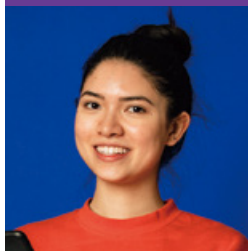




**BE ANYTHING,  
BE EVERYTHING.**



**mandom**





Representative Director and  
President Executive Officer  
**Ken Nishimura**

# Mandom starts a new VI (visual identity) and slogan

Corporate Slogan

**BE ANYTHING,  
BE EVERYTHING.**

Logo (symbol + company logo)



**mandom**

〈意味〉になりたい自分に、全部なろう。

We of course want to help consumers by helping them achieve good looks and beauty through the use of cosmetics, but we also want to help consumers with hesitation to break through the resignation and assumption that they have to sacrifice something in order to be the person they want to be. I believe that our new “Dedication to Service (OYAKUDACHI)” in the future is to support all consumers to “live their own lives” and also to sustainably create a society in which they can achieve

人と人 + (^ ^) + M = ^^  
“Human-oriented” “Smile” “Mandom”

this and which is close to their ideals.  
We simply express our desire to continue to contribute as a company and “dedicate” in the creation of value to our stakeholders, including our employees.  
We have added these three together. “Human-oriented,” the core of the Mandom’s mission and the “M” in Mandom, which together with “Smile,” can create smiles that can be shared by anyone, regardless of race, country or region, age or gender.

## 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. 84 “Mandom Group Companies.”

## Reporting Period

FY2020 (ended March 31, 2021)

- Mandom and Group companies in Japan: April 1, 2020 - March 31, 2021
- Overseas Group companies: January 1, 2020 - December 31, 2020

\* 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.

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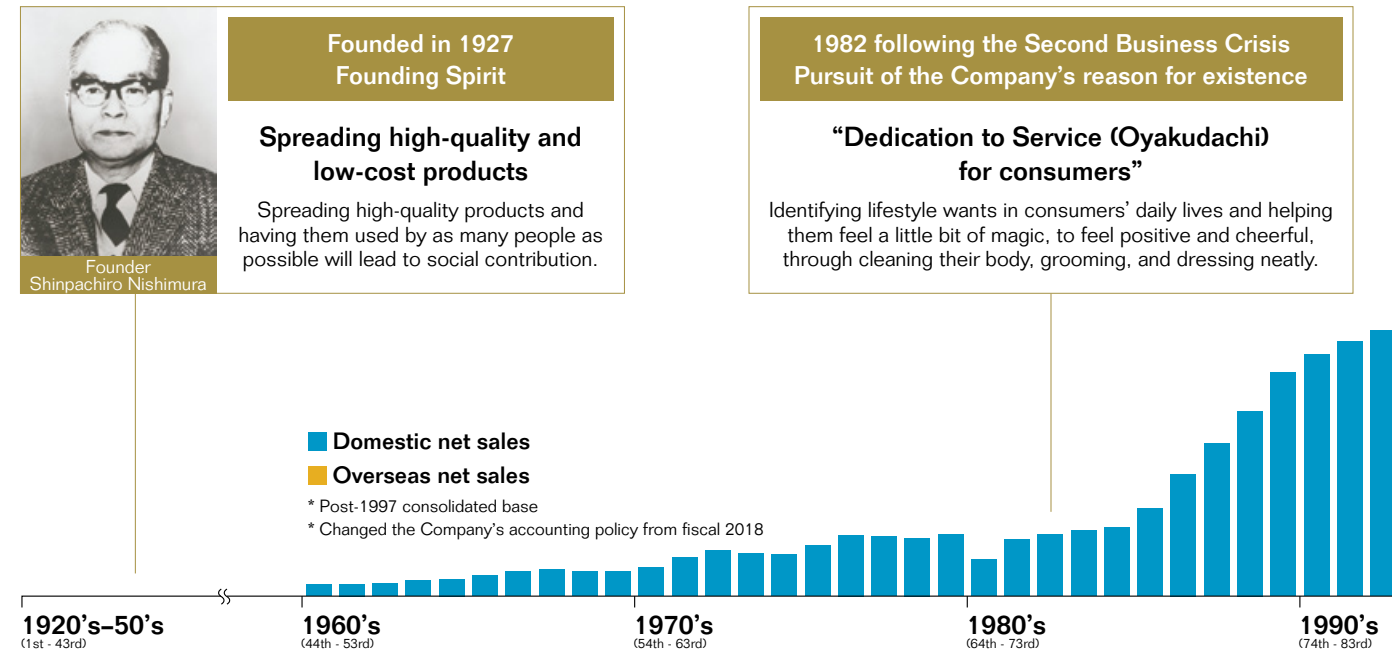
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# Dedication to Service (Oyakudachi) Continuing Constantly Since Founding

Shinpachiro Nishimura, the founder, believed that spreading cosmetics would serve society as Dedication to Service (Oyakudachi) under the principle of “High-quality and low-cost products\*.” Since then, the Company has believed that Dedication to Services (Oyakudachi) for consumers through cosmetics is its reason for existence, and expanded Oyakudachi in terms of quantity (sales) in Japan and Asia through Only One Marketing from the perspective of Consumer-led Lifestyle Value Creation, and the creation of new markets that propose new grooming behaviors.

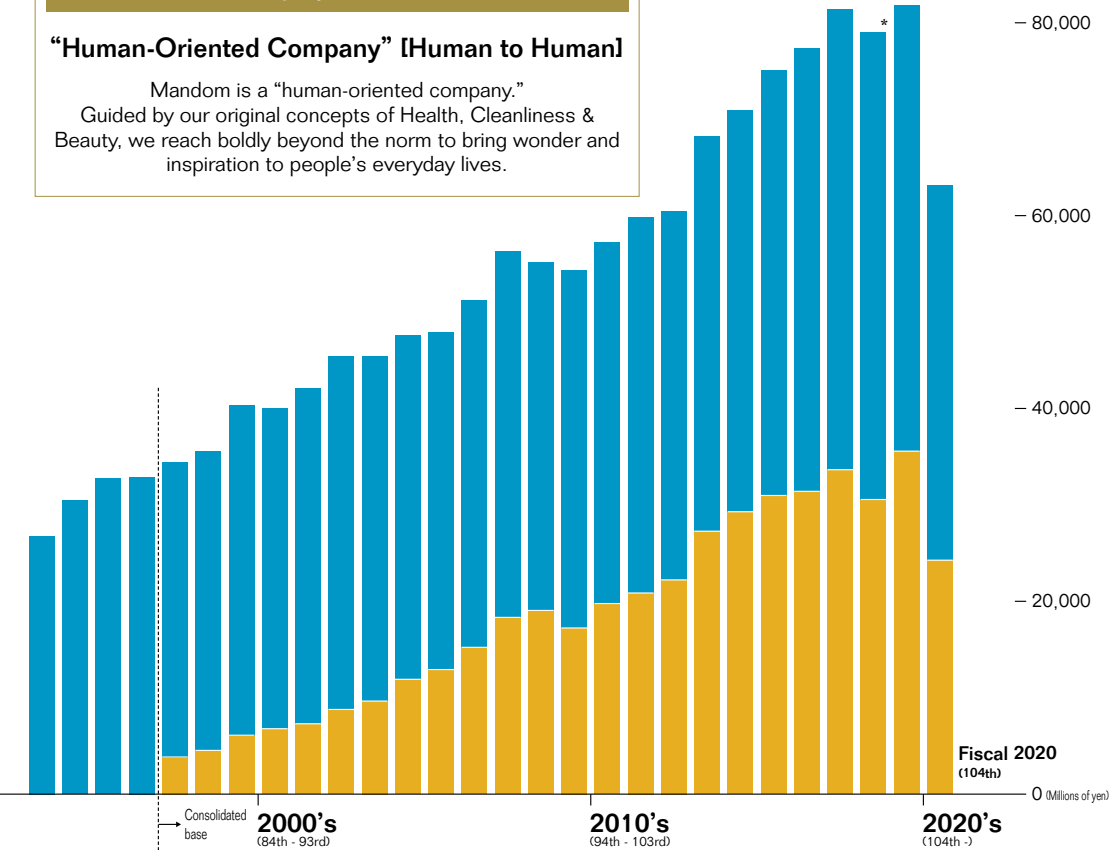
\* To provide consumers with products of unique quality and value that exceed the price, and to obtain profit by the spread of the products, thereby maintaining social significance.



2017, the 90th anniversary of the founding of the Company  
Evolve the Company's reason for existence

## “Human-Oriented Company” [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.



What the Company aspires to be in 2027, the 100th anniversary of its founding

**VISION 2027**

→ P.14

**1927**

Established Kintsuru Perfume Corporation



**1960's 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

**1933**

Launched Tancho Tique



**1970**

Launched the Mandom Series



**1980 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.

**1982**

Commenced the first MP

Developed Mandom terminology such as “Oyakudachi (Dedication to Service)” and “Seikatsusha (Consumers).”

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

**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

**2021**

Launched the new VI and corporate slogan

► Overseas Business

**1958**

Commenced operations at technical tie-up in the Philippines



**1969**

Established a joint venture in Indonesia



Strengthened Overseas Developments

**1988**

Singapore

**1989**

Taiwan

**1990**

Thailand

**1992**

The Philippines

**1993**

Hong Kong

**1996**

China

**1997**

Malaysia

**1999**

South Korea

**2008**

China

**2012**

India

**2015**

Vietnam

→ P.84

**2019**

The first M&A since founding  
Acquired shares of ACG International

**Acquired Assets**

(Mandom's Six Strengths)

**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)**

→ P.34

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

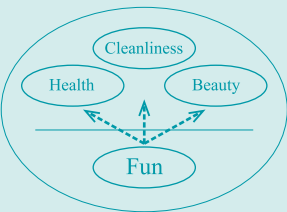
- Dedication to Service (Oyakudachi)
- Respect for Humanity
- Freedom & Open-Mindedness

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.



