements, taking an independent and proactive stance for the purpose of “usefulness to consumers,” toward protecting consumer safety and benefits.

In addition, for the sake of honesty towards society, we will strictly adhere to compliance management and never use fraudulent methods as a means of achieving results.

Therefore, at the Mandom Group,

(1) End does not justify the means.

We do not accept the idea that any means can be adopted to achieve business results.

(2) Morals are superior to results. (Results are inferior to morals)

No matter how good the Company's business performance is, the Company does not recognize results obtained through immoral (unlawful) means.

Helpline System

In December 2002, we introduced the “Helpline System,” which is an internal reporting system for compliance violations, aimed at early detection, correction, and prevention of recurrence of risks related to compliance violation. This is a system for accepting reports and consultations when one sees an act that violates various laws and the code of conduct in the workplace, or when there is a risk of violation thereof. The operation of the whistle-blowing system ensures that whistle-blowers are not treated unfavorably by the Company as a reception desk. Since September 2007 we have been expanding the scope of the Helpline System to include all domestic business partners of the Mandom Group.

Our wish is that suppliers who have become aware of a violation of compliance by a Group company, its officers or employees in Japan, or an act that may cause a compliance violation, contact the helpline reception desk in accordance with the following guidelines. Upon receipt of the report, led by the Code of Conduct Promotion Committee, the Company will promptly investigate the facts and causes to correct, stop and prevent recurrence thereof and work to resolve them.



Group Company Information
▶ Corporate Governance > Helpline System

1. Business partners that are subject to the helpline system are suppliers, customers, and other business partners of the domestic Group companies, including the Company.
2. In order to conduct a fair investigation, we ask that you report your information under your real name, rather than anonymously.
3. The facts and the details (including personal information such as the name of the person reporting) are held only by the Company's investigating body (Code of Conduct Promotion Committee) and will not be used for any purpose other than investigation and response based on the report.
4. The Group will not cause any disadvantage to the person reporting, and will not make any request to the business partner to which the person reporting belongs to that would cause him or her a disadvantage due to the fact that the report was made. However, this does not apply to fraudulent reporting that goes against the intent of the Helpline System (avoiding or minimizing the risk of non-compliance) such as slander or defamation.
5. You can make reports by phone, facsimile, e-mail, or postal letter. Please refer to the report reference form attached at the end of the document, and make the report following with the form as much as possible. Upon receipt of the report, the helpline will contact the person who made the report for confirmation. Therefore, please be sure to clearly indicate the contact information and contact method.

Special reception desk for business partners

5-12, Juniken-cho, Chuo-ku, Osaka 540-8530, Japan
Mandom Corporation
Helpline Desk, Code of Conduct Promotion Committee

- Special telephone and facsimile: +81-6-6767-5170
- Special e-mail address: mandom-helpline@mandom.com



Analyses of Management and Finances

Analysis of Operating Results

In the fiscal year under review, as the outlook for the Japanese economy was unclear due to uncertainties in the global economy, etc., and while overall business sentiment remained solid against the backdrop of firm corporate profits, and the Asian economy, which is the business area of the Company's overseas group, also continued to remain stable, despite a slight slowdown and the uncertain outlook, the outlook remained unclear due to the spread of the novel coronavirus disease (COVID-19) toward the end of the year. Given these economic conditions, the Mandom Group pursued initiatives aimed at driving sustained growth, namely maintenance and expansion of our core men's business, further strengthening of our women's business, and strengthening of our global business centered on Indonesia.

Net sales totaled ¥81,774 million (up 3.5% year on year). This was mainly attributable to steady sales of overseas subsidiaries, despite the decline in domestic sales. Operating income was ¥5,970 million (down 16.3% year on year). This was mainly attributable to a decline in domestic sales and an increase in general and administrative expenses. As a result, ordinary income was ¥6,706 million (down 17.8% year on year), and net income attributable to owners of the parent amounted to ¥4,445 million (down 12.6% year on year).

	Year ended March 2019 (Millions of yen)	Year ended March 2020 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	78,997	81,774	2,776	+3.5%
Cost of sales	37,115	39,493	2,378	+6.4%
Selling, general and administrative expenses	34,746	36,310	1,563	+4.5%
Operating income	7,135	5,970	(1,165)	-16.3%
Non-operating profit (expenses)	1,026	736	(289)	-28.3%
Ordinary income	8,161	6,706	(1,454)	-17.8%
Extraordinary profit (losses)	(203)	92	296	—
Income before income taxes	7,958	6,799	(1,158)	-14.6%
Income taxes	2,392	1,854	(538)	-22.5%
Net income attributable to noncontrolling interests	478	499	20	+4.4%
Net income attributable to owners of the parent	5,087	4,445	(641)	-12.6%

Analysis of Financial Position and Cash Flows

1. Assets, Liabilities and Total Equity

Current assets were ¥44,042 million as of March 31, 2020, down ¥8,883 million from a year earlier.

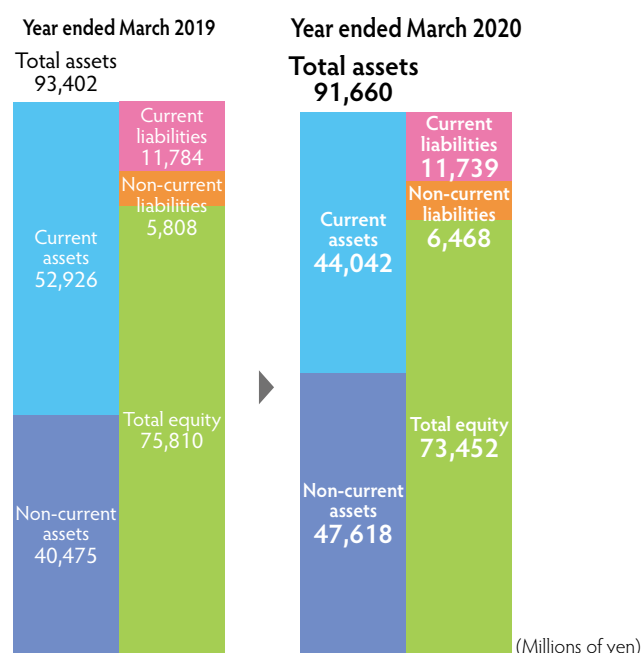
This was mainly due to a decrease of ¥10,662 million in cash and deposits.

Non-current assets were ¥47,618 million as of March 31, 2020, up ¥7,142 million from a year earlier. This was mainly due to an increase of construction in progress of ¥7,034 million. As a result, total assets were ¥91,660 million as of March 31, 2020, down ¥1,741 million from a year earlier.

Current liabilities were ¥11,739 million as of March 31, 2020, down ¥44 million from a year earlier. This was mainly due to a decrease of ¥563 million in corporate and other taxes payable.

Non-current liabilities were ¥6,468 million as of March 31, 2020, up ¥660 million from a year earlier. This was mainly due to an increase of ¥389 million in liability for retirement benefits. As a result, total liabilities were ¥18,208 million as of March 31, 2020, up ¥615 million from a year earlier.

Total equity was ¥73,452 million as of March 31, 2020, down ¥2,357 million from a year earlier. This was mainly because we acquired shares of treasury stock of ¥5,000 million. As a result, shareholders' equity ratio was 73.2% as of March 31, 2020 (compared to 74.9% from a year earlier).



2. Status of Cash Flows

Cash and cash equivalents as of March 31, 2020 came to ¥11,657 million, down ¥11,122 million from the end of the previous fiscal year. This was mainly due to a ¥6,799 million decrease (down 14.6% year on year) in income before income taxes, as well as outlays for the acquisition of tangible fixed assets and outlays for the acquisition of treasury stock. Factors influencing cash flows during the term are as follows.

► Cash Flows from Operating Activities

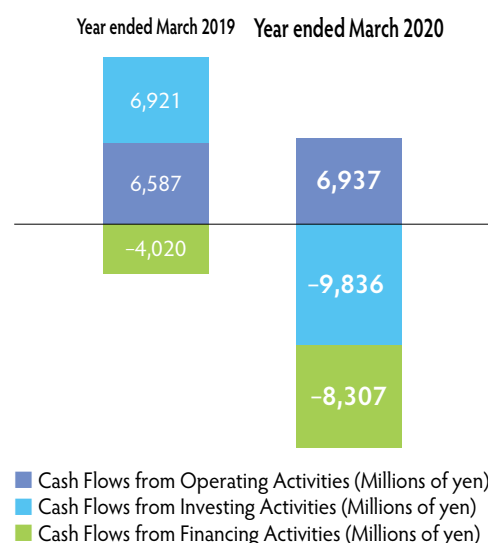
Net cash provided by operating activities was ¥6,937 million. This was mainly due to an increase resulting from income before income taxes of ¥6,799 million and depreciation and amortization of ¥4,369 million, and a decrease resulting from ¥2,402 million in corporate and other taxes paid and a ¥1,492 million increase in inventories.

► Cash Flows from Investing Activities

Net cash used in investing activities was ¥9,836 million. This was mainly due to a decrease resulting from outlays for the acquisition of tangible fixed assets of ¥8,386 million.

► Cash Flows from Financing Activities

Net cash used in financing activities was ¥8,307 million. This was mainly due to a decrease resulting from outlays for the acquisition of treasury stock of ¥5,000 million and dividend payments of ¥2,802 million yen.



Capital Policy

The Group has two main funding requirements: operation funding requirements and capital investment funding.

The main requirements for operation funding are the supply of raw materials for manufacturing the Group's products, as well as operating expenses such as manufacturing expenses, and selling, general and administrative expenses. For capital investment funding, the main requirements are the purchase of fixed assets such as buildings and machinery associated with the acquisition of production facilities.

1. Financial policy

The Group's financial policy is to maintain a solid balance sheet and appropriate liquid assets for its business activities, and capital is used primarily to fund operations and for capital investments, and is derived from internal reserves. If a domestic subsidiary lacks necessary funds, the shortfall is covered by a loan from the parent company, while demand for short-term funds from overseas subsidiaries is met by local-currency-based short-term loans taken out by the Group's main representative office in the region.

