



## Top Message

**We will evolve Dedication to  
Service (Oyakudachi) in the realm of Health,  
Cleanliness, Beauty and Fun\* to realize  
the wellness of consumers across the globe.**



Mandom Corporation  
President Executive Officer & Director  
**Ken Nishimura**

\* Mandom's business domains.

Expressing Mandom's unique style by entwining elements of "fun" with health, cleanliness, and beauty.



## After Being Appointed President

### <Mandom's Goal of Realizing Wellness>

In 2017, upon the 90th anniversary of the Company, Mandom renewed its Mission Framework. Amidst large changes of digitalization and globalization, we placed the concept of being a "human-oriented" company in the center of our new Mission Framework. In the four years since then, we have proceeded to spread this new philosophy across the entire Group. Mandom expresses our contributions to solving issues faced by customers and society with the word "Dedication to Service (Oyakudachi)." In the new system from April 2021, we will further dig into and expand Mandom's Dedication to Service (Oyakudachi). What lies beyond this digging and expansion? What is Mandom aiming for? In this "Age of

VUCA\*" where the future grows more uncertain and issues more complex, it becomes difficult to maintain not only physical health, but also mental and psychological health. The state of being physically, mentally, and socially healthy is called "well-being." At Mandom, we call the process of improving one's current state to reach the state of well-being "wellness" as there is still a room to improve. We would like to provide Dedication to Service (Oyakudachi) in order to realize everyone's wellness.

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

In recent years, as demands for companies to take on ESG issues have increased, we believe we must take proactive efforts in these areas to secure future business opportunities. In other words, we must take a stance of viewing ESG investments as providing Dedication to



Service (Oyakudachi) to the world rather than simply as expenses for risk aversion. Based on this, we will identify material issues (materiality) that lie in sustainability and strengthen our approach to not only physical, but also mental and social aspects. To this end, we highlighted the following challenges to be addressed through value creation that takes advantage of our strengths, among six material issues; “Creating an easy-to-start grooming culture,” “Expanding Dedication to Service (Oyakudachi) to a diverse group of consumers,” and “Realizing mutual growth of employees and the company.”

We also formulated the first corporate slogan for the Mandom Group. “BE ANYTHING, BE EVERYTHING” is the ESG slogan.

Among diversifying and increasing complex social issues and consumer issues, such as environmental issues, globalization, diversity, identity, and so on, we will not aim

to make trade-offs that sacrifice one thing for another. This slogan expresses Mandom’s desire to provide Dedication to Service (Oyakudachi) to help realize a sustainable and rich society where everyone can enjoy expressing their own unique selves, live a healthy and positive lifestyle, and continue to take on challenges to express themselves.

### <Goals for Organization and Culture>

In the new system, we aim to fully pass down a culture of active employee engagement in management. As the number of employees increases and the organization expands, we intend to restore the mindset of Active Employee Engagement that has gradually dissipated, and provide value creation and Dedication to Service (Oyakudachi) for this coming era as Team Mandom. Since there is a limit to what we can each do alone, I think it is

important to view ourselves as a sports team and work together. In other words, as I will do everything I can in the role of the President, I hope to create a corporate culture in which officers and employees will properly remain aware of their roles and execute their responsibilities. It has become more difficult for hit products and large movements to take root in the modern age compared to the past as lifestyles and values grow highly diversified. In this era, we must take on new challenges and do something different, no matter how small. Naturally, it would be great if these led to successes. However, even if they end in failure, the lessons learned there will hopefully lead to future success. It is said that many Japanese companies possess a corporate culture in which people who are careful to avoid failure are most lauded. It is important for Mandom to change the culture so that it is people who take on challenges who are most lauded.



### My Concept of a “Human-Oriented” Company

#### <Imagination and Creativity>

As a “human-oriented” company that respects feats only humans can perform, such as creating value that helps people, and envisions the happiness of people, Mandom has and will continue to focus on strengthening the abilities of imagination and creativity. Imagination is the

ability to accurately envision the smiles and happiness of consumers, as well as their dissatisfaction, to uncover issues. On the other hand, creativity is the ability to combine or pick up resources to deliver happiness to consumers and solve their dissatisfactions. Strengthening these two abilities leads to innovation and further allows us to provide Dedication to Service (Oyakudachi).