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.

# Sustainability Strategy and Materiality

## The Concept of Sustainability in Mandom Group

Mandom Group’s business activities are premised on the basis of sound and sustainable “environment (E)” and “society (S).” However, we are confronted with various issues that have begun surfacing, such as climate change, declining biodiversity, marine plastic pollution and human rights issues in supply chains, which should be addressed appropriately by maintaining solid “governance (G)” that supports the company. Mandom upholds “social responsibility & sustainability” as its philosophy, which itself is equivalent to sustainability of Mandom Group. To solve social and environmental issues, we will adhere to sustainable management (ESG management + SDGs management), working out sustainability policies and identifying material issues (materiality) in sustainability

to provide further Dedication to Service (Oyakudachi) to consumers and create new corporate values through business operation.

### 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.

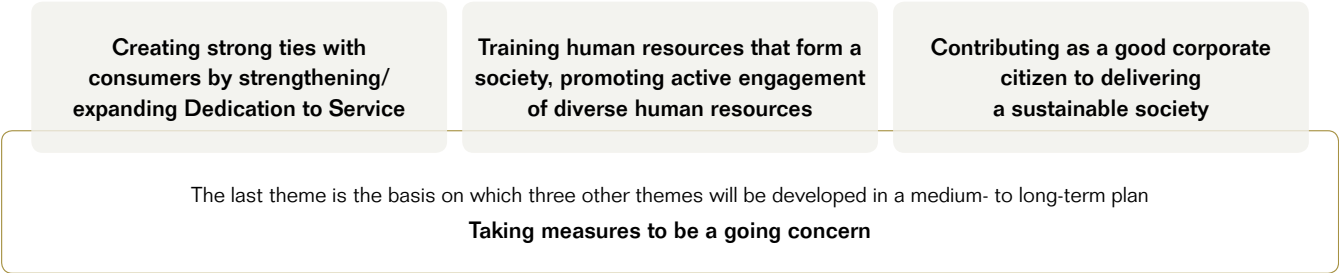
## Sustainability Policies

We will promote unique sustainable management to balance enriching daily life and solving social issues through our concepts of Health, Cleanliness, Beauty and Fun.

### Themes of Unique Sustainable Management

Theme	Description
Creating strong ties with consumers by strengthening/expanding Dedication to Service	We will focus on two aspects of Dedication to Service (Oyakudachi), maximizing satisfaction of consumers and increasing contact with them, by creating unique new value and providing this to consumers through products, communication and distribution.
Training human resources that form a society, promoting active engagement of a diverse cohort of employees	We will train all employees to be diverse “human assets,” who should take an active part in rewarding work and contributing to the corporate future and society through Dedication to Service.
Contributing as a good corporate citizen to delivering a sustainable society	We will dedicate ourselves to the realization of a sustainable society by analyzing the impact of all our business activities, including supply chains, as well as products and services, on the global environment and society from a long-term perspective.
Taking measures to be a going concern	Through social responsibility & sustainability, we will continue to develop as a company recognized by all stakeholders for its value, with the dynamism to survive in any era.

### Relationship between the 4 Themes



## Material Issues (Materiality) in Sustainability

Materiality	Commitment	Related SDGs
Future challenges to be addressed by taking advantage of our strength and creating values		
Creating an easy-to-enjoy grooming culture	Based on our original concept of “Health, Cleanliness, Beauty and Fun” that is, the basic parts of “Health, Cleanliness and Beauty” combined with “Fun,” we will make consumers have fun and feel satisfied with everyday life through products and services that only Mandom can provide.	<div><div>1 NO POVERTY</div><div>3 GOOD HEALTH AND WELL-BEING</div><div>5 GENDER EQUALITY</div></div>
Expanding Dedication to Service to a diversity of consumers	We will respond appropriately to changing senses of values and consumption behavior of consumers and maintain an environment in which consumers can look and choose the products and services that serve and satisfy a billion customers on earth.	<div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10 REDUCED INEQUALITIES</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
Realizing mutual growth of employees and the company	We will promote work-style reform to improve “productivity per unit,” “growth of individuals and job satisfaction” and “creativity” so that all employees as “human assets” may support the company and society.	<div><div>1 NO POVERTY</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>
Issues to be addressed to realize a sustainable society and company		
Actions for sustainable global environment	Switching over to a recycling-based society in our view, we will take measures to reduce our environmental burden at all stages of the life cycle of products, including less dependence on plastics. Regarding reduction of greenhouse gas emissions, we hope to realize virtually zero greenhouse gas emissions by 2050.	<div><div>6 CLEAN WATER AND SANITATION</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div><div>14 LIFE BELOW WATER</div><div>15 LIFE ON LAND</div></div>
Sustainable procurement of raw materials	We will procure palm oil, paper, etc. ethically. Our action ranges from protection of forests and biodiversity to execution of corporate social responsibility by sustaining natural and labor environments and respecting human rights throughout all supply chains.	<div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
Maintaining/enhancing the corporate base	Our everlasting mission is expanding and strengthening our Dedication to Service, which is feasible on the assumption that we are a going concern. Besides ensuring safety and security, we will strengthen the business systems based on our philosophy.	<div><div>1 NO POVERTY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>

### Process of Identifying Key Issues (Materiality) Over Sustainability

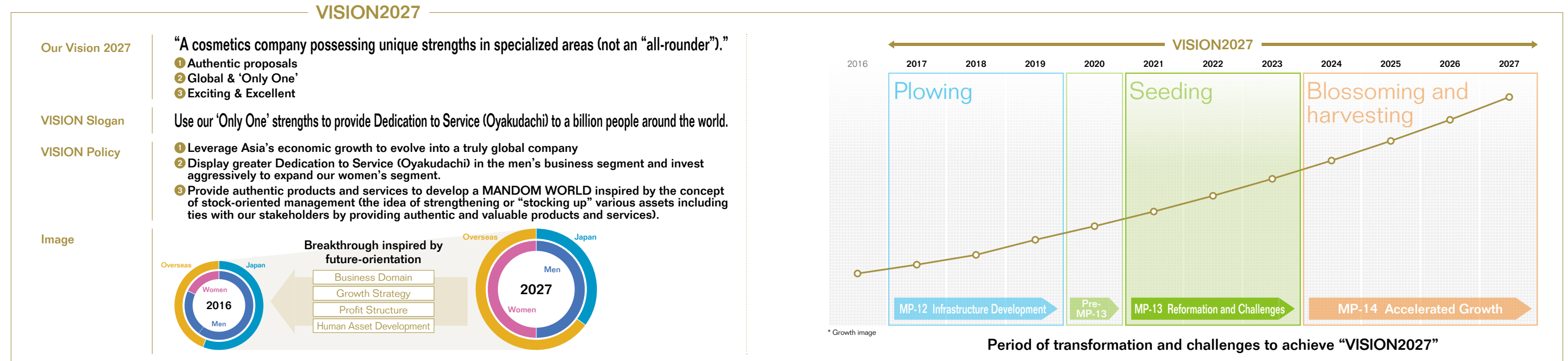
Step 1	List the threats/risks and opportunities surrounding the Company based on social trends
Step 2	Extract themes of initiatives based on threats/risks and opportunities
Step 3	Themes of initiatives and identifying “key themes of initiatives” from the following matters · Key matters in Household & Personal Products sector set by external organizations* · Framework of Company Mission and each strategy · Degree of Impact on the Company business
Step 4	Have dialogues on the key themes of initiatives identified in STEP 3 with external experts (14 persons across nine companies)
Step 5	Submit the Key Issues (Materiality) Over Sustainability revised following the dialogues in STEP 4 to Sustainability Promotion Committee (⇒P.40) for approval