The Group regards any additional funds in hand as cash reserves

for business investment, and places the utmost priority on ensuring their liquidity and security. Management further believes that even if the need should arise for investment funds exceeding current liquidity, and even in situations with uncertain outlook caused by COVID-19, it can procure the funds necessary to ensure dramatic growth based on sound finances and the capacity to generate cash flows through operating activities, and has built a cooperative system with financial institutions which allows us to secure funds of at least three months' worth of monthly sales at all times.

2. Overview of capital investments

1) Overview of capital investments

The Group maintains a basic policy of making capital investments in facilities to manufacture products that sustain a competitive advantage. Total capital investments were ¥9,193 million as of March 31, 2020, up ¥5,633 million (158.3%) from a year earlier. Breakdown by segment is listed on the right.

Segment name	Fiscal 2019 (Millions of yen)	YoY change (%)
Japan	7,813	266.9
Indonesia	849	-35.7
Other Overseas	529	389.1
Total	9,193	158.3

2) New important facilities

The Group determines its plans for capital investments while comprehensively taking into consideration investment efficiency and other factors. In principle, each consolidated company separately determines its capital investment plan. However, the

Group makes adjustments mainly to the reporting companies when determining the plan.

Planned additions, retirements, etc. of important facilities as of March 31, 2020 are listed below.

Company name	Office name (location)	Segment name	Facilities	Planned amount of investment (Millions of yen)		Method of financing	Planned date of start/finish		Enhanced capabilities after completion
				Total amount	Amount paid		Start	Finish	
Reporting company	Fukusaki Factory (Fukusaki-cho, Kanazaki-gun, Hyogo)	Japan	Production facilities	14,920	6,853	Own capital	July 2019	August 2021	60% increase

* Consumption tax, etc. is not included in the above amount.

3) Dividend policy

Returning profit to shareholders through dividends is a core management policy, subject to internal reserve requirements for medium- to long-term operational development and new business development, and for addressing corporate risks. The Group's policy is to continuously deliver shareholder return through dividend payouts.

The numerical target for the year ended March 31, 2020 was a payout ratio of not less than 40.0% of net income attributable

to owners of the parent on a consolidated basis, excluding extraordinary factors. We allocate internal reserves to strategic investments aimed at boosting corporate value, including investment in facilities to expand existing business operations, overseas operations and research and investment. Furthermore, we view internal reserves as a safety net to deal with various corporate risks. We will also continue to consider the potential for stock buybacks to return profits to shareholders and improve capital efficiency.

11-Year Consolidated Financial and Non-financial

	2010	2011	2012	2013
Operating Results (Millions of yen)				
Net sales	54,304	57,262	59,801	60,427
Overseas ratio (%)	31.7	34.5	34.9	36.8
Operating income	5,368	5,747	6,050	5,947
Overseas ratio (%)	34.0	36.6	37.1	34.1
Ordinary income	5,715	6,006	6,308	6,241
Net income attributable to owners of the parent	2,802	2,672	3,299	3,607
Capital investment	3,221	1,696	2,157	1,467
Depreciation and amortization	2,125	2,394	2,242	2,165
Research and development	1,846	1,850	1,921	1,792
Financial Position (Millions of yen)				
Total assets	54,182	53,328	55,600	60,163
Liabilities	9,123	8,036	8,517	9,126
Total equity	45,058	45,291	47,082	51,037
Cash Flows (Millions of yen)				
Cash flows from operating activities	7,766	4,063	3,692	7,605
Cash flows from investing activities	(5,111)	(1,408)	(2,694)	(5,387)
Free cash flows	2,655	2,655	998	2,218
Cash flows from financing activities	(2,291)	(1,661)	(1,668)	(1,646)
Per Share Data (Yen)				
Book value per share (BPS)	887.32	892.78	930.50	1,005.54
Earnings per share (EPS)	59.70	57.15	70.56	77.15
Cash dividends per share	30.00	30.00	30.00	31.00
Financial Index (%)				
Operating income margin	9.9	10.0	10.1	9.8
Shareholders' equity ratio	76.6	78.3	78.3	78.2
Return on equity (ROE)	6.9	6.4	7.7	8.0
Return on assets (ROA)	11.1	11.2	11.6	10.8
Payout ratio	50.3	52.5	42.5	40.2
Non-financial Data				
Total number of employees (consolidated)	2,269	2,232	2,256	2,221
Japan	599	601	590	565
Indonesia	1,298	1,221	1,236	1,222
Other overseas	372	410	430	434
Domestic brand share of men's cosmetic product market* (%)	25.2	25.9	27.0	26.1
Domestic brand share of men's cosmetic product market* (ranking)	No. 1	No. 1	No. 1	No. 1

Notes: We conducted a 2-for-1 stock split of common stock on October 1, 2017. All of the figures for Earnings per share (EPS) and Cash dividends per share above take into account the 2-for-1 stock split. Beginning from the fiscal year ended March 31, 2019, some items that had been treated as expenses have been deducted from net sales at overseas consolidated subsidiaries. The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the first fiscal year ended March 31, 2019.

* Market data by Mandom calculations (monetary value) Period: April-March of each year

Highlights



2014	2015	2016	2017	2018	2019	2020
68,215	70,925	75,078	77,351	81,386	78,997	81,774
40.0	41.3	41.3	40.6	41.3	38.7	43.5
6,853	6,996	6,594	7,617	8,457	7,135	5,970
34.6	35.9	28.7	33.3	34.7	40.5	49.5
7,330	7,595	7,415	8,183	9,264	8,161	6,706
4,091	4,425	6,383	5,566	6,086	5,087	4,445
7,632	3,443	3,725	3,309	2,855	3,559	9,193
2,143	2,599	2,919	3,165	3,315	3,583	4,369
1,960	1,731	1,558	1,717	1,813	1,826	1,855
67,858	75,980	79,821	83,835	93,195	93,402	91,660
12,679	15,000	13,965	14,245	17,445	17,592	18,208
55,179	60,980	65,856	69,590	75,749	75,810	73,452
7,303	5,488	7,232	9,045	10,246	6,587	6,937
(5,596)	(5,141)	(2,383)	(5,920)	(6,776)	6,921	(9,836)
1,706	346	4,849	3,124	3,469	13,509	(3,055)
(1,833)	(341)	(3,534)	(2,215)	(2,669)	(4,020)	(8,307)
1,091.54	1,197.11	1,277.01	1,352.88	1,484.67	1,496.20	1,495.40
87.51	94.64	136.52	119.05	130.19	108.76	97.68
35.00	38.00	40.00	48.00	59.00	60.00	62.00
10.0	9.9	8.8	9.8	10.4	9.0	7.3
75.2	73.7	74.8	75.4	74.5	74.9	73.2
8.3	8.3	11.0	9.1	9.2	7.3	6.5
11.5	10.6	9.5	10.0	10.5	8.8	7.2
40.0	40.2	29.3	40.3	45.3	55.2	63.5
2,316	2,400	2,663	2,662	2,694	2,914	2,954
566	557	562	581	595	605	629
1,353	1,421	1,689	1,670	1,671	1,693	1,701
397	422	412	411	428	616	624
26.0	26.6	26.8	27.2	26.7	26.6	25.9
No. 1	No. 1	No. 1	No. 1	No. 1	No. 1	No. 1

consideration the impact of stock split.
included in financial statements conforming to IFRS.
quarter of the fiscal year ended March 31, 2019.

Consolidated Financial Statements

Consolidated Balance Sheet

MANDOM CORPORATION and Its Consolidated Subsidiaries
As of March 31, 2020

Millions of Yen

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 14)	¥ 11,658	¥ 22,780
Short-term investments (Notes 5 and 14)	4,022	3,562
Receivables (Note 14):		
Trade notes and accounts	11,754	11,597
Unconsolidated subsidiaries and associated companies	184	184
Other	56	68
Allowance for doubtful accounts	(12)	(21)
Inventories (Note 6)	15,191	13,518
Prepaid expenses and other current assets	1,190	1,238
Total current assets	44,043	52,926
PROPERTY, PLANT, AND EQUIPMENT:		
Land	1,196	511
Buildings and structures	23,897	23,413
Machinery and equipment	21,315	19,996
Furniture and fixtures	7,391	6,950
Lease assets (Note 13)	18	18
Right-of-use asset	546	
Construction in progress	7,583	549
Total	61,946	51,437
Accumulated depreciation	(36,310)	(33,297)
Net property, plant, and equipment	25,636	18,140
INVESTMENTS AND OTHER ASSETS:		
Investment securities (Notes 5 and 14)	11,192	11,308
Investments in unconsolidated subsidiaries and associated companies	955	840
Goodwill	3,174	3,408
Trademarks	970	1,042
Customer-related assets	1,514	1,626
Asset for retirement benefits		0
Deferred tax assets (Note 10)	514	511
Software	2,249	2,351
Other assets	1,414	1,250
Total investments and other assets	21,982	22,336
TOTAL	¥ 91,661	¥ 93,402

See notes to consolidated financial statements.