#### <Importance of Communication>

As long as we are members of society, communication is extremely important. In 2017, the year we renewed our Mission Framework, I, as the executive officer in charge of corporate strategy, participated in a total of 40 workshops held at all work sites in and outside of Japan over the course of slightly less than six months, from September to February, in order to spread the philosophy across the Group. I traveled the equivalent of one and a half trips around the world during this time. Thanks to this, I was able to speak directly with nearly all employees. Since this was before the COVID-19 pandemic, this was a great opportunity for me to chat with employees at night over drinks so that we could gain a mutual understanding, not only focusing on spreading an understanding of the philosophy. Even though my time at the sites was brief, creating good relationships with many employees both in Japan and overseas Group companies was an extremely meaningful opportunity for me as I look back on those months.

In terms of the importance of communication, the same can be said for marketing as well. For example, even if we express the merits of a product how we want to, we don't know how consumers will react to this. Therefore, in communication, it is important to see whether the other party reacted how you wished and arrived at the same understanding. In our business, marketing begins from the time we plan the product and service. However, in a wider interpretation, I believe that the processes of thinking about and expressing how one wants to be seen to be understood as a person can also be included in the word “marketing.” As such, my past background, primarily in marketing, has become the foundation for how I live my



life. Marketing is often viewed as business terminology. However, at its core, I believe that everyone unconsciously does marketing in various situations in society when multiple people and circumstances are involved.



## Changes to Demands in Dedication to Service (Oyakudachi)

### <Changes in Consumers Due to COVID-19 Pandemic>

Remote work has expanded due to the impact of the COVID-19 pandemic, increasing the opportunities to see one's own and others' faces up close in video conferences. As a result, more middle-aged people in their 40s and 50s have had more opportunities to notice dry skin or increased blotches and wrinkles due to aging, leading to growth in the men's skin care market. In addition, the women's hair care market is performing well as there is more time spent at home.

On the other hand, since there are few opportunities to go out and meet people, hair styling categories have trended down as many people, particularly men, feel that they only need to fix up their bedhead for video conferences rather than a full hair styling. Furthermore, some products have recorded lower sales due to less makeup being used as only the upper part of the face is usually exposed now as mask-wearing has become commonplace.

However, this is not strictly a change due to the COVID-19 pandemic as the nature of cosmetics has changed in recent years. Cosmetics can be largely categorized in two types: "Cosmetics for other people" for those who worry how other people look at them, and "Cosmetics for one's self" for those who want to feel confident or gives themselves a boost. Until now, I believe that the spotlight has been shone on "Cosmetics for other people," such as makeup for work or for going out. However, I believe that "Cosmetics for one's self" will comprise a growing share of the cosmetics market. It would be fun if we can create a



culture and values that focused on both types. I believe this would lead to the evolution of Dedication to Service (Oyakudachi) that we aim for, as expressed by the previously mentioned corporate slogan: "BE ANYTHING, BE EVERYTHING."

### <Changes to Creating Hit Products>

Young consumers primarily search on their mobile phones or smartphones. Instead of exploring which products fit them, young people tend to buy products that are trending on social media, are displayed when searching for issues related to skin, hairstyles, or hair characteristics, or are recommended by their favorite influencers. Current trend leaders are adapting this approach. Products that are exclusive to certain e-commerce platforms can spread to the general public simply by trend leaders using them. Unlike in the past, we must design different strategies for each provided value. There are cases of products becoming hits as soon as they enter the market. Therefore, we must also vary our strategies.

### <Toward a New Business Model>

We were unable to meet the management targets we promised to stakeholders due to the decline in inbound demand and irregular summer weather for the past two years, despite heat waves. However, the COVID-19 pandemic made us urgently feel the need to avoid



postponing the issues.

We have frequently seen this condition that is common with many large companies: a lack of urgency in addressing problems that are evident, resulting in a slow response and impacted performance. For example, despite realizing that consumer purchasing practices are changing, a company is unable to switch to a new business model current consumers are choosing because the existing model is performing well at the moment, despite the objective to deliver value to customers.