\* External organizations: FTSE, MSCI, SASB



# Growth Strategy

## Positioning of VISION2027 and the 13th Middle-Range Planning (MP-13)

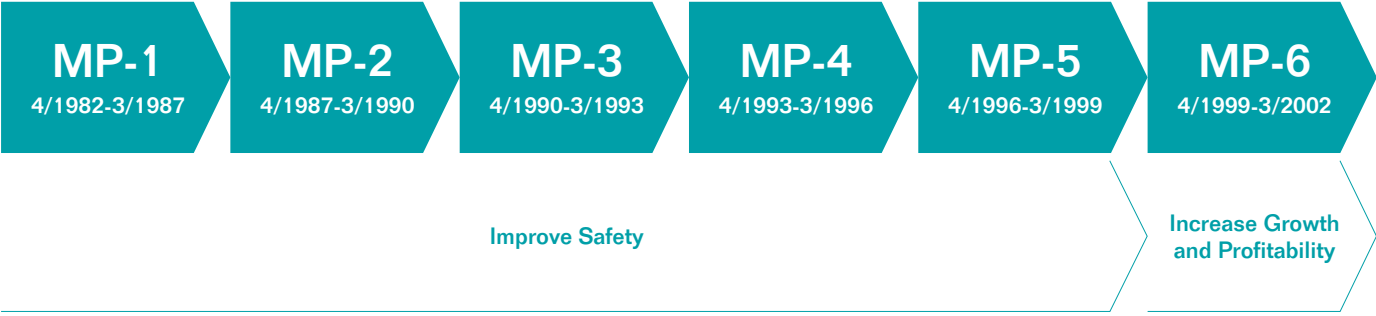


## Background of MP-13 Formulation (External Environment, Internal Issues)

External environment	Issue awareness	Response	(Basic Management Policies)
<p>► <b>Threats/risks</b></p> <ul style="list-style-type: none"> <li>Lengthening of ramifications of COVID-19</li> <li>Climate change/abnormal weather</li> <li>2050 Carbon Neutrality Declaration</li> <li>Changes in consumer lifestyles</li> <li>Diversification of consumer values</li> <li>Sudden changes in business environment due to exponential technological developments</li> <li>Declining birthrate and aging society (Japan)</li> </ul>	<p>► <b>Products</b></p> <ul style="list-style-type: none"> <li>Sluggish growth of Gatsby brand</li> <li>Growth potential of women’s cosmetics</li> <li>Product portfolio</li> <li>Greater emphasis on items used for outings, which are impacted by COVID-19</li> <li>Shift in men’s cosmetic portfolio</li> <li>Acquire innovators for men’s cosmetics</li> </ul>	<ul style="list-style-type: none"> <li>Restrengthen Gatsby brand (Japan/overseas)</li> <li>Propose new line from Gatsby (Japan)</li> <li>Continue to strengthen Bifesta brand (Japan/overseas)</li> <li>Enter hygiene market with sale of MA-T Pure (Japan/overseas)</li> <li>Expand to roll out our makeup brands such as Pixy and SILKYGIRL into new countries (overseas)</li> </ul>	<p><b>1. Evolve and take on challenges in category strategy for the new normal; cross-company marketing transformation to improve brand value</b></p>
<p>► <b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Emergence of new wants in transition to the new normal</li> <li>Rise in environmental consideration and awareness, primarily among young people</li> <li>Expansion of ethical consumption</li> <li>Growing expectations for wellness</li> <li>Market expansion resulting from greater hygiene awareness</li> <li>Elimination of information time lag due to globalization</li> <li>Expansion of EC market</li> <li>Expansion of GDP in Asia</li> </ul>	<p>► <b>Region</b></p> <ul style="list-style-type: none"> <li>Shift in shopping opportunities to EC</li> <li>Intensified competition in the men’s cosmetics market</li> <li>Increase in new participants entering cosmetics market (Japan)</li> <li>Shrinking hair styling market (Japan)</li> <li>Disappearance of inbound demand (Japan)</li> <li>Declining earnings ratio in Indonesia</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen EC channel (Japan/overseas)</li> <li>Strengthen digital marketing (Japan/overseas)</li> <li>Strengthen men’s face care and body care categories (Japan/overseas)</li> <li>Strengthen local development for Gatsby (overseas)</li> <li>Initiatives to improve profitability in Indonesia</li> </ul>	<p><b>2. Speedy completion of business recovery in Indonesia and reform business model of overseas operations</b></p>
	<p>► <b>Internal structure</b></p> <ul style="list-style-type: none"> <li>Declining earning capabilities (profit margin)</li> <li>Distribution partners’ roles and terms and conditions of transactions</li> <li>Low composition of EC sales in sales mix</li> <li>Breaking away from self-sufficiency</li> <li>Breaking away from successful past experiences</li> <li>Initiatives for sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Newly include ROIC as a profitability target</li> <li>Sustainability strategy placed at the core of management structure</li> <li>Strengthen EC channel</li> <li>Strengthen open innovation initiatives with external partners</li> <li>New Dedication to Service (Oyakudachi) in realm of Health, Cleanliness, Beauty and Fun</li> <li>Generate resources to create new value through utilization of DX</li> <li>Propose products with an ethical perspective to attract customers</li> </ul>	<p><b>3. Shift to become a company that creates new value through digitalization and open innovation</b></p> <p><b>4. Increase corporate value focused on sustainable management and evolve Dedication to Service (Oyakudachi)</b></p>

Identifying Materiality → P.13

Changes in Middle-Range Planning



**MP-13**  
4/2021-3/2024

**Outline of the 13th Middle-Range Planning (MP-13)**  
(April 2021 through March 2024)

Theme

Transformation and Challenges to Realize "VISION2027"

Basic management policy

- 1. Evolve and take on challenges in category strategy for the new normal; cross-company marketing transformation to improve brand value**
  - 1 Quickly construct cross-company structure that leads to accelerating growth in overseas and women's categories
  - 2 Improve value of global brand (Gatsby/Bifesta) across Asia
  - 3 Improve quality and expand regions where Dedication to Service (Oyakudachi) is offered in the COVID-19 and the post-pandemic world
- 2. Speedy completion of Indonesia business recovery and reform business model of overseas operations**
  - 1 Quickly build structure to solve the issues in Indonesian business
  - 2 Accelerate growth by strengthening alliances between overseas countries and marketing areas; improve management efficiency
- 3. Shift to a company that creates new value through digitalization and open innovation**
  - 1 Achieve success in DX (digital transformation) resulting in the realization of wellness
  - 2 Create and expand new beauty and glooming culture that includes external knowledge
- 4. Increase corporate value focused on sustainable management and evolve Dedication to Service (Oyakudachi)**
  - 1 Promote business expansion that contributes to solving social issues (ESG/SDGs)
  - 2 Advance capabilities to create unique values and improve corporate branding

(Basic Management Targets)

Growth Potential	Consolidated Net Sales	¥81.5 billion	CAGR by business	Men's business	6% or higher
	CAGR	10.7%		Women's business	16% or higher
				International Business Operation	17% or higher
Profitability	Consolidated Operating Profit Margin	8.0% or higher			
	Consolidated ROIC	7.0% or higher	(ROIC = NOPLAT <sup>*1</sup> + gain/loss from equity-method investments/invested capital <sup>*2</sup> )		
<small>*1 (Operating income + interest received + dividends received) × (1 - effective tax rate) *2 Borrowings + corporate bonds + lease liability + net assets(uses the average values of beginning and ending balances of the fiscal year)</small>					
Address Social Issues	Promote eco-friendly products				
	Japan: 60% of domestic products are eco-friendly (in line with voluntary standards)				
	Indonesia: Reduce volume of plastic containers/packaging by 10% (compared to FY2016)				
	Reduce volume of plastic waste by 10% (compared to FY2016)				

<sup>\*1</sup> (Operating income + interest received + dividends received) × (1 - effective tax rate)  
<sup>\*2</sup> Borrowings + corporate bonds + lease liability + net assets (uses the average values of beginning and ending balances of the fiscal year)



Look Back at MP-10 to MP-12

	MP-10 4/2011-3/2014	MP-11 4/2014-3/2017	MP-12 4/2017-3/2020	to Pre-MP-13																																																																		
Positioning	<b>"Only One" Company in Asia with Global Management Expertise</b>  Focus on Dedication to Service (Oyakudachi) in Asia to accelerate growth in Group businesses	<b>Middle-Range Planning to Accelerate Growth and Cultivate New Business in Asia</b>  Aim to establish competitive advantages by strengthening business expansion in major markets and increase sales volume by cultivating new markets and business fields	<b>Corporate Infrastructure Development for Realizing "VISION2027"</b>  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 our corporate philosophy of a new "MISSION" focusing on the concept of "Human-Orientation," and "VISION2027," the company figure that Mandom will become in 2027 when it marks the 100th anniversary of the founding of the Company.																																																																			
Summary	<ul style="list-style-type: none"><li>● <b>Stable growth in men's grooming business, the Company's core business</b> Aim for stable growth as a core business; maintain and expand the market share in categories of the men's grooming segment.</li><li>● <b>Bolster the development of women's cosmetics business</b> Aim to strengthen and cultivate the rollout of products centered on skincare products, with the product lineups catered for the markets in each country where the operation of business is in place.</li><li>● <b>Continue strengthening overseas business operations with Asia as growth engine</b> Establish Indonesia and China as strategic markets and aim for proactive business expansion to establish the greater Asian market presence and improve the growth of the Group. In addition, construct distribution network and expand businesses in Indian and Indonesian markets, which has a future growth prospect</li></ul>	<ul style="list-style-type: none"><li>● <b>Achieve sustainable growth in men's grooming business</b> Aim for sustainable growth as a core business; maintain and expand the market share in categories of the men's cosmetics segment</li><li>● <b>Speed up the development of women's cosmetics business</b> Aim to speed up development in Asia with a product lineup customized to each country by focusing on the skincare and base makeup categories.</li><li>● <b>Continue strengthening overseas business operations as growth engine</b> Aim to expand the scale of operation by strengthening initiatives for Indonesian market as the major market and construct the foundation for developing markets, such as building a distribution network in China and Indonesia.</li></ul>	<ul style="list-style-type: none"><li>● <b>Promotion of category strategies and thorough enhancement of brand value</b> ① Develop a category of becoming a robust pillar ② Increase brand value</li><li>● <b>Improvement of growth in overseas operations with a focus on Indonesia</b> ① Indonesia: Provide greater Dedication to Service (Oyakudachi) for middle-income class ② Asian countries other than Indonesia: Promote marketing measures unique to each country by understanding consumers' wants and achieve higher profitability</li><li>● <b>Building a group operation system and improving productivity per unit</b> ① Increases in the decision-making accuracy and speed by building the group's personnel affair system, accounting system, and information system, and building a structure to increase productivity per unit ② Build a structure that allows the prompt formulation and implementation of strategy at operating companies</li></ul>																																																																			
Numerical Targets	<table><tr><th></th><th>(Targets)</th><th>(Actual)</th></tr><tr><td>Consolidated Net Sales</td><td>¥66,000 million or more</td><td>¥68,200 million</td></tr><tr><td>Men's Grooming Business Average Annual Growth Rate</td><td>3.2% or more</td><td>5.4%</td></tr><tr><td>Gatsby Brand Average Annual Growth Rate</td><td>3.6% or more</td><td>5.9%</td></tr><tr><td>Women's Cosmetics Business Average Annual Growth Rate * Women's business in MP-12</td><td>19.3% or more</td><td>11.8%</td></tr><tr><td>Consolidated Overseas Net Sales Average Annual Growth Rate</td><td>9.4% or more</td><td>11.3%</td></tr><tr><td>Consolidated Operating Profit Margin * Operating profit amount in MP-11</td><td>10% or more</td><td>10.0%</td></tr><tr><td>Consolidated Payout Ratio</td><td>40% or higher</td><td>40.0%</td></tr></table>		(Targets)	(Actual)	Consolidated Net Sales	¥66,000 million or more	¥68,200 million	Men's Grooming Business Average Annual Growth Rate	3.2% or more	5.4%	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%	Consolidated Overseas Net Sales Average Annual Growth Rate	9.4% or more	11.3%	Consolidated Operating Profit Margin * Operating profit amount in MP-11	10% or more	10.0%	Consolidated Payout Ratio	40% or higher	40.0%	<table><tr><th></th><th>(Targets)</th><th>(Actual)</th></tr><tr><td>Consolidated Net Sales</td><td>¥83,000 million</td><td>¥77,300 million</td></tr><tr><td>Men's Grooming Business Average Annual Growth Rate</td><td>5.2% or more</td><td>2.6%</td></tr><tr><td>Women's Cosmetics Business Average Annual Growth Rate * Women's business in MP-12</td><td>15.0% or more</td><td>15.9%</td></tr><tr><td>Consolidated Overseas Net Sales Average Annual Growth Rate</td><td>11.4% or more</td><td>4.8%</td></tr><tr><td>Consolidated Operating Profit Margin * Operating profit amount in MP-11</td><td>¥8,600 million</td><td>¥7,600 million</td></tr><tr><td>Consolidated Payout Ratio</td><td>40% or higher</td><td>40.3%</td></tr></table>		(Targets)	(Actual)	Consolidated Net Sales	¥83,000 million	¥77,300 million	Men's Grooming Business Average Annual Growth Rate	5.2% or more	2.6%	Women's Cosmetics Business Average Annual Growth Rate * Women's business in MP-12	15.0% or more	15.9%	Consolidated Overseas Net Sales Average Annual Growth Rate	11.4% or more	4.8%	Consolidated Operating Profit Margin * Operating profit amount in MP-11	¥8,600 million	¥7,600 million	Consolidated Payout Ratio	40% or higher	40.3%	<table><tr><th></th><th>(Targets)</th><th>(Actual)</th></tr><tr><td>Consolidated Net Sales</td><td>¥90,000 million</td><td>¥81,700 million</td></tr><tr><td>Men's Grooming Business Average Annual Growth Rate</td><td>3.0% or more</td><td>-0.6%</td></tr><tr><td>Women's Cosmetics Business Average Annual Growth Rate * Women's business in MP-12</td><td>10.0% or more</td><td>11.1%</td></tr><tr><td>Consolidated Overseas Net Sales Average Annual Growth Rate</td><td>10.0% or more</td><td>6.8%</td></tr><tr><td>Consolidated Operating Profit Margin * Operating profit amount in MP-11</td><td>10% or more</td><td>7.1%</td></tr><tr><td>Consolidated Payout Ratio</td><td>40% or higher</td><td>63.5%</td></tr></table>		(Targets)	(Actual)	Consolidated Net Sales	¥90,000 million	¥81,700 million	Men's Grooming Business Average Annual Growth Rate	3.0% or more	-0.6%	Women's Cosmetics Business Average Annual Growth Rate * Women's business in MP-12	10.0% or more	11.1%	Consolidated Overseas Net Sales Average Annual Growth Rate	10.0% or more	6.8%	Consolidated Operating Profit Margin * Operating profit amount in MP-11	10% or more	7.1%	Consolidated Payout Ratio	40% or higher	63.5%	
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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)	<b>MP-10 Set Rate ¥0.0093</b> 2011: 0.0091 2012: 0.0086 2013: 0.0093	<b>MP-11 Set Rate ¥0.0083</b> 2014: 0.0089 2015: 0.0091 2016: 0.0083	<b>MP-12 Set Rate ¥0.0083</b> 2017: 0.0084 2018: 0.0078 2019: 0.0077																																																																			
Middle-Range Planning Initial Set Rate and Actual Rate by Year																																																																						