Millions of Yen

	2020	2019
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Short-term bank loans (Notes 7 and 14)	¥ 43	¥ 106
Payables (Note 14):		
Trade notes and accounts	7,771	7,170
Unconsolidated subsidiaries and associated companies	35	52
Other	381	132
Accrued income taxes (Note 14)	556	1,119
Accrued expenses	2,416	2,512
Other current liabilities	537	693
Total current liabilities	11,739	11,784
LONG-TERM LIABILITIES:		
Liability for retirement benefits (Note 8)	2,569	2,180
Deferred tax liabilities (Note 10)	2,565	2,488
Other long-term liabilities	1,335	1,140
Total long-term liabilities	6,469	5,808
COMMITMENTS (Note 13)		
EQUITY (Notes 9 and 16):		
Common stock—authorized, 81,969,700 shares; issued, 48,269,212 shares in 2020 and 2019	11,395	11,395
Capital surplus	11,014	11,016
Retained earnings	51,912	50,037
Treasury stock—at cost, 3,386,851 shares and 1,483,926 shares in 2020 and 2019, respectively	(6,826)	(1,828)
Accumulated other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	5,379	5,407
Foreign currency translation adjustments	(5,543)	(5,879)
Defined retirement benefit plans	(214)	(148)
Total	67,117	70,000
Noncontrolling interests	6,336	5,810
Total equity	73,453	75,810
TOTAL	¥ 91,661	¥ 93,402

Consolidated Financial Statements

Consolidated Statement of Income

MANDOM CORPORATION and Its Consolidated Subsidiaries
For the Year Ended March 31, 2020

Millions of Yen

	2020	2019
NET SALES	¥ 81,775	¥ 78,998
COST OF SALES	39,494	37,115
Gross profit	42,281	41,883
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Notes 11, 12, and 13)	36,310	34,747
Operating income	5,971	7,136
OTHER INCOME (EXPENSES):		
Interest and dividend income	386	426
Interest expense	(26)	(7)
Foreign exchange gain (loss)	(0)	38
Loss on disposal of property, plant, and equipment	(18)	(393)
Gain on sales of property, plant, and equipment	15	8
Gain on sales of investment securities	96	
Commission for purchase of treasury shares	(30)	(0)
Claim of insurance		204
Compensation expenses	(19)	(23)
Sale discounts	(15)	(19)
Equity in earnings of associated company	274	370
Impairment loss		(23)
Other – net	165	241
Other income – net	828	822
INCOME BEFORE INCOME TAXES	6,799	7,958
INCOME TAXES (Note 10):		
Current	1,720	2,425
Deferred	134	(33)
Total income taxes	1,854	2,392
NET INCOME	4,945	5,566
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	500	479
NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ 4,445	¥ 5,087

Yen

	2020	2019
PER SHARE OF COMMON STOCK (Note 2.r):		
Basic net income	¥ 97.68	¥ 108.76
Cash dividends applicable to the year	62.00	60.00

Diluted net income per share is not presented because no dilutive securities exist.

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

MANDOM CORPORATION and Its Consolidated Subsidiaries
For the Year Ended March 31, 2020

Millions of Yen

	2020	2019
NET INCOME	¥ 4,945	¥ 5,566
OTHER COMPREHENSIVE INCOME (LOSS) (Note 15):		
Unrealized gain on available-for-sale securities	(28)	(12)
Foreign currency translation adjustments	529	(1,762)
Defined retirement benefit plans	(100)	223
Share of other comprehensive loss in associates	(4)	(15)
Total other comprehensive income (loss)	397	(1,566)
COMPREHENSIVE INCOME	¥ 5,342	¥ 4,000
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	¥ 4,688	¥ 3,785
Noncontrolling interests	654	215

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

MANDOM CORPORATION and Its Consolidated Subsidiaries
For the Year Ended March 31, 2020

	Thousands	Millions of Yen			
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock
BALANCE, APRIL 1, 2018	46,753	¥ 11,395	¥ 11,235	¥ 47,967	¥ (1,867)
Net income attributable to owners of the parent				5,088	
Cash dividends, ¥65.0 per share				(3,018)	
Purchase of treasury stock	(0)				(1)
Disposal of treasury stock	33		82		40
Change in the parent's ownership interest due to transactions with noncontrolling interests			(301)		
Net change in the year					
BALANCE, MARCH 31, 2019	46,786	11,395	11,016	50,037	(1,828)
Cumulative effect of accounting change				230	
BALANCE, APRIL 1, 2019 (as restated)	46,786	11,395	11,016	50,267	(1,828)
Net income attributable to owners of the parent				4,445	
Cash dividends, ¥60.0 per share				(2,800)	
Purchase of treasury stock	(1,905)				(5,001)
Disposal of treasury stock	1		2		3
Change in the parent's ownership interest due to transactions with noncontrolling interests			(4)	(0)	
Net change in the year					
BALANCE, MARCH 31, 2020	44,882	¥ 11,395	¥ 11,014	¥ 51,912	¥ (6,826)

See notes to consolidated financial statements.

	Millions of Yen					
	Accumulated Other Comprehensive Income (Loss)					
	Unrealized Gain on Available- for-Sale Securities	Foreign Currency Translation Adjustments	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
BALANCE, APRIL 1, 2018	¥ 5,419	¥ (4,467)	¥ (269)	¥ 69,413	¥ 6,337	¥ 75,750
Net income attributable to owners of the parent				5,088		5,088
Cash dividends, ¥65.0 per share				(3,018)		(3,018)
Purchase of treasury stock				(1)		(1)
Disposal of treasury stock				122		122
Change in the parent's ownership interest due to transactions with noncontrolling interests				(301)		(301)
Net change in the year	(12)	(1,412)	121	(1,303)	(527)	(1,830)
BALANCE, MARCH 31, 2019	5,407	(5,879)	(148)	70,000	5,810	75,810
Cumulative effect of accounting change		(44)		186	120	306
BALANCE, APRIL 1, 2019 (as restated)	5,407	(5,923)	(148)	70,186	5,930	76,116
Net income attributable to owners of the parent				4,445		4,445
Cash dividends, ¥60.0 per share				(2,800)		(2,800)
Purchase of treasury stock				(5,001)		(5,001)
Disposal of treasury stock				5		5
Change in the parent's ownership interest due to transactions with noncontrolling interests				(4)		(4)
Net change in the year	(28)	380	(66)	286	406	692
BALANCE, MARCH 31, 2020	¥ 5,379	¥ (5,543)	¥ (214)	¥ 67,117	¥ 6,336	¥ 73,453

See notes to consolidated financial statements.

Consolidated Financial Statements

Consolidated Statement of Cash Flows

MANDOM CORPORATION and Its Consolidated Subsidiaries
For the Year Ended March 31, 2020

Millions of Yen

	2020	2019
OPERATING ACTIVITIES:		
Income before income taxes	¥ 6,799	¥ 7,958
Adjustments for:		
Income taxes paid	(2,402)	(2,485)
Depreciation and amortization	4,370	3,584
Amortization of goodwill	225	
Loss on disposal of property, plant, and equipment	18	393
Gain on sales of property, plant, and equipment	(15)	(8)
Gain on sales of investment securities	(96)	
Changes in assets and liabilities:		
Increase in receivables	(10)	(668)
Increase in inventories	(1,492)	(2,373)
Decrease in interest payables	(26)	(7)
Increase (decrease) in payables	40	(113)
Increase (decrease) in liability for retirement benefits	314	(1)
Other – net	(788)	308
Total adjustments	138	(1,370)
Net cash provided by operating activities	6,937	6,588
INVESTING ACTIVITIES:		
Transfers to time deposits other than cash equivalents	(4,386)	(4,040)
Proceeds from maturity of time deposits other than cash equivalents	3,801	4,821
Proceeds from sales of property, plant, and equipment	20	16
Acquisition of property, plant, and equipment	(8,386)	(3,966)
Acquisition of intangible fixed assets	(1,082)	(1,197)
Payments for purchases of investment securities	(32)	(9)
Proceeds from sales and redemptions of investment securities	203	
Proceeds from sales and redemptions of short-term investment securities		21,300
Payments for purchases of short-term investment securities		(3,500)
Purchase of investments in subsidiaries with a change in scope of consolidation		(6,491)
Other – net	26	(13)
Net cash provided by (used in) investing activities	(9,836)	6,921
FINANCING ACTIVITIES:		
Repayments of short-term bank loans – net	(63)	(148)
Repayments of finance lease obligations	(171)	(5)
Repurchase of treasury stock	(5,001)	(1)
Dividends paid	(3,049)	(3,280)
Purchase of investments in subsidiaries without a change in scope of consolidation	(24)	(586)
Net cash used in financing activities	(8,308)	(4,020)
EFFECT OF FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	85	(350)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,122)	9,139
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	22,780	13,641
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 11,658	¥ 22,780

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

MANDOM CORPORATION and Its Consolidated Subsidiaries
As of and for the Year Ended March 31, 2020

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements from International Financial Reporting Standards (IFRS).

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2019 consolidated financial statements to conform to the classifications used in 2020.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which MANDOM CORPORATION (the "Company") is incorporated and operates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2020, include the accounts of the Company and its 16 significant subsidiaries (collectively, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are consolidated and those companies over which the Group has the ability to exercise significant influence are accounted for under the equity method.

Investment in one associated company is accounted for under the equity method.

Investment in two unconsolidated subsidiaries is stated at cost. If the equity method of accounting had been applied to the investment in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated in consolidation.

b. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value. Cash equivalents include time deposits and bond funds, all of which mature or become due within three months of the date of acquisition.

c. Short-Term Investments and Investment Securities —

Securities included in short-term investments and investment securities are classified and accounted for, depending on management's intent, as follows: 1) trading securities, which are held for the purpose of earning capital gains in the near term, are reported at fair value with the related unrealized gains and losses included in earnings; 2) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost; and 3) available-for-sale securities, which are not classified as either of the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The Group's securities (included in "short-term investments" and "investment securities") are all classified as available for sale.