It is said that most companies don't last 30 years, but it may be that this 30-year mark is good timing to switch business models. Mandom's business model has continued for around 40 years after overcoming the business crisis of the 1980s. Why has this business model continued for so long and led to such growth? Major external factors that we can't control, such as inbound demand and scorching summer, likely contributed. As special demand across the entire cosmetics industry was seen, this growth could even be attributed to these extraordinary circumstances.

Our current business model led to 30 years of continuous growth. There are employees who feel this is the formula for our victory and our strength as a company. It is not surprising that some mistakenly believe this is the correct model as maintaining this model led to the additional ten years of growth. These

ten years should have been spent taking on new challenges. Speaking bluntly, the business model and foundation of this company are too rock solid, making it impossible to change since we grew along with the expansion period of the men's cosmetics market. People need the courage to change. I believe that, at our core, this lack of courage was a source of the problems we faced in these ten years.



### 13th Middle-Range Planning (MP-13)

#### <Positioning of MP-13>

MP-13 is positioned as a period of transformation and challenges, a second phase in the transition toward VISION2027, our vision for Mandom in 2027, the 100th anniversary of our founding. MP-12 (12th Middle-Range Planning) was a period to develop the infrastructure. MP-13 is the period of transformation and challenges. MP-14 aims to reap the harvest of the seeds planted in MP-13.

In terms of numerical targets, the plan aims to, at the minimum, return to the pre-COVID performance of fiscal 2020 during these three years. While trying circumstances continue, this can be taken positively as an easier environment to take on challenges. During periods of growth, there is a tendency to focus on how to effectively utilize the current situation in production facilities and marketing even while taking on new challenges. On the other hand, when the market itself is stagnant, for better or worse, it is a good opportunity to propose new ideas to the market at a low cost and small starting scale while conducting initiatives that require time and costs. In our existing business model, it takes various initial costs to make proposals for the mass market. It is now easier to start at a smaller scale with e-commerce sales and sales from designated distribution. Therefore, I hope to take on various challenges as test marketing during this three-year period.

In terms of collaborating with other companies, in the



past Mandom has been completely self-reliant. We tended to try to do everything ourselves. If we lacked know-how, we spent as much time as needed to train personnel to learn the know-how. However, in this age of diversity, there are a growing number of technology-based venture companies that possess specific technology and know-how. Therefore, if Mandom aims for new value creation and finds a partner with the resources and know-how we lack, I hope to proactively create opportunities for open innovation.

We have conducted a Joint Research Program with the Graduate School at Osaka University. In April, we also opened the Skin Science Joint Research Program at Kitasato University.

### <Address Social Issues>

Regarding the environment, we will naturally conduct initiatives to reduce our environmental impact, such as moving away from plastics, with a sense of moral responsibility in the areas of sustainable global environment and procurement of raw materials. We are working to set long-term sustainability targets that look toward 2050. We aim to proactively reduce our impact on the global environment in our business operations by addressing not only product contents and packages, but also materials used in publicity and sales promotions. Recently, major household good companies worked with retailers to recover containers since they share a common problem. These sorts of cooperative efforts will likely increase in the future.

Regarding social issues, topics related to women have frequently emerged in terms of diversity in recent years. In Mandom's work sites in Japan, the percentage of female employees in their 20s and 30s are increasing when comparing men and women in their 20s and 30s or 40s and 50s. While the percentage of women in management is still low, the percentage of women as assistant managers is gradually increasing. We will



naturally comply with rules requested by society.

Moreover, we must look closely at what approach we should take to our business. I hope that we can properly evaluate each individual regardless of nationality, gender, or age.



## In Conclusion

I wholeheartedly offer my appreciation for those who have supported Mandom and used our products across the entire 93 years since Mandom's founding in 1927. I am humbled by the heavy responsibility to lead this company as I became the fifth President in April. However, I intend to avoid being paralyzed by this pressure. Mandom will take on various challenges so that everyone can see how energized we are as a company as we strive to deliver moments of positivity and smiles to a world darkened by the cloud of the COVID-19 pandemic. At the same time, as corporate citizens in society, we also aim to provide Dedication to Service (Oyakudachi) through value creation that properly contributes to society. I am aware that I am still somewhat young as a manager. Therefore, I intend to take proactive and energetic efforts to push Mandom into the future along with our officers and employees. I hope you continue to provide warm and honest support for Mandom.