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

Looking back the fiscal year ended March 31, 2021

The fiscal year ended March 31, 2021, the sudden and unexpected COVID-19 pandemic shifted our priorities to the health and safety of our customers, suppliers, business partners, company employees, and their families, imposed wide-spread restrictions to activities, and created an extremely uncertain business environment. As a result, we quickly postponed the start of the planned 13th Middle-Range Planning (hereinafter "MP-13") one year and positioned business management of that single year as "Pre-MP-13," a ramp-up year for a smooth start to MP-13, the period of transformation and challenges to realize "VISION2027."

The ramifications of COVID-19 significantly impacted results in Japan and overseas. In particular, our main products include hair styling, make-up, and cleansing products that received direct impact from the decline in opportunities to go out. The spread of the virus was not contained in Indonesia and Malaysia, which compose a large part of sales among the countries where we operate. Therefore, results ended down significantly as net sales were ¥63,310 million yen, down 22.6% year-on-year, while we booked losses for operating income and ordinary income.

The results and issues of the Management Basic Policy developed for FY2021 and the initiatives stemming from this policy are as follows.



Director, Vice President & Executive Officer  
Yasuaki Kameda

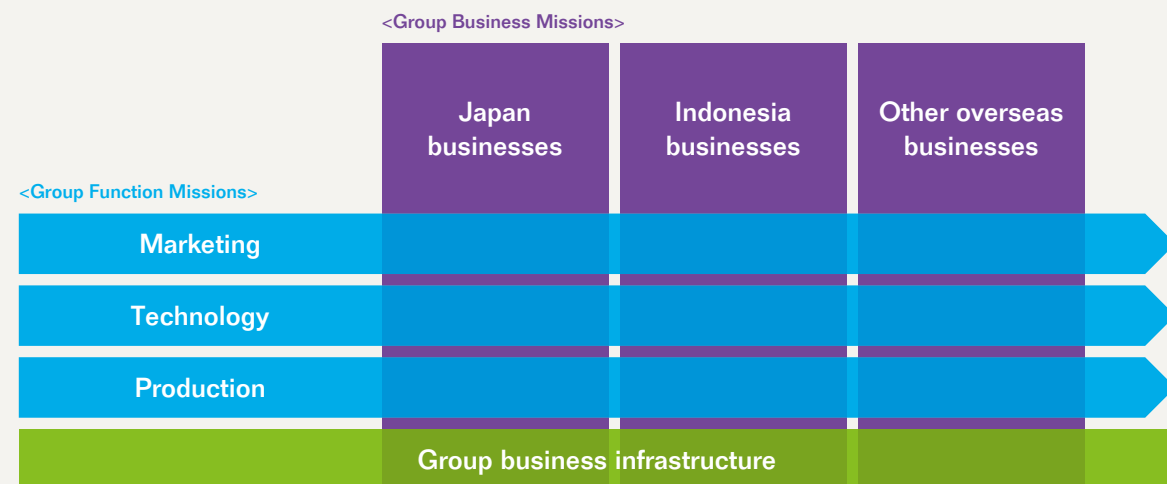
1	<b>Revising the group-wide marketing functions to increase brand values</b> <div><div>Specific initiatives and results</div><div>Issues</div></div> <div><div>① Started rebuilding Gatsby brand</div><div>② Expanded Dedication of new Service (Oyakudachi) against the impact of COVID-19</div></div> <div><div>① Faced by the ramifications of COVID-19, missed sales targets in important brands and categories</div><div>② Postponed strengthening core marketing talent for entire Group</div></div>
2	<b>Strengthening the overseas foundation, focusing on Indonesia</b> <div><div>Specific initiatives and results</div><div>Issues</div></div> <div><div>Indonesia</div><div>① Undertook preparations for shifting future growth strategy and business portfolios</div><div>② Liquidated assets through scrap &amp; build approach by seeing the COVID-19 pandemic as a chance</div><div>Other overseas</div><div>① China: Transitioned to a system to undertake direct initiatives undertaken for major EC platforms</div><div>Strengthened the EC initiatives apart from above</div><div>② Vietnam: Created a structure capable of having face-to-face business negotiations and submitting shopping location proposals with modern traders and major EC companies as a means of addressing a swiftly changing market</div></div> <div><div>Indonesia</div><div>① Cost-to-sales ratio worsened due to diminishing production stemming from lower sales</div><div>② Improve transaction conditions to secure appropriate profits in the modern trade distribution</div><div>Other overseas</div><div>① China: Postponed the expansion and strengthening of men's hair styling products in inland areas due to ramifications of COVID-19</div></div>
3	<b>Improved productivity and enhance corporate value through business process transformation</b> <div><div>Specific initiatives and results</div><div>Issues</div></div> <div><div>① Promoted workstyle reforms, primarily remote work</div><div>② Prepared to construct strategic human resource structure and promoted talent management</div></div> <div><div>① A delay in the ongoing evolution of corporate philosophy training in some Group companies due to the ramifications of COVID-19</div></div>

In addition to the above, the Company reviewed KGI and KPI aimed at higher capital efficiency in management. As a result of a paralleled review of shareholdings, the Company deleveraged through the sale of the shares of six companies worth

2,200 million yen, resulting in the reduction of capital. These initiatives are interrelated to the adoption of ROIC, which is a new profitability target set out in MP-13. We will continue to improve capital efficiency in the future.

# MP-13 Mission by Business and Function

The 13th Middle-Range Planning (MP-13) is positioned as a period of transformation and challenges to achieve VISION2027. Mandom has set missions for transformation and challenges for each of the three functions central to the Group, the functions that serve as business infrastructure, and the three businesses. We are engaged in activities to expand our corporate value while looking ahead to VISION2027.