Nonmarketable available-for-sale securities are stated at cost, determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

d. Inventories — Inventories are stated at the lower of cost or net selling value, cost being determined primarily by the weighted-average method.

e. Property, Plant, and Equipment — Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment of the Company and its domestic consolidated subsidiaries is computed substantially by the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998, building improvements and structures acquired on or after April 1, 2016, and lease assets of the Company and its domestic consolidated subsidiaries. The straight-line method is principally applied to the property, plant, and equipment of consolidated foreign subsidiaries. The range of useful lives is principally from 15 to 50 years for buildings and structures and from 4 to 12 years for machinery and equipment. The useful lives for lease assets are the terms of the respective leases.

f. Long-Lived Assets — The Group assesses its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Goodwill — Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired associated company at the date of acquisition. Goodwill is reported in the consolidated balance sheet as other assets and is amortized using the straight-line method over a reasonable number of years within 20 years.

h. Trademarks and Customer Related Assets — Trademarks and customer-related assets are carried at cost less accumulated amortization. Trademarks and customer-related assets are amortized using the straight-line method over a reasonable number of years within 20 years.

i. Software — Software is carried at cost less accumulated amortization, which is calculated by the straight-line method principally over three to five years.

j. Business Combinations — Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred.

k. Retirement Benefits and Pension Plans — The Company and certain consolidated subsidiaries have funded defined benefit pension plans and defined contribution pension plans, which cover substantially all of their employees.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects. Actuarial gains and losses are mainly amortized by the declining-balance method over seven years within the average remaining service

Consolidated Financial Statements

period, and past service costs are mainly amortized by the straight-line method over seven years within the average remaining service period.

l. Research and Development Costs — Research and development costs are charged to income as incurred.

m. Right-of-Use Assets — The straight-line method is used based on the useful life of the assets or the lease term, whichever is shorter.

n. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

o. Foreign Currency Transactions — All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates as of the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

p. Foreign Currency Financial Statements — The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the consolidated balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

q. Derivatives and Hedging Activities — The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange rates. Foreign exchange forward contracts are utilized by the Company to reduce foreign currency exchange risks. The Company does not enter into derivatives for trading or speculative purposes.

r. Per Share Information — Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common stocks outstanding for the period.

Diluted net income per share is not disclosed because no dilutive securities exist.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

s. New Accounting Pronouncements:

Revenue Recognition — On March 31, 2020, the ASBJ issued ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition." The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The accounting standard and guidance are effective for annual periods beginning on or after April 1, 2021. Earlier application is permitted for annual periods beginning on or after April 1, 2018.

The Company expects to apply the accounting standard and guidance for annual periods beginning on April 1, 2021, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

Fair Value Measurement — On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement," and ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," and revised "Accounting Standard for Measurement of Inventories" and "Accounting Standard for Financial Instruments."

In order to improve the comparability between the international accounting standards and Japanese accounting standards, ASBJ has developed the "Accounting Standard for Fair Value Measurement" and the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter "Fair Value Measurement Accounting Standard, etc."), and has prescribed the guidance on the method of fair value measurement. The Fair Value Measurement Accounting Standard, etc. is applied to the fair values of the following items:

- Financial instruments in the "Accounting Standard for Financial Instruments."
- Inventories held for trading purposes in the "Accounting Standard for Measurement of Inventories."

The accounting standards are effective for annual periods beginning on or after April 1, 2020.

The Company expects to apply the accounting standard and guidance for annual periods beginning on April 1, 2020, and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

3. ACCOUNTING CHANGE

Foreign consolidated subsidiaries apply IFRS 16 "Leases."

Since January 1, 2019, the Group has applied IFRS 16 "Leases" for foreign consolidated subsidiaries. Accordingly, regarding operating leases (borrower) covered by IAS No. 17, the Group recognizes right-of-use assets and lease liabilities on the date of adoption. Regarding the adoption of this accounting standard, the Group adopted a method regarded as a transitory measure whereby the cumulative effect is recognized on the date of adoption.

The effects of this accounting policy change for 2020 were as follows: Consolidated statement of balance sheet for the year ended March 31, 2020 — "land of property, plant, and equipment" increased by ¥685 million, "right-of-use asset of property, plant, and equipment" increased by ¥329 million, "others of investments and others assets" decreased by ¥360 million, "others of current liabilities" increased by ¥104 million, "others of long-term liabilities" increased by ¥218 million, "retained earnings" increased by ¥220 million, and "noncontrolling interests" increased by ¥120 million.

The impact of this change on income for the current consolidated fiscal year was not material.

4. ADDITIONAL INFORMATION

Accounting estimates of the impact of the spread of COVID-19

The Group assumes that the impact of the new coronavirus infection will continue for at least a certain period of time in Japan and Southeast Asian countries, such as Indonesia and Malaysia, which account for the top sales of the Group.

Under these assumptions, we made accounting estimates for impairment of investments and fixed assets based on the information available at the end of the current consolidated fiscal year, the impact of which on the estimates is not significant.

However, there are many uncertainties regarding the impact of COVID-19, which could affect the financial condition and business performance of the Group in the next consolidated fiscal year.

5. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2020 and 2019 consisted of the following:

	Millions of Yen	
	2020	2019
Short-term investments:		
Time deposits other than cash equivalents	¥ 4,022	¥ 3,562
Total	¥ 4,022	¥ 3,562
Investment securities:		
Marketable equity securities	¥ 11,165	¥ 11,303
Nonmarketable equity securities	27	4
Total	¥ 11,192	¥ 11,307

Information regarding securities classified as available for sale as of March 31, 2020 and 2019 is as follows:

	Millions of Yen			
March 31, 2020	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Equity securities	¥ 3,416	¥ 7,750	¥ (1)	¥ 11,165

	Millions of Yen			
March 31, 2019	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Equity securities	¥ 3,514	¥ 7,789	¥ (0)	¥ 11,303

Available-for-sale securities whose fair value could not be reliably determined as of March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Equity securities	¥ 27	¥ 4

There was no sales of available-for-sale securities for the years ended March 31, 2019.

The proceeds, realized gains and realized losses of the available-for-sale securities which were sold during the year ended March 31, 2020 were as follows:

	Millions of Yen		
March 31, 2020	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 202	¥ 95	¥
Total	¥ 202	¥ 95	¥

6. INVENTORIES

Inventories as of March 31, 2020 and 2019 consisted of the following:

	Millions of Yen	
	2020	2019
Merchandise	¥ 3,966	¥ 3,666
Finished products	7,393	6,363
Work in process	448	479
Raw materials and supplies	3,384	3,010
Total	¥ 15,191	¥ 13,518

7. SHORT-TERM BANK LOANS

Short-term bank loans at March 31, 2020 and 2019, consisted of the credit facilities from banks. The average interest rates applicable to the short-term bank loans as of March 31, 2020 and 2019 were 5.40% and 5.70%, respectively.

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8. RETIREMENT BENEFITS AND PENSION PLANS

The Company and certain domestic consolidated subsidiaries have funded defined benefit pension plans and defined contribution pension plans, which cover substantially all of their employees, and also unfunded defined benefit pension plans.

The funded defined benefit pension plans provide a lump-sum severance payment or annuity payments determined based on the salary at the time of termination, years of service, and certain other factors for employees who terminated their employment.

The unfunded defined benefit pension plans provide premium lump-sum severance pay for employees who meet the prescribed requirements.

The Company and its domestic consolidated subsidiaries participate in a contributory multiemployer pension plan (the "Plan"), which is accounted for in the same way as defined contribution pension plans.

Certain foreign consolidated subsidiaries have funded defined benefit pension plans, unfunded benefit pension plans, and defined contribution pension plans.

Defined Benefit Pension Plans

(1) The changes in defined benefit obligations for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Balance at beginning of year	¥ 5,397	¥ 5,472
Current service cost	329	346
Interest cost	189	172
Actuarial (gain) loss	118	(209)
Past service cost	(94)	2
Benefits paid	(249)	(213)
Increase by a change in scope of consolidation		17
Foreign currency translation	84	(197)
Other	7	7
Balance at end of year	¥ 5,781	¥ 5,397

(2) The changes in plan assets for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Balance at beginning of year	¥ 3,218	¥ 3,150
Expected return on plan assets	85	80
Actuarial loss	(162)	(21)
Contributions from the employer	147	146
Benefits paid	(94)	(114)
Other	18	(23)
Balance at end of year	¥ 3,212	¥ 3,218

(3) Reconciliations between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligations and plan assets for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Funded defined benefit obligations	¥ 3,469	¥ 3,416
Plan assets	(3,212)	(3,218)
	257	198
Unfunded defined benefit obligations	2,312	1,981
Net liability arising from defined benefit obligations	¥ 2,569	¥ 2,179

	Millions of Yen	
	2020	2019
Liability for retirement benefits	¥ 2,569	¥ 2,179
Asset for retirement benefits		0
Net liability arising from defined benefit obligations	¥ 2,569	¥ 2,179

(4) The components of net periodic retirement benefit costs for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Service cost	¥ 329	¥ 346
Interest cost	189	172
Expected return on plan assets	(85)	(80)
Recognized actuarial loss	63	52
Amortization of past service cost	(1)	0
Net periodic retirement benefit costs	¥ 495	¥ 490

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Prior service cost	¥ (93)	¥ 1
Actuarial (gain) loss	225	(281)
Total	¥ 132	¥ (280)

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Unrecognized prior service cost	¥ (91)	¥ 2
Unrecognized actuarial loss	531	303
Total	¥ 440	¥ 305

(7) Plan assets

(a) Components of plan assets

Plan assets as of March 31, 2020 and 2019 consisted of the following:

	2020	2019
Debt investments	48%	46%
Equity investments	28	30
General accounts	14	14
Cash and cash equivalents	8	7
Other	2	3
Total	100%	100%

(b) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined by considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2020 and 2019 were mainly set forth as follows:

	2020	2019
Discount rate	0.6%	0.4%
Expected rate of return on plan assets	2.0%	2.0%
Expected salary/wage increment	2.1%	2.1%

Defined Contribution Pension Plans

The Company and its consolidated subsidiaries recognized a defined contribution cost of ¥117 million and ¥113 million for the years ended March 31, 2020 and 2019, respectively.

Multiemployer Pension Plan

The Company and its domestic consolidated subsidiaries participate in the Plan covering substantially all of their employees, for which the Company cannot reasonably calculate the amount of plan assets corresponding to the contributions made by it and its domestic consolidated subsidiaries. Therefore, it is accounted for using the same method as a defined contribution plan.

Contributions to the Plan, which are accounted for using the same method as a defined contribution plan, were ¥199 million and ¥192 million for the years ended March 31, 2020 and 2019, respectively.

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(1) The funded status of the Plan as of March 31, 2019 and 2018 was as follows:

	Millions of Yen	
	2019	2018
Plan assets	¥ 13,233	¥ 12,422
Sum of actuarial liabilities of pension plan and minimum actuarial reserve	(18,545)	(18,605)
Net balance	¥ (5,312)	¥ (6,183)

The net balance above was mainly caused by past service cost of ¥9,402 million and ¥9,768 million for the years ended March 31, 2020 and 2019, respectively. Past service cost under the Plan was amortized on a straight-line basis more than 10 years and more than 11 years for the years ended March 31, 2020 and 2019, respectively. The special contributions of ¥136 million and ¥131 million for the years ended March 31, 2020 and 2019, respectively, which are utilized for such amortization, were expensed in the consolidated statements of income of the Group.

(2) The contribution ratios of the Group in the Plan for the years ended March 31, 2020 and 2019 were as follows:

	2020	2019
The contribution ratio of the Group in the Plan	13.1%	13.0%

The ratios above do not represent the actual actuarial liability ratio of the Group.

9. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if companies have prescribed so in their articles of incorporation. The Company meets all of the above criteria. The Companies Act permits companies to distribute dividends in kind (noncash assets) to shareholders subject to a certain limitation and additional requirements. Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of companies so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

10. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30.58% each for the years ended March 31, 2020 and 2019. Foreign subsidiaries are subject to income taxes of the countries in which they operate.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Deferred tax assets:		
Tax loss carryforwards	¥ 180	¥ 192
Accrued bonuses	269	280
Enterprise tax	45	69
Inventories	167	153
Liability for retirement benefits	681	591
Long-term liabilities	80	80
Property, plant, and equipment	34	34
Other	523	641
Total of tax loss carryforwards and temporary differences	1,979	2,040
Less valuation allowance for tax loss carryforwards	(180)	(192)
Less valuation allowance for temporary differences	(79)	(73)
Total valuation allowance	(259)	(265)
Deferred tax assets	1,720	1,775
Deferred tax liabilities:		
Unrealized gain on available-for-sale securities	2,370	2,382
Intangible assets associated with business combinations	642	690
Other	759	680
Deferred tax liabilities	3,771	3,752
Net deferred tax liabilities	¥ (2,051)	¥ (1,977)

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2020 and 2019, were as follows:

	Millions of Yen						
March 31, 2020	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	¥ 0	¥ 25	¥ 41	¥ 61	¥ 0	¥ 53	¥ 180
Less valuation allowances for tax loss carryforwards	(0)	(25)	(41)	(61)	(0)	(53)	(180)
Net deferred tax assets relating to tax loss carryforwards							

	Millions of Yen						
March 31, 2019	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	¥ 14	¥ 0	¥ 25	¥ 41	¥ 61	¥ 51	¥ 192
Less valuation allowances for tax loss carryforwards	(14)	(0)	(25)	(41)	(61)	(51)	(192)
Net deferred tax assets relating to tax loss carryforwards							

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate for the year ended March 31, 2020 reflected in the accompanying consolidated statement of income is as follows:

	2020
Normal effective statutory tax rate	30.58%
Expenses not deductible for income tax purposes	2.15
Dividends and incomes not taxable for income tax purpose	(0.37)
Difference in subsidiaries' tax rates	(3.70)
Retained earnings of subsidiaries	1.34
Tax credit for research and development costs and others	(2.56)
Change in valuation allowance	0.13
Amortization of goodwill	0.86
Capital levy on inhabitant tax	0.33
Other – net	(1.49)
Actual effective tax rate	27.27%

* Information for the year ended March 31, 2019 was not provided because the difference between the statutory tax rate and the effective income tax rate was less than 5% of the statutory tax rate.

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11. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income for the years ended March 31, 2020 and 2019 were ¥1,855 million and ¥1,827 million, respectively.

12. ADVERTISING COSTS

Advertising costs charged to income for the years ended March 31, 2020 and 2019 were ¥4,725 million and ¥5,156 million, respectively.

13. LEASES

The Group leases office space, office equipment, and certain other assets.

Total rental expenses for the years ended March 31, 2020 and 2019 were ¥1,634 million and ¥1,647 million, respectively. The minimum rental commitments under noncancelable operating leases at March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Due within one year	¥	¥ 35
Due after one year		130
Total	¥	¥ 165

14. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policy for Financial Instruments

The Group uses financial instruments to invest cash surplus amounts in low-risk and highly liquid financial instruments. Derivatives are used to achieve higher yields within specified limits on the amounts, but not for speculative purposes.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Short-term investments and investment securities, mainly debt securities with maturities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are mainly less than three months.

Receivables and payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring on a regular basis of payment terms and balances of major customers by the sales planning division to identify the default risk of customers in the early stages.

With respect to financial investments with maturities, since the Group manages its exposure to credit risk by limiting its funding to high-credit-rating bonds in accordance with its internal guidelines, the credit risk associated with this investment is not considered to be significant.

Market risk management

With respect to foreign currency trade receivables and payables, the Group monitors on a regular basis foreign exchange risk recognized monthly for each currency.

Short-term investments and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis, and the securities, except for government bonds, are managed by reviewing the condition continuously in view of the market trends and relationships of business partners.

Derivatives have been utilized in accordance with internal policies, which regulate authorization and credit limit amounts. The conditions and results of such transactions are regularly communicated to the Management Committee.

Liquidity risk management

The Group manages its liquidity risk by holding adequate volumes of liquid assets along with adequate financial planning prepared by the financial management division based on each department's reports.

(4) Concentration of Credit Risk

As of March 31, 2020, 51.7% of total receivables is from two major customers of the Group.

(5) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) Fair value of financial instruments

Millions of Yen		
March 31, 2020	Carrying Amount	Fair Value
Cash and cash equivalents	¥ 11,658	¥ 11,658
Short-term investments and investment securities	15,187	15,187
Receivables	11,983	11,983
Total	¥ 38,828	¥ 38,828
Short-term bank loans	¥ 43	¥ 43
Payables	8,188	8,188
Accrued income taxes	556	556
Total	¥ 8,787	¥ 8,787

Millions of Yen		
March 31, 2019	Carrying Amount	Fair Value
Cash and cash equivalents	¥ 22,780	¥ 22,780
Short-term investments and investment securities	14,865	14,865
Receivables	11,829	11,829
Total	¥ 49,474	¥ 49,474
Short-term bank loans	¥ 106	¥ 106
Payables	7,354	7,354
Accrued income taxes	1,119	1,119
Total	¥ 8,579	¥ 8,579

Cash and cash equivalents

The carrying amounts of cash and cash equivalents approximate fair value because of their short maturities.

Short-term investments and investment securities

The fair values of short-term investments and investment securities are measured at the quoted market price of the stock exchange for the equity instruments and at the quoted price obtained from the financial institutions for certain debt instruments. The carrying amounts of short-term investments and investment securities are equal to the fair values. Fair value information for short-term investments and investment securities by classification is included in Note 5.

Receivables, short-term bank loans, payables, and accrued income taxes

The carrying amounts of receivables, short-term bank loans, payables, and accrued income taxes approximate fair value because of their short maturities.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

Millions of Yen		
	2020	2019
Investments in equity instruments that do not have a quoted market price in an active market	¥ 27	¥ 4

(6) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

Millions of Yen	
March 31, 2020	Due in 1 Year or Less
Cash and cash equivalents	¥ 11,658
Short-term investments and investment securities:	
Other	4,022
Receivables	11,982
Total	¥ 27,662

Millions of Yen	
March 31, 2019	Due in 1 Year or Less
Cash and cash equivalents	¥ 22,780
Short-term investments and investment securities:	
Other	3,562
Receivables	11,829
Total	¥ 38,171

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15. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2020 and 2019 were as follows:

	Millions of Yen	
	2020	2019
Unrealized gain (loss) on available-for-sale securities:		
Gains (losses) arising during the year	¥ 55	¥ (18)
Reclassification adjustments to profit or loss	(96)	
Amount before income tax effect	(40)	(18)
Income tax effect	12	6
Total	¥ (28)	¥ (12)
Deferred gain on derivatives under hedge accounting:		
Gains (losses) arising during the year	¥	¥ (191)
Reclassification adjustments to profit or loss		133
Amount before income tax effect		(58)
Income tax effect		58
Total	¥	¥
Foreign currency translation adjustments:		
Adjustments arising during the year	¥ 529	¥ (1,762)
Total	¥ 529	¥ (1,762)
Defined retirement benefit plans:		
Adjustments arising during the year	¥ (177)	¥ 228
Reclassification adjustments to profit or loss	45	52
Amount before income tax effect	(132)	280
Income tax effect	32	(57)
Total	¥ (100)	¥ 223
Share of other comprehensive loss in associates:		
Gains (losses) arising during the year	¥ (4)	¥ (15)
Total	¥ (4)	¥ (15)
Total other comprehensive income (loss)	¥ 397	¥ (1,566)

16. SUBSEQUENT EVENTS

Appropriation of Retained Earnings

The following appropriation of retained earnings as of March 31, 2020 is expected to be approved at the Company's annual general shareholders' meeting to be held on June 23, 2020 (the "General Meeting of Shareholders"):

	Millions of Yen
Year-end cash dividends, ¥31 per share	¥ 1,391

17. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and for which such information is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available, and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group mainly produces and sells cosmetic products. The Company and its domestic consolidated subsidiaries oversee activities in Japan; PT Mandom Indonesia Tbk oversees activities in Indonesia; and other overseas subsidiaries, including Malaysia, Thailand, and China, oversee activities in each of their respective countries. Each overseas subsidiary is an independent management unit, which develops product strategies and business activities in its respective region. Therefore, the Group consists of the geographical segments based on production and sales structures, which are identified as Japan, Indonesia, and other foreign countries ("Other").

(2) Methods of Measurement for the Amount of Sales, Profit, Assets, Liabilities, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of significant accounting policies."