## Group Business Missions

### Maximize connections to consumers and achieve performance growth in three businesses

#### Mission by Business

- Japan** : Construct Dedication to Service (Oyakudachi) and business model as frontrunner in global challenges
- Indonesia** : Reconstruct the business model to form the Group's largest base
- Other overseas** : Increase profitability and soundness while maintaining high growth

## Group Function Missions

### Complete each strategy, prioritizing category strategies, and maximize group synergies

#### Major Transformation Missions

- Provide value unique to Mandom that fits consumers in an age of niche markets
- Produce success in DX (digital transformation) able to realize wellness
- Further strengthen cooperation between the personnel in charge of marketing in each Group country as well as the marketing areas and each business
- Promote training for missions, marketing, and management

#### Major Challenge Missions

- Execute stock-oriented marketing that can build a strong fan base for each company and brand
- Increase corporate value by strengthening initiatives for social issues (ESG, SDGs) and advance Dedication to Service (Oyakudachi)
- Develop and provide new products and services by utilizing open innovation and constructing an Agile development structure
- Promote cross-company open innovation

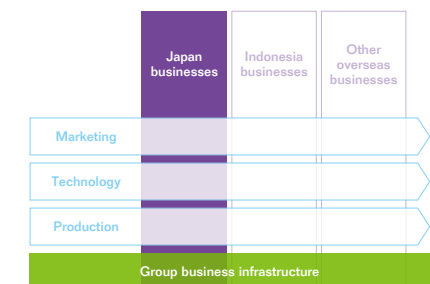
## Group Business Missions

Maximize connections to consumers and achieve performance growth in three businesses

## Mission by Business

### Japan businesses

- Construct Dedication to Service (Oyakudachi) and business model as frontrunner in global challenges



## Major themes in three years of MP-13

### Transformation themes

- Rebuild marketing function, including sales
- Produce profits by constructing new supply chain
- Transform business model by utilizing digital tools
- Reconstruct the GB brand

## Specific initiatives for fiscal 2022

- Work with assorted areas in-house and execute organizational sales that taps into the full power of the Company
- Create the foundation to level up the internal analysis capabilities, such as store shelving and consumer purchasing analyses
- Aim to level up analysis capabilities and the ability to discover issues among sales employees by utilizing digital tools
- Share profit targets with retailers and search for effective utilization of marketing expenses

### Challenge themes

- Proactively and effectively utilize company-owned production facilities and technology
- Generate strengths in Mandom sales in new normal age

- Aim to effectively utilize new factories and production facilities/capabilities and explore plans to develop new competitiveness
- Link with marketing area to consider overview of SDG initiatives

## Comments from officer in charge

In MP-13, we aim to transform our actions and change the quality of our Dedication to Service (Oyakudachi) for valued distributors and retailers. We aim to work not only with sales divisions, but also marketing and technological development, to analyze the issues at each store, provide product/technology information that contributes to sales, and evolve our Dedication to Service (Oyakudachi) with an organizational sales system that can consistently provide sales promotion proposals. In addition, we are planning activities that aim to construct a supply chain that can form a win-win-win relationship allowing ourselves, distributors, and retailers to secure appropriate profits and deliver our environmental consideration. We also aim to realize new social initiatives with retailers that include SDG concepts, such as being eco-friendly and recycling-oriented.



Managing Executive Officer,  
In charge of the Domestic Sales Units  
**Kenji Uchiyama**



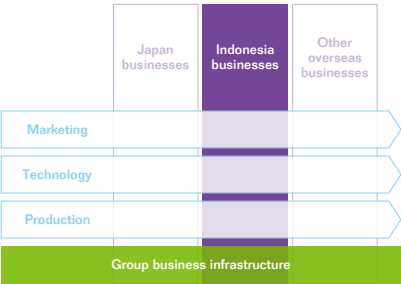
Group Business Missions

Maximize connections to consumers and achieve performance growth in three businesses

Mission by Business

Indonesia businesses

▶ Reconstruct the business model to form the Group’s largest base



Major themes in three years of MP-13	Specific initiatives for fiscal 2022
Transformation themes	
<ul style="list-style-type: none"><li>Construct centralized system for e-commerce sales by strengthening e-commerce business and utilizing the system</li><li>Share the differences between the current distribution structure and VISION2027 with local distributors; set medium- to-long-term goals</li><li>Execute management that reduces expatriate employees and maximizes local key human resources</li><li>Construct product development and shipping structure that fits new normal</li></ul>	<ul style="list-style-type: none"><li>Strengthen initiatives with local leading e-commerce sites</li><li>Strengthen clear initiatives and measures for each distribution channel (MT, TT, EC)</li><li>Start developing personnel who can directly exchange information with major divisions in Japan without requiring the assistance of transferred Japanese employees</li><li>Sell products suited to the new normal from the existing Pixy and Mandom brands; explore the possibility of deploying in other brands as well</li></ul>
Challenge themes	
<ul style="list-style-type: none"><li>Absorb ACGI Indonesia operating company and begin initiatives to transform domestic distribution that utilize this</li><li>Establish position as a cosmetics manufacturer that is environmentally-friendly</li><li>Reduce the use of plastic container packaging and waste by 10% (compared to fiscal 2016 levels)</li></ul>	<ul style="list-style-type: none"><li>Aim to improve business efficiency by absorption and connect to operating income improvement</li><li>Verify business opportunities with import product sales</li><li>Proceed with supporting Indonesia standards and proactively disclose information in Annual Reports, etc.</li><li>Establish internal definitions and reflect in business activities and product development</li></ul>

Comments from officer in charge

As of now, Indonesia is Mandom’s largest overseas business base. Considering the country’s trends in population and income, this market has the potential to become the largest base in the Group, even exceeding Japan in the not too distant future. While demand has been temporarily stagnant due to the impact of the COVID-19 pandemic, we expect this market to simply explode once the spread of the virus is halted. In MP-13, we plan to take on various transformations and challenges internally so that we are not late to riding that wave of accelerating growth. In terms of sales, we are focusing on strengthening our e-commerce channel, which is growing rapidly. We will share our medium-term targets in VISION2027 with our physical distributors, identify differences with our current distribution, and take measures for both modern and traditional distribution. We will also promote environmentally-friendly measures in Indonesia. Mandom will evolve into an environmentally-friendly cosmetics manufacturer by focusing on the reduction of plastic used in products and plastic waste.



Managing Executive Officer,  
Representative Director and  
President of PT Mandom  
Indonesia Tbk  
Masahiro Ueda

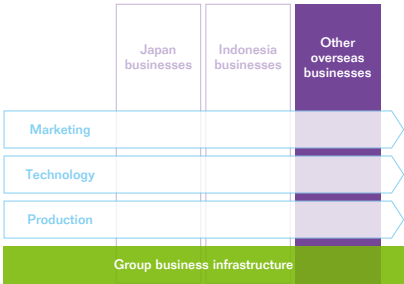
Group Business Missions

Maximize connections to consumers and achieve performance growth in three businesses

Mission by Business

Other overseas businesses

▶ Increase profitability and soundness while maintaining high growth



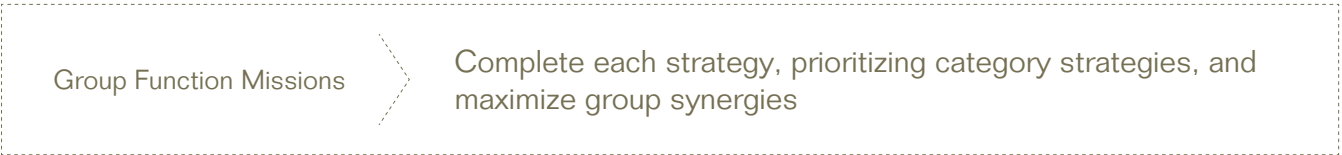
Major themes in three years of MP-13	Specific initiatives for fiscal 2022
Transformation themes	
<ul style="list-style-type: none"><li>Construct system to establish growth business that drives the Group</li><li>Strengthen e-commerce channel and build foundation</li><li>Improve profitability aiming for sustainable growth</li></ul>	<ul style="list-style-type: none"><li>Strengthen core functions of China business from medium- to-long-term perspective and maximize ACGI Group synergies</li><li>Strengthen initiatives for each overseas Group company to enter e-commerce channels as well as efforts in advanced e-commerce countries such as China and Korea</li><li>Aim to further improve investment efficiency through the effective utilization of marketing costs</li></ul>
Challenge themes	
<ul style="list-style-type: none"><li>Promote procurement risk management at Chinese production bases</li><li>Limit waste loss in each Group company</li></ul>	<ul style="list-style-type: none"><li>Explore the potential of procuring imported materials domestically and minimize procurement risks</li><li>Aim to optimize product inventory that is capable of responding to environmental changes</li></ul>

Comments from officer in charge

Currently, consumer purchasing styles for products and services are changing due to the impact of the COVID-19 pandemic. The e-commerce market is growing swiftly in each Asian country as well. In the Mandom Group, efforts have been taken first in China and Korea as e-commerce already comprises more than 15% of sales. In MP-13, we will promote initiatives based on the lessons first learned in China and Korea. By horizontally deploying that know-how to other countries, Mandom plans to establish a structure that strategically utilizes e-commerce channels in all countries. Meanwhile, as China holds significant potential for physical distribution, we expect it to claim a strong position as the third pillar of the Group during MP-13 and drive the growth of the overseas business. In the Indochina area, Mandom plans to proactively strengthen initiatives for Dedication to Service (Oyakudachi) for consumers because of vibrant demand for cosmetics among its consumers.