(3) Information about Sales, Profit, Assets, Liabilities, and Other Items

Millions of Yen						
2020						
	Reportable Segment				Reconciliations*	Consolidated
	Japan	Indonesia	Other	Total		
Sales:						
Sales to external customers	¥ 46,176	¥ 17,792	¥ 17,807	¥ 81,775		¥ 81,775
Intersegment sales or transfers	5,007	3,442	366	8,815	¥ (8,815)	
Total	¥ 51,183	¥ 21,234	¥ 18,173	¥ 90,590	¥ (8,815)	¥ 81,775
Segment profit**	¥ 3,015	¥ 645	¥ 2,311	¥ 5,971		¥ 5,971
Assets	49,362	20,101	22,198	91,661		91,661
Other:						
Depreciation	2,479	1,388	503	4,370		4,370
Amortization of goodwill			225	225		225
Investments in an associated company under the equity method			924	924		924
Increase in property, plant, and equipment and intangible assets	8,692	1,184	538	10,414		10,414

Millions of Yen						
2019						
	Reportable Segment				Reconciliations*	Consolidated
	Japan	Indonesia	Other	Total		
Sales:						
Sales to external customers	¥ 48,442	¥ 17,045	¥ 13,510	¥ 78,997		¥ 78,997
Intersegment sales or transfers	5,009	3,209	403	8,621	¥ (8,621)	
Total	¥ 53,451	¥ 20,254	¥ 13,913	¥ 87,618	¥ (8,621)	¥ 78,997
Segment profit**	¥ 4,248	¥ 682	¥ 2,206	¥ 7,136		¥ 7,136
Assets	54,260	18,020	21,122	93,402		93,402
Other:						
Depreciation	2,292	1,195	97	3,584		3,584
Investments in an associated company under the equity method			809	809		809
Increase in property, plant, and equipment and intangible assets	3,005	1,425	6,337	10,767		10,767

Notes: **Reconciliations* represent eliminations of intersegment sales or transfers.

***Segment profit* represents operating income included in the consolidated statement of income.

(4) Information about Products and Services

Millions of Yen				
2020				
	Products for Men	Products for Women	Other	Total
Sales to external customers	¥ 47,389	¥ 25,974	¥ 8,412	¥ 81,775

Millions of Yen				
2019				
	Products for Men	Products for Women	Other	Total
Sales to external customers	¥ 49,581	¥ 22,433	¥ 6,984	¥ 78,998

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(5) Information about Geographical Areas

(a) Sales

Millions of Yen			
2020			
Japan	Indonesia	Other	Total
¥ 45,396	¥ 15,764	¥ 20,615	¥ 81,775

Millions of Yen			
2019			
Japan	Indonesia	Other	Total
¥ 47,557	¥ 14,822	¥ 16,619	¥ 78,998

Note: Sales are classified by country or region based on the locations of customers.

(b) Property, plant, and equipment

Millions of Yen			
2020			
Japan	Indonesia	Other	Total
¥ 17,360	¥ 7,524	¥ 752	¥ 25,636

Millions of Yen			
2019			
Japan	Indonesia	Other	Total
¥ 10,713	¥ 6,931	¥ 496	¥ 18,140

(6) Information about Major Customers

Millions of Yen		
2020		
Name of Customer	Sales	Related Segment Name
PALTAC Corporation	¥ 26,626	Japan
PT Asia Paramita Indah	15,766	Indonesia

Millions of Yen		
2019		
Name of Customer	Sales	Related Segment Name
PALTAC Corporation	¥ 26,713	Japan
PT Asia Paramita Indah	15,185	Indonesia

(7) Information about Goodwill

Millions of Yen			
2020			
	Japan	Indonesia	Other
Amortization of goodwill			¥ 225
Goodwill at March 31, 2020			3,174

Millions of Yen			
2019			
	Japan	Indonesia	Other
Amortization of goodwill			¥ 3,408
Goodwill at March 31, 2019			¥ 3,408

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of MANDOM CORPORATION:

Opinion

We have audited the consolidated financial statements of MANDOM CORPORATION and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 17, 2020

Mandom Terminology

Seikatsusha (liver) and Shouhisha (consumer)

Mandom's value lies in providing products that can help bring comfort, richness and enjoyment in everyone's life. For Mandom, rather than providing for the needs of "shouhisha" (in Japanese, literally "people that consume") by only incorporating "quantity," satisfying "seikatsusha" (in Japanese, literally "people that lead a life") who seek "quality" is at the heart of our business. That is why, at Mandom we refer to our customers as "seikatsusha" rather than "shouhisha."

Passive, Proactive, Kyodoh ("cooperation")

"Passive" refers to a passive attitude of doing nothing until being requested (instructed) by other people, only doing what is instructed. By contrast, "proactive" refers to the attitude of working proactively based on one's own thoughts and intentions. And as there is a limit to the things that one person can handle, with the concept of "proactive" above in mind, in order to bring out maximum capability it is necessary for people with different abilities to cooperate with each other based on the unifying force of a common philosophy. This is what we call "kyodoh" (cooperation). At Mandom, we define "kyodoh" (cooperation) by combining two words, "kyoryoku," which means cooperation between different types of people, and "jidoh," which means working proactively based on your own thoughts and intentions.

Wants and Needs

Consumers have ideals they wish to be met and be satisfied, but in reality, when their ideals cannot be met they get dissatisfied. By general marketing definition, the gap between the satisfaction and dissatisfaction of consumers are the needs, and the "wants" are the specific method to meet the needs. Mandom not only accurately understands needs from consumers' dissatisfaction, but also provides values of customer satisfaction by thinking how it can meet and address with those needs. That is why, at Mandom Group we use the word "wants."

KohDoh (thoughtful action)

The word commonly used to refer to "action" ("行動" in Japanese, pronounced "kohdoh") means to do something for a certain purpose. However, the word "考働" (also pronounced as "kohdoh" above, but written differently) used at Mandom means to always think about the purpose and aim, to keep them in mind and take actions to match, and to always perform with ingenuity the best action possible, that is, "worthy actions."



High-quality and low-cost products

"High-quality and low-cost products" is one of the founding mentalities that the founder of Mandom Group Shinpachiro Nishimura cherished. "High-quality and low-cost products" means to provide consumers with products of unique quality and value that exceed the price, and to obtain profit by the spread of the products, thereby maintaining social significance.

In other words, this means that the origin of "contribution to consumers," that is, "Dedication to Service (Oyakudachi)" had already emerged since the founding.

Human Resources

Usually, when referring to “persons” in a company, we can say that “人材” (“human resources” in Japanese, pronounced “jinzai”) is the term often used. However, at Mandom we use the term “人財” (also pronounced as “jinzai” above, but written differently, meaning “human assets”) to refer to people. This is to view “people = employees” as assets of paramount importance, as it is said that “a company is only as good as its people.” Mandom defines “human assets” as those who can understand the company’s policies and perform their roles based on a philosophy, nurture their juniors, and achieve their own self-fulfillment.



Health, Cleanliness, Beauty and Fun

Mandom’s business domains are “health,” “cleanliness,” and “beauty.”

“Health” is related to the health of consumers.

“Cleanliness” keeps people’s body and living environment clean and comfortable.

“Beauty” fulfills people’s aesthetic needs.

However, we do not simply keep these domains side by side, but by entwining them with the element of “fun,” we provide products and services that are unique to Mandom that cannot be found elsewhere.

Mandom provides benefits that consumers feel subconsciously by incorporating an element of “fun” in all products and services.

Intellectually charged

In order to become a strong organization, good teamwork is of utmost importance. Teamwork is built on trust, and each member needs to show their individuality and always have a relationship in which everyone can speak their mind, in order to achieve their goals. “Intellectually charged” refers to a place where everyone can have discussions and practice the creation and sharing of knowledge in order to build these cultures.

Explanation of the MISSION Framework (pages 2 to 3)

Human to Human

Expressions such as B to B (Business to Business) and B to C (Business to Consumer) are often used to express business models.

At Mandom, we have set as slogan “Human to Human” to clearly express that we are a “human-oriented” company that values “connection between people.”

“Human to Human” is a phrase that symbolically expresses the MANDOM MISSION.

MISSION Design (M mark)

The MISSION design “M mark” is a design of people holding hands, symbolically expressing our “Human to Human” MISSION slogan.

Mandom Group Detailed History

► Overall Management ► Research, Product Development and Marketing

1927 – 1969

- 1927.12 ► Established Kintsuru Perfume Corporation
- 1932.11 ► Mr. Shinpachiro Nishimura appointed president of Kintsuru Perfume Corporation
- 1933. 4 ► Launched Tancho Tique, a hit product which laid the foundation for future success
- 1958. 4 ► Formed a technical tie-up with a local company in Manila, the Philippines, and began operations; this marked the first step in overseas expansion
- 1959. 4 ► Company name was changed to Tancho Corporation
- 1961. 5 ► Mr. Hikoji Nishimura appointed president of Tancho Corporation
- 1966.11 ► Chairman Shinpachiro Nishimura passed away on November 3
- 1969.11 ► Started a joint venture P.T. Tancho Indonesia in Jakarta, Indonesia (now consolidated subsidiary PT Mandom Indonesia Tbk)

1970 –

- 1970. 6 ► Received a commendation from the Minister of International Trade and Industry (now Minister of Economy, Trade and Industry) for its economic contributions as an export company (also received this commendation again in 1971 and 1972)
- 7 ► Launched the "Mandom Series," announcing launching 10 products in 9 categories
Featured a Hollywood star (Mr. Charles Bronson) for the first time in a Japanese advertisement
- 1971. 4 ► Company name was changed to Mandom Corporation
- 1972.10 ► Established Japan Doctor Renaud Cosmetics Company (now consolidated subsidiary Piacelabo Corporation)
- 1976. 3 ► Construction of Fukusaki Factory completed. Commenced operations
- 1978. 5 ► Switched from distributors to direct sales
- 7 ► Launched the new Gatsby and Spalding product lines, the first time in Japan's cosmetics industry two major lines were introduced simultaneously

1980 –

- 1980. 4 ► Switched from direct sales to distributors
- 8 ► Mr. Ikuo Nishimura appointed president
- 1982. 4 ► Commenced Mandom Corporation's 1st 5-year Middle-Range Planning (MP Project)
- 9 ► Commenced sale of Pagliacci lineup through beauty salons throughout Japan
- 10 ► Launched Pixy in Indonesia
- 1983. 4 ► Introduced new CI system. Changed company logo
- 1984. 4 ► Adopted information card system
- 7 ► Introduced Pucelle My Lip, the Company's first product geared to the women's cosmetics market
- 1985. 2 ► Established Mic Corporation to enter the women's cosmetics market via door-to-door sales
- 3 ► Commenced the first over-the-counter sales of Gatsby hair foam for men
- 1986. 1 ► Established External Corporate Auditors
- 9 ► Completed construction of a factory specializing in aerosol products at the Fukusaki Factory
- 1987. 4 ► Commenced 2nd 3-year Middle-Range Planning
- 11 ► Launched women's cosmetic item Pixy Moisture Lipstick in Indonesia
- 1988. 2 ► Started a joint venture in Singapore (now consolidated subsidiary Mandom Corporation (Singapore) Pte. Ltd.)

- 11 ► Mandom Corporation shares traded on the over-the-counter market
- Issued 500,000 shares by increasing capital through public offering
- 1989. 3 ► Received ECO Mark certification to foam products from the Japan Environment Association for the first time in the industry
- 9 ► Introduced Lúcido, a lineup of fragrance-free men's cosmetics products, unprecedented in the industry
- Japan Doctor Renaud Cosmetics Company changed its name to Piacelabo Corporation
- 12 ► Started a joint venture in Taiwan (now consolidated subsidiary Mandom Taiwan Corporation)

1990 –

- 1990. 4 ► Commenced 3rd 3-year Middle-Range Planning
- Started a joint venture in Thailand (now consolidated subsidiary Mandom Corporation (Thailand) Ltd.)
- 7 ► Prices revised due to abolishment of sales subsidies
- 1991. 4 ► Completed construction of Mandom Tokyo Building
- 1992. 2 ► Started a joint venture in the Philippines (now consolidated subsidiary Mandom Philippines Corporation)
- 9 ► Established M-ZA Corporation, a company with cosmetics procured through selective distribution
- 1993. 2 ► Construction completed on the first stage of new Head Office building. Commenced operations in the new building
- 4 ► Commenced 4th 3-year Middle-Range Planning
- 7 ► Started a joint venture in Hong Kong (now an equity-method affiliate Sunwa Marketing Co., Ltd.)
- 9 ► Launched Lúcido-L, a lineup of fragrance-free products for women
- P.T. Tancho Indonesia Tbk listed on the Jakarta Stock Exchange (Currently the Indonesia Stock Exchange)
- 10 ► Established Guinot Japan Corporation, a sales company that distributes French cosmetics for esthetic salons
- 1994. 6 ► The second phase of the construction of a new Head Office ended, completing the construction of the building
- 1995. 6 ► Mr. Motonobu Nishimura appointed president of Mandom Corporation
- Established External Director
- 1996. 4 ► Commenced 5th 3-year Middle-Range Planning
- Established Beauco Corporation, that imports and processes cosmetics for group companies
- Launched "Mandom World," the Group's website on the Internet
- 12 ► Started a joint venture in China (now consolidated subsidiary Zhongshan City Rida Cosmetics Co., Ltd.)
- 1997. 1 ► Started a joint venture in Malaysia (now consolidated subsidiary Mandom (Malaysia) Sdn. Bhd.)
- 4 ► Established Konan Service Corporation (now mbs Corporation)
- 1998. 8 ► Repurchased 1.7 million shares of Mandom common stock on the open market
- 1999. 1 ► Launched System E/O, a line of skin treatment for women with sensitive skin through mail-order sales
- 3 ► Achieved JPY 10 billion sales of Gatsby products, a first in the Japanese cosmetics industry for men's products
- 4 ► Commenced 6th 3-year Middle-Range Planning
- 8 ► Started a joint venture in South Korea (now consolidated subsidiary Mandom Korea Corporation)



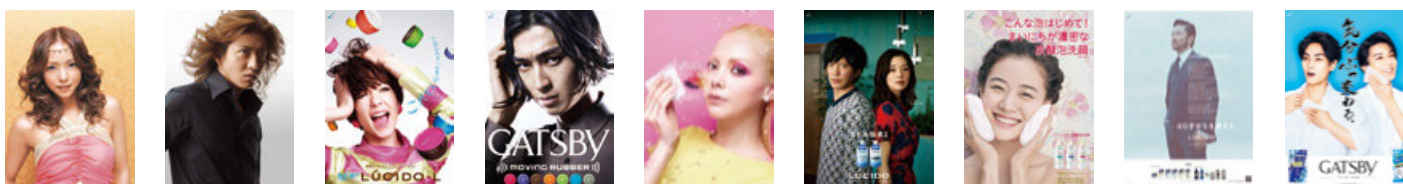
2000–

- 2000. 5 ▶ Mr. Ikuo Nishimura, Director and Corporate Advisor of Mandom Corporation, passed away on May 23
- 8 ▶ Mandom Corporation's share trading unit lowered from 1,000 shares to 100 shares
- 11 ▶ Fukusaki Factory and Logistics Center certified to ISO14001, the international standard for environmental management systems
- 2001. 3 ▶ Commenced operations at PT Mandom Indonesia Tbk's Cibitung Factory
 - ▶ Launched Gatsby Hair Color series, developing a market for men's hair color products
- 6 ▶ Adopted Executive Officer system
- 8 ▶ Repurchased 2.33 million shares of Mandom common stock on the open market
- 2002. 1 ▶ Listed on the Second Section of the Tokyo Stock Exchange
- 3 ▶ Completed construction of the Mandom Group's Tokyo Nihonbashi Building
 - ▶ Gatsby Hair Color commercial voted best overall in a survey carried out by CM Databank in the Tokyo metropolitan area
- 4 ▶ Commenced 7th 3-year Middle-Range Planning
- 5 ▶ Started marketing Gatsby and Lúcido-L simultaneously overseas
- 2003. 1 ▶ Honorary Advisor Hikoji Nishimura passed away on January 25
- 3 ▶ Designated for listing on the First Section of the Tokyo Stock Exchange
 - ▶ Issued 1.65 million shares by increasing capital through public offering
- 10 ▶ Achieved "zero emission" status at the Fukusaki Factory
 - ▶ PT Mandom Indonesia Tbk won the Economic Value Added (EVA) Award in Indonesia (also received awards in 2004, 2005 and 2006)
- 2004. 2 ▶ Recalled Gatsby Ex Hi-Bleach, a Mandom product, due to a burn injury accident (the first product recall in the Company's history)
- 3 ▶ Acquired Occupational Health and Safety Management System (OHSAS 18001) certification at the Fukusaki Factory, Logistics Center, and Production Engineering Division
- 10 ▶ Outsourced third-party logistics (3PL) operations to NIPPON EXPRESS CO., LTD
- 2005. 2 ▶ Acquired M-ZA Corporation, a wholly owned subsidiary
- 3 ▶ Transferred all stocks of Mic Corporation, a wholly owned subsidiary, to BHL SA.
- 4 ▶ Commenced 8th 3-year Middle-Range Planning
- 6 ▶ Terminated retirement benefits for directors and corporate auditors
- 11 ▶ Developed a preservative-free product incorporating "alkanediol"
 - ▶ Launched Perfect Assist 24, Mandom's first proprietary cosmetic product for women
- 2006. 8 ▶ Launched Gatsby Moving Rubber and featured Takuya Kimura as the new model for Gatsby
- 8 ▶ Repurchased 330,000 shares of Mandom common stock on the open market
- 11 ▶ R&D building completed on Mandom headquarters site
- 2007. 1 ▶ Revised work rules in response to the introduction of the citizen judge system scheduled to start from 2009
- 2 ▶ Received a 12th (2006) Best Disclosure Award from the Tokyo Stock Exchange
- 12 ▶ PT Mandom Indonesia Tbk achieved annual sales of 1 trillion rupiah

- 2008. 4 ▶ Commenced 9th 3-year Middle-Range Planning
- 5 ▶ Established Mandom China Corporation (a consolidated subsidiary) in China
- 2009. 3 ▶ Reorganized sales offices in the Tokyo metropolitan area (sold the Mandom Tokyo Building, Mandom Group Tokyo Nihonbashi Building and the Mandom Nihonbashi Bakurocho Building)
- 4 ▶ Absorption-type merger of Beauco Corporation and mbs Corporation
- 7 ▶ Acquired 88,800 shares of treasury stock