Senior Managing Executive Officer & Director  
In charge of the International Business  
Operation Units  
Shinichiro Koshiba



Mission by Function

Marketing

Japan businesses

Indonesia businesses

Other overseas businesses

Marketing

Technology

Production

Group business infrastructure

Based on VISION2027, deepen Dedication to Service (Oyakudachi) in the men's business while improving productivity per unit and proactively expand the women's business

Specify how to provide authentic products and services to develop a MANDOM WORLD inspired by the concept of stock-oriented management (the idea of strengthening or "stocking up" various assets including ties with our stakeholders by providing authentic and valuable products and services)

Major themes in three years of MP-13	Specific initiatives for fiscal 2022
<div>Transformation themes</div> <div><ul style="list-style-type: none"><li>Provide value unique to Mandom that fits consumers in an age of niche markets</li><li>Establish environment for value creation as a "human-oriented" company through utilization of DX and AI</li><li>Expand the women's makeup market (Pixy and SILKYGIRL) in southeast Asia and tap into synergies</li></ul></div>	<div><ul style="list-style-type: none"><li>Implement new planning/development techniques and propose products that can solve issues hindering the wellness of young consumers</li><li>Promote the implementation of RPA to create time that can be spent creatively by improving efficiency of daily routine work and miscellaneous tasks</li><li>Explore the potential of expanding the women's makeup market (Pixy and SILKYGIRL) in southeast Asia</li></ul></div>
<div>Challenge themes</div> <div><ul style="list-style-type: none"><li>Consider products and services for consumer wants that newly emerge from social and environmental changes</li><li>Develop and provide new products and services by utilizing open innovation and constructing an Agile development structure</li><li>60% of products are eco-friendly (in line with voluntary standards)</li></ul></div>	<div><ul style="list-style-type: none"><li>In areas of disinfectant and hygiene, consider the potential of expanding the lineup of MA-T products, deploying the product overseas, and deploying it in cosmetics</li><li>Explore an Agile development structure that makes it possible to realize speedy value proposals</li><li>Propose environmental measures and construct schemes to promote them</li></ul></div>

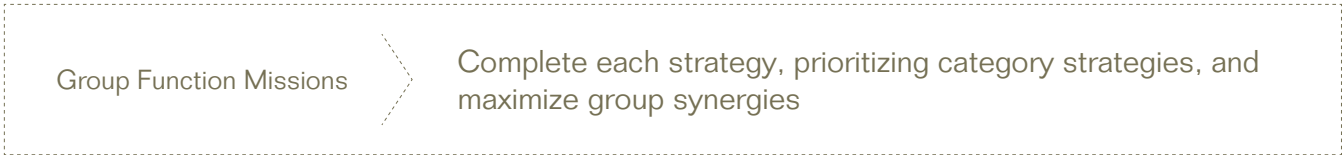
Comments from officer in charge

In MP-13, the area we are most focused on in the marketing area is how to target consumers have drastically changed their means of information gathering and communication patterns. As a result, there have been changes in decision-making processes that lead to product purchases. Furthermore, the spread of COVID-19 has only accelerated these changes in values and lifestyles. By keeping pace with these changes, we believe that we can once again support our customers.

In order for consumers to feel that our brands, primarily the global brands of Gatsby and Bifesta, are an essential piece of their everyday lives, we must transform our own ideas and actions. We strongly wish to provide new value proposals by rooting a "creative first" culture in our organization and enhance the two abilities unique to humans: imagination and creativity.



Managing Executive Officer;  
In charge of the Marketing Units  
Yasumasa Yoshida



Mission by Function

Technology

Japan businesses

Indonesia businesses

Other overseas businesses

Marketing

Technology

Production

Group business infrastructure

Increase productivity per unit based on category/brand strategy

Establish Group research structure

New product development with high added value based on proprietary technology

Major themes in three years of MP-13	Specific initiatives for fiscal 2022
<div>Transformation themes</div> <div><ul style="list-style-type: none"><li>Proposals and initiatives for "technology proposal-style" products and businesses</li><li>Produce functional value that can be deployed in mid-to-high price cosmetics</li><li>Information provision structure fitting customer needs</li><li>Strengthen technological information transmission in and outside the company and a technological capabilities approach that is linked to generation of profit</li></ul></div>	<div><ul style="list-style-type: none"><li>Fully operate the Joint Research Program with Kitasato University as the base to promote cooperation between universities, companies, and various institutions in Tokyo Metropolitan area for product development</li><li>Boost customer satisfaction and increase access to company website by implementing a chatbot that utilizes AI in Customer Relations Division</li><li>Conduct human resource exchanges related to technology public relations and consider effective utilization of technological information in each overseas country</li></ul></div>
<div>Challenge themes</div> <div><ul style="list-style-type: none"><li>Planning, design, and production structure that is based on firm evidence</li><li>Technology development that can contribute to increasing corporate value by strengthening initiatives for social issues (ESG, SDGs)</li><li>Technology development that can support speedy entry into new areas by utilizing cutting-edge technology</li></ul></div>	<div><ul style="list-style-type: none"><li>Start product technology development that boosts the pleasantness of using products, starting with user-friendliness of containers</li><li>Propose strategies for development of eco-friendly product and high value added product</li><li>Utilize our cooperation with Kitasato University and construct foundational/practical research structure that can speedily output products</li></ul></div>

Comments from officer in charge

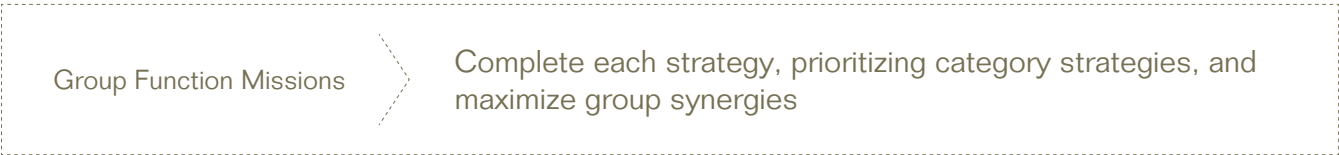
In MP-13, we aim to build a Group research structure. We aim to provide Mandom's proprietary technology and formulation designs backed by evidence for products that are sold both in Japan and overseas. At the same time, we aim to strengthen our information transmission to be able to properly communicate with consumers. In order to respond to the wants and preferences of consumers in each area, we aim to create a structure to locally drive development in China and Indonesia.

From April of this year, our Joint Research Program with Kitasato University is fully operational. We believe that it is important to take on challenges that create products out of held technology as quickly as possible to generate profits by proactively utilizing such open innovation with external universities, companies, and various institutions.



Managing Executive Officer,  
Supervising Technology Units  
Fumihiro Okada

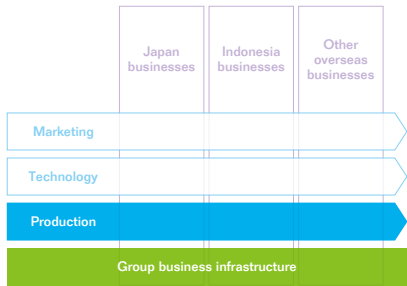




Mission by Function

# Production

- Increase productivity per unit based on category/brand strategy
- Manufacturing transformation
  - Pursue high-quality, low-cost production



Major themes in three years of MP-13	Specific initiatives for fiscal 2022
<b>Transformation themes</b> <ul style="list-style-type: none"><li>• Increase productivity that fits diverse production methods</li><li>• Transform production by implementing AI, IoT, and robot technology</li><li>• Limit manufacturing costs and pursue optimized inventories through making the most of new factories</li></ul>	<ul style="list-style-type: none"><li>• Efficient and flexible production that utilizes DX (digital transformation)</li><li>• Explore feasibility of producing currently outsourced goods in-house</li></ul>
<b>Challenge themes</b> <ul style="list-style-type: none"><li>• Strengthen relationships with stakeholders by utilizing new production factory buildings</li><li>• Promote procurement risk management through cooperation of three production bases</li></ul>	<ul style="list-style-type: none"><li>• Transmit content that moves observers by expressing the strengths and uniqueness of Mandom</li><li>• Expand procurement routes and increase percentage of materials produced domestically in overseas factories as BCP measures</li></ul>

Comments from officer in charge

In MP-13, the most important challenge for the production area is to boost productivity per unit and construct a flexible production structure. As you know, the new factory building of the Fukusaki Factory in Japan is expected to be completed in September 2021 in accordance with VISION2027. We must pursue higher productivity enabled by precise per unit cost to limit the increase in depreciation and amortization costs from this large investment with other manufacturing expenses. We must also construct a flexible production structure as the market needs in and outside Japan have grown more diverse, and demand for multi-model small-quantity production has grown to respond to an era where changes occur quickly. In order to realize this, the practical application of DX (digital transformation) is a must. Therefore, MP-13 is the starting line for Industry 4.0 in the Mandom Group.



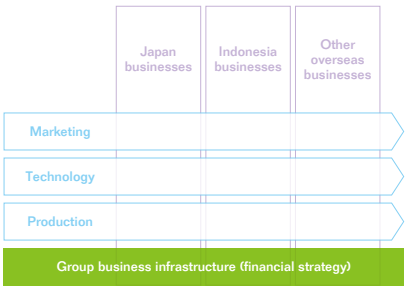
Managing Executive Officer,  
Supervising Production Units  
Koichi Watanabe



Group business infrastructure

# Financial strategy

- Major themes in three years of MP-13**
  - Promote standardization of Group accounting base
  - Balance sheet management
- Specific initiatives for fiscal 2022**
  - Promote standardization of major accounting items on global basis
  - Reduce strategic stockholdings



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.

From MP-13, the Company newly adopted consolidated ROIC as a profitability target. This target is at least 7.0%, the same level as fiscal 2019. In recent years, our earning capabilities has declined. We recognize that this is the great concern for investors. Therefore, from this MP, we will shine a light on capital efficiency and shift to

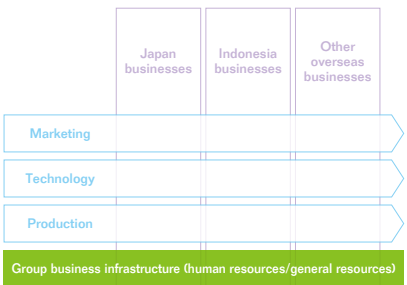
a management that once again focuses on our earning capabilities. In terms of specific initiatives, we will make improvements to consolidated base CCC (cash conversion cycle). We expect to make improvements in Japan, Indonesia, and other overseas businesses. Our internal target is four months on an end-MP-13 consolidated base. In addition, we will proceed with reducing strategic stockholdings. Our policy states that stockholding will be less than 10% of net assets on the balance sheet as of the first year and will be reduced by at least 30% by March 31, 2024 compared to March 31, 2021. Lastly, regarding our thoughts on cash flows, we aim to make yearly borrowing repayments and dividend payments within the scope of free cash flow each year, excluding extraordinary strategic investments.

Group business infrastructure

# Human resources strategy

- Organizational reforms and human resource development to achieve transformation and challenges for Group value creation

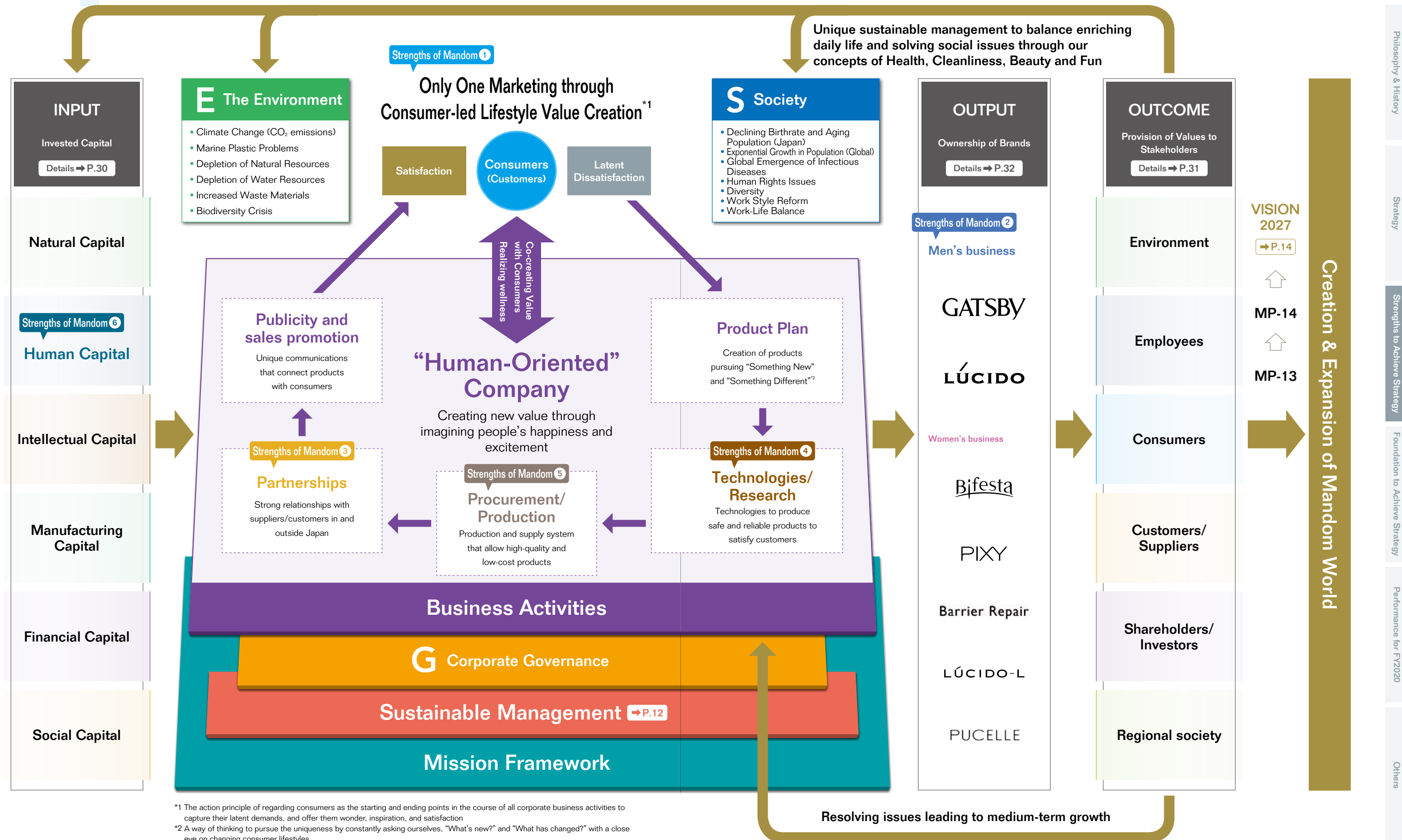
- Major themes in three years of MP-13**
  - Transformations for job-type human resource management in Japan Head Office
  - Promote talent management from Group perspective
- Specific initiatives for fiscal 2022**
  - Establish platform to implement job-type personnel affair system in fiscal 2023
  - Conduct education to develop executive officers and next generation management human resources



MP-13 is a period of transformation and challenges. This is also true for human resource management. We need to realize human resource management transformations to produce new value rather than adhere to past methods and ideas. In order to do this, we are strengthening cooperation between management and human resources and promoting a systematic and strategic organizational transformation and human resource development to achieve the management target. In the Japan Head Office, we will establish an environment for employees to grow and maximize their abilities through independent career formation. At the same time, we plan to implement a job-type personnel affair system in fiscal 2023 that provides meaning and

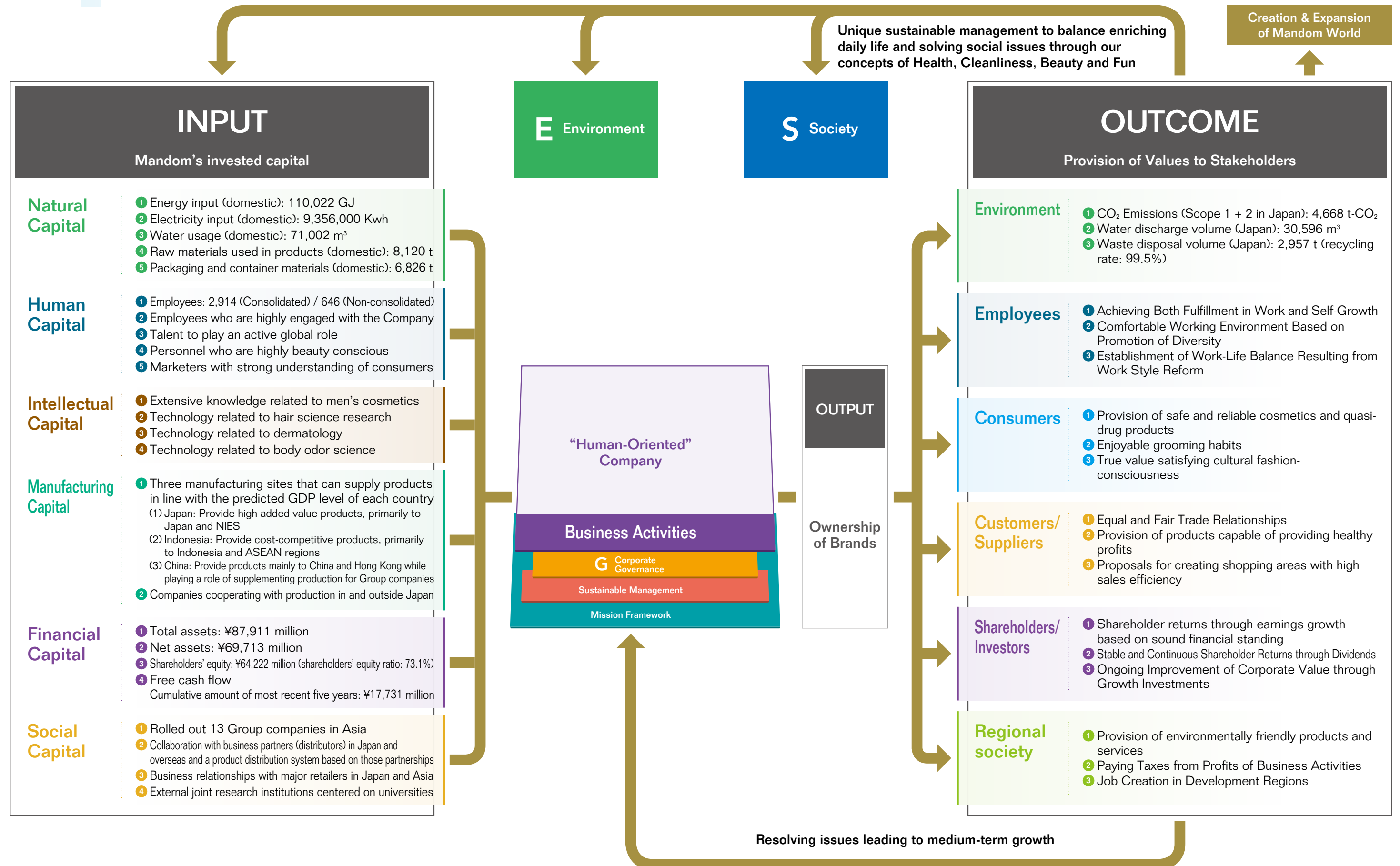
challenges while rewarding equally and fairly. We are also proceeding with global talent management based on a shared group personnel affair system which began in MP-12. By grasping the human resources in each Group company and conducting global human resource management that strategically and systematically develops and positions personnel, we aim to position the appropriate personnel in the appropriate place. We are sharing human resource information from each Group company through global human resource management and focusing on development programs that educate and train human resources who will lead Mandom into the next generation.