2010–

- 2010.10 ▶ Transferred all the stocks of Guinot Japan Corporation, a wholly owned subsidiary, to Wamiles Cosmetics Inc.
- 2011. 2 ▶ Commenced full-scale renewal of Lúcido as an aging care brand
- 4 ▶ Commenced 10th 3-year Middle-Range Planning
- 8 ▶ Launched the Gatsby global website and Facebook page on the Internet
 - ▶ Launched Bifesta, a cosmetics brand for women
- 2012. 3 ▶ Established Mandom Corporation (India) Pvt. Ltd. (a consolidated subsidiary) in India
- 2013. 8 ▶ Launched Gatsby Hair Jam, a new formulation proposal successor to wax
- 2014. 2 ▶ Launched "Lúcido Deodorant series" to combat middle-age sebum odor
 - 3 ▶ Extended Fukusaki Factory's production building
 - 4 ▶ Commenced 11th 3-year Middle-Range Planning
- 2015. 1 ▶ Established Mandom Vietnam Company Limited (a consolidated subsidiary) in Vietnam
- 6 ▶ Relocated head office and factory of PT Mandom Indonesia Tbk from Jakarta to Bekasi
- 7 ▶ Established the Laboratory of Advanced Cosmetic Science at Osaka University
 - ▶ Fire accident took place at a PT Mandom Indonesia Tbk plant, resulting in loss of life
- 2016.10 ▶ At the Laboratory of Advanced Cosmetic Science, discovered human sweat gland stem cells and succeeded in regenerating a sweat gland-like structure in vitro
- 2017. 4 ▶ Revised the Mission, and formulated VISION2027 which outlines where the Company aspires to be in 2027, the 100th anniversary
 - ▶ Commenced 12th 3-year Middle-Range Planning
 - ▶ Introduced a work-from-home system as one part of its workstyle reform initiative
- 10 ▶ Executed stock split (split each common stock into two)
- 2018. 5 ▶ Concentrated Group's marketing functions to the Tokyo office located in Aoyama
- 6 ▶ Introduced restricted stock compensation plan
 - ▶ Eliminated roles of senior advisor, honorary advisor and advisor to further increase effectiveness and transparency
- 8 ▶ Established Mandom Will corp., (non-consolidated subsidiary) to expand utilization and hiring of diverse human resources
- 2019. 1 ▶ Acquired all shares of ACG International Sdn. Bhd. (making it a subsidiary), which is primarily engaged in young women's makeup brand operations in Malaysia
- 5 ▶ Opened flagship store on Tmall Global, borderless e-commerce website
- 7 ▶ Launched online shop "HIBInoBI"
- 11 ▶ Acquired 49,900 shares of treasury stock



Mandom Group Companies (As of March 31, 2020)

Japan

Company Name	Location	Main Businesses	Main Products	Established	Accounting Method on Consolidated Financial Statements	Voting Rights
Mandom Corporation	Japan	Manufacture and sale of products for mass distribution via distributors, primarily to drug stores and convenience stores	Cosmetries and skin care products	1927	—	—
Piadelabo Corporation	Japan	Provides professional-use products and technologies to hair salons via distributors	Cosmetics for hair salons	1972	Consolidated	100.0%
mbs Corporation	Japan	Insurance agency services, travel services, general services and quality assurance of domestic Group company products	—	1997	Non-consolidated	100.0%
Mandom Will corp.	Japan	Contractor to Mandom Group	—	2018	Non-consolidated	90.0%

Overseas

Company Name	Location	Main Businesses	Main Products	Established	Accounting Method on Consolidated Financial Statements	Voting Rights
PT Mandom Indonesia Tbk	Indonesia	Manufacture and sale of cosmetics and other products	Cosmetries, makeup and skin care products	1969	Consolidated	62.9%
Mandom Corporation (Singapore) Pte. Ltd.	Singapore	Sale of cosmetics and other products	Cosmetries, toiletries and skin care products	1988	Consolidated	100.0%
Mandom Taiwan Corporation	Taiwan	Sale of cosmetics and other products	Cosmetries and skin care products	1989	Consolidated	100.0%
Sunwa Marketing Co., Ltd.	China (Hong Kong)	Sale of cosmetics and other products	Cosmetries, toiletries and skin care products	1993	Equity-method affiliate	44.0%
Mandom Korea Corporation	South Korea	Sale of cosmetics and other products	Cosmetries, toiletries and skin care products	1999	Consolidated	100.0%
Mandom (Malaysia) Sdn. Bhd.	Malaysia	Sale of cosmetics and other products	Cosmetries, toiletries and skin care products	1997	Consolidated	99.3%
Mandom Philippines Corporation	The Philippines	Sale of cosmetics and other products	Cosmetries and skin care products	1992	Consolidated	100.0%
Mandom Corporation (Thailand) Ltd.	Thailand	Sale of cosmetics and other products	Cosmetries, toiletries and skin care products	1990	Consolidated	100.0%
Mandom Vietnam Co., Ltd.	Vietnam	Sale of cosmetics and other products	Cosmetries and skin care products	2015	Consolidated	100.0%
Mandom China Corporation	China (Shanghai)	Sale of cosmetics and other products	Cosmetries and skin care products	2008	Consolidated	100.0%
Zhongshan City Rida Cosmetics Co., Ltd.	China (Zhongshan)	Manufacture and sale of cosmetics and other products	Cosmetries and skin care products	1996	Consolidated	66.7%
Mandom Corporation (India) Pvt. Ltd.	India	Sale of cosmetics and other products	Cosmetries and skin care products	2012	Consolidated	100.0%
ACG International Sdn. Bhd.	Malaysia	Others	—	2009	Consolidated	100.0%

Notes: 1. Mandom Corporation (India) Pvt. Ltd. is not currently operating its businesses.
2. ACG International Sdn. Bhd. is a holdings company for three companies selling cosmetics and other products.
3. Purchase of ACG International Sdn. Bhd. shares (making it a subsidiary) was completed in 2019.
4. Voting Rights percentages are rounded down to one decimal place.

Company Outline / Stock and Shareholder Information (As of March 31, 2020)

Company Profile

Company Name Mandom Corporation
 Head Office 5-12, Juniken-cho, Chuo-ku, Osaka 540-8530, Japan
 Established: December 23, 1927
 Paid-in Capital 11,394 million yen
 No. of Employees 2,954 (Consolidated) / 608 (Non-consolidated)

Businesses: Manufacture and sale of cosmetics and perfumes, manufacture and sales of quasi-drugs
 Fiscal Year-End: March 31
 General Meeting of Shareholders: Ordinary General Meeting of Shareholders every June
 Independent Auditor: Deloitte Touche Tohmatsu LLC

Stock and Shareholder Information

Number of Shares Authorized to Be Issued: 81,969,700

Shares of Common Stock Issued and Outstanding: 48,269,212

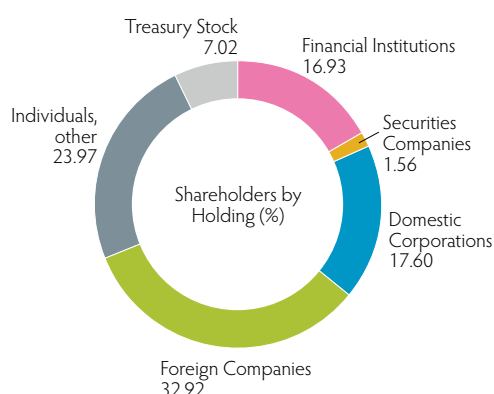
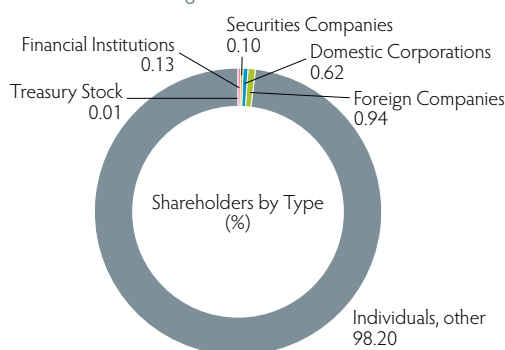
Number of Shareholders: 25,182

Stock Listing: First Section, Tokyo Stock Exchange

Securities Code: 4917

Transfer Agent: Sumitomo Mitsui Trust Bank, Limited

Common Stock Holdings

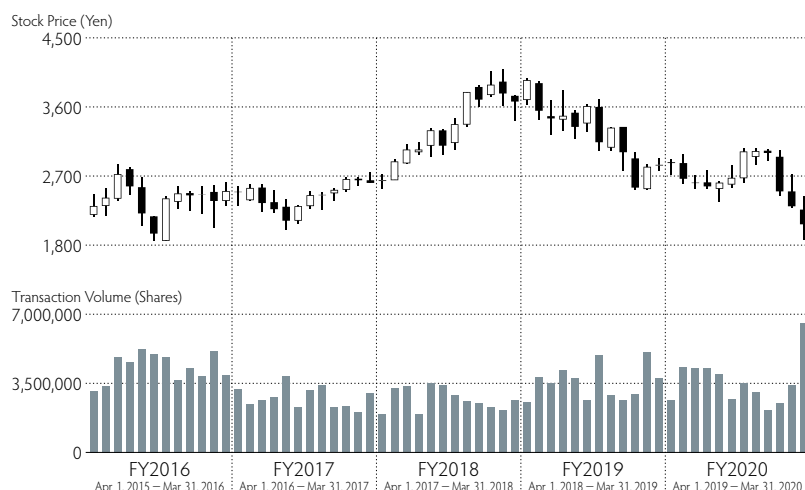


Major shareholders

Shareholder name or title	No. of shares owned (Thousands)	Ratio of share ownership (%)
Nishimura International Scholarship Foundation	3,600	8.02
The Master Trust Bank of Japan, Ltd. (trust account)	2,414	5.38
Japan Trustee Services Bank, Ltd. (trust account)	1,551	3.46
Motonobu Nishimura	1,432	3.19
THE BANK OF NEW YORK 134105	1,380	3.08
Mandom Employee Shareholding Association	1,235	2.75
NORTHERN TRUST CO. (AVFC) RE TOWERS WATSON COMMON CONTRACTUAL FUND	1,038	2.31
JPMORGAN CHASE BANK 385174	981	2.19
Japan Trustee Services Bank Ltd. (trust account 5)	914	2.04
Japan Trustee Services Bank Ltd. (trust account 9)	786	1.75

Notes: 1. Figures less than 1,000 shares have been rounded down.
 2. Ratios of share ownership are rounded down to one decimal place.
 3. We hold 3,386,851 shares of treasury stock which are not listed above.
 4. Ratios of share ownership are calculated excluding treasury stock.

Stock Price and Transaction Volume



* We executed a 2-for-1 stock split of common stock on October 1, 2017. The figures in the above graph are all figures taking into consideration the impact of stock split.

Introduction to Our IR(-related) Site

The Company is working to use its website for IR activities, in the aim of providing information fairly and in a timely manner to shareholders and investors.

IR Information ▶

<https://www.mandom.co.jp/en/ir>

CSR Information ▶

<https://www.mandom.co.jp/en/csr/>

IR Information



CSR Information



mandom corp.