# Mandom Group's Human-Oriented Value Creation Model





# Invested Capital and Value Provided by Human- Oriented Value Creation Model

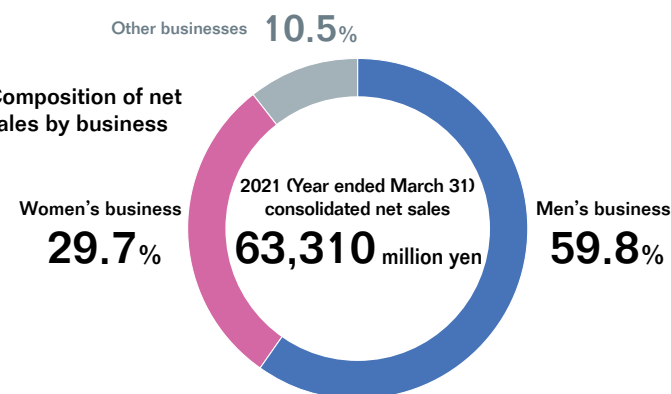


# Brand Expansion

The Mandom Group has five strategic business areas, with operations concentrated in two cosmetics businesses—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



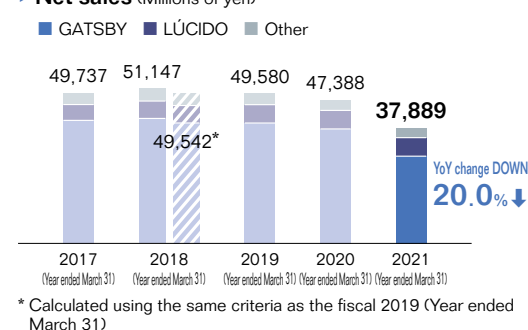
## Men's business

Business offering a range of products including men's everyday grooming products as well as general fashion items, such as hair styling, face 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)



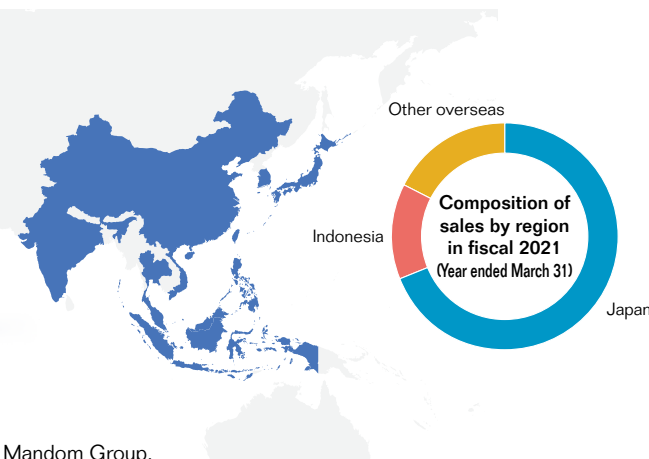
# GATSBY

Japan Overseas



A men's cosmetic brand targeting young men.

Rolling out horizontally across Asia as a core brand of the Mandom Group.

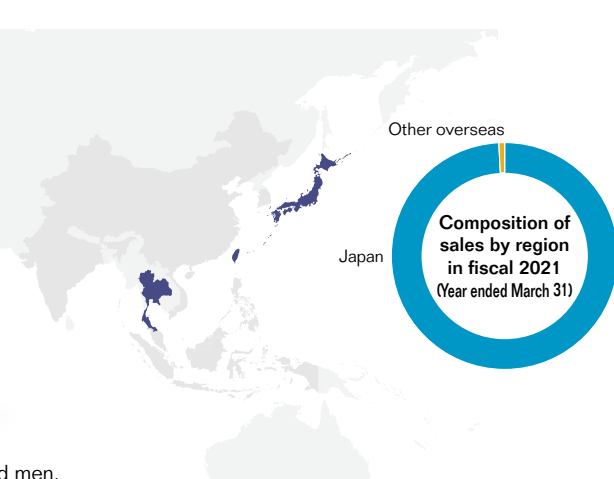


# LÚCIDO

Japan Overseas



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



## Overseas Development Regions (as of May 31, 2021)

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

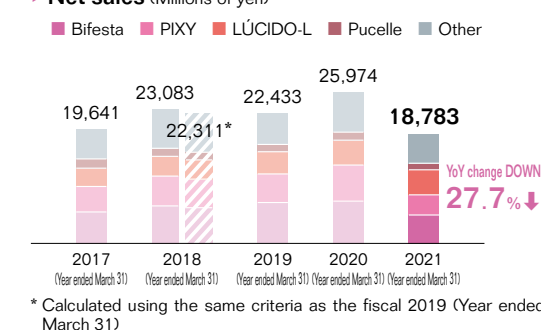
## Women's business

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

Japan Overseas



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

Overseas



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

Japan Overseas



A hair styling and hair care brand targeted to young women.

Rolling out across Japan and in other Asian countries.



# PUCELLE

Overseas



A fragrance and body-care brand for fashion-conscious young women

Centered on fragrances, rolling out in Indonesia and certain other countries.





# Mandom's Six Strengths

## Strengths of Mandom ①

### Only One Marketing through Consumer-led Lifestyle Value Creation

#### Dedication to Service (Oyakudachi) products that align with changes in lifestyles

The Mandom Group pursues a unique marketing model 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."

For example, even though it was only natural that cosmetics had a fragrance, 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, in 1989, the fragrance-free brand Lúcido was born to address these wants. Other customers wanted a product to wash their face and refresh them while they were out. As a result, Mandom proposed a grooming custom of a paper facial cleanser, which had not existed until then. In 2001, in response to the suddenly growing trend of men wanting brighter hair color, Mandom launched a hair coloring series for men with black hair from the Gatsby brand. As such, Mandom has created several new markets in the men's cosmetic market.



Fragrance-free Lúcido Series



Gatsby Hair Color series

#### Responding to new wants of middle-aged men in an age of COVID-19

Last year, in 2020, working from home was recommended and remote meetings suddenly became prevalent with the spread of COVID-19. Men in their 40s are aware of the changes in their skin as they age and know the link between the condition of blemishes, dark circles, and skin pores and appearing older or not clean.

There were many middle-aged men who, seeing themselves appear on a computer screen for remote meetings during the COVID-19 pandemic, grew worried about the darkness of their color, or increasing wrinkles and blotches.

In August 2020, Lúcido released a wrinkle-improvement cream infused with niacinamide, an ingredient that improves the appearance of wrinkles, as well as an anti-blotch cream\* infused with tranexamic acid, an ingredient that is effective against blotches\*. In addition to proposing products that fully addressed wrinkles and blotches, two symbols of aging, Mandom also launched a compact-type concealer that can easily be applied by the fingers to instantly change one's impression ahead of a meeting and a lotion that easily adds a bright tone to the face with a single application. These efforts quickly attempted to address recent concerns of middle-aged men.

\* Prevents blotches by restricting the production of melanin



Lúcido products



Lúcido face make-up series

## 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 on 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 of the 12 areas where Mandom does business, including Japan. Although Gatsby's brand philosophy is globally unified, different products are sold in Japan and other countries.

Needs or wants and the standard of living of local consumers differ between Japan and overseas countries; therefore, the content and selling price of the products are designed differently for each country.

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 the young male in our business expansion in Asia, not just with products but also with communication and in-store points of contact, the 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.

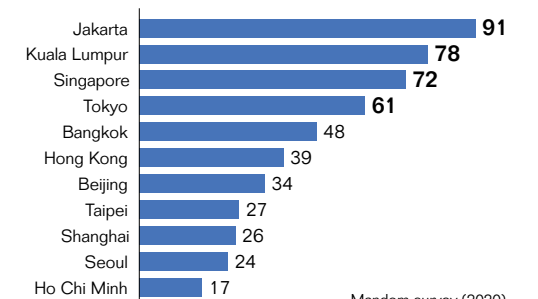


Japanese Gatsby products



Overseas Gatsby products

#### ► Gatsby brand awareness in major Asian cities (%)



#### ► 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



**August 2019**  
Launched Gatsby Inside Lock

Strengths of Mandom 3

Overseas Expansion Focused on the Rapidly Growing Asia

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 policy 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 13 business companies in 11 areas in Asia. 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.

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 area, 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, such as with the Pixy make-up brand in Indonesia.

Moreover, lifestyle types, income levels, and preferences about fragrances vary depending on the area. As of now, we have placed development hubs in Indonesia, China, and South Korea in order to offer products that match the preferences and buying power of consumers and have built a distribution network that makes it easy for general public consumers to acquire our goods. Through these and other efforts, we provide reasonably priced products and services that allow people to enjoy personal styling.



Men's cosmetics in Japan and overseas



Traditional trade store (The Philippines)

► Overseas Business Areas

(The Company's overseas operations are reported in two segments: Indonesia and Overseas Other)



Strengths of Mandom 4

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

Conducting unique research to respond to diversifying consumer wants

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, skin, and body odor/antiperspirant vary by individual depending on their race, gender, age, lifestyle, climate, and culture. In order to respond to as many customer wants as possible, Mandom is proceeding with research and development in a wide range of areas including the human body structure, function, and mechanisms in order to discover ingredients and apply them to products that respond to these wants.

We are also taking efforts for research and development that can be used for lifestyles in which mask wearing become commonplace due to the recent spread of COVID-19.

Research Example

**Realizing a sustainable refreshing feeling with minimal unpleasant stimulation that reduces the stress of mask-wearing during the COVID-19 pandemic**

As mask-wearing has become commonplace during the COVID-19 pandemic, many consumers are dissatisfied by the heat and humidity inside their mask. Depending on high temperatures and certain ingredients used in cosmetics, one might even feel an unpleasant stimulation in the form of pain or scorching heat. This unpleasant stimulation is caused by TRPV1, a receptor for chili pepper substances and one type of TRP channel\*, a cellular sensor. From Mandom's research, we discovered that l-menthol, a commonly used refreshing compound, has the effect of restricting the activity

of TRPV1. On the other hand, there was an issue of the refreshing feeling dissipating quickly due to its volatile nature. We discovered that menthoxypropanediol, which has a structure close to l-menthol, has an even stronger restricting effect on TRPV1. We conducted testing to see whether this technology could produce a sustainable refreshing feeling with minimal unpleasant stimulation even when wearing a mask. As a result of our study, we found that we could expect for the refreshing feeling to continue with less unpleasant stimulation by using menthoxypropanediol as a key ingredient. In the future, we plan to apply this technology into a product.

\* TRP = Transient Receptor Potential. A family of cation channels related to various sense receptors and a sensor that detects and converts chemical substances and temperature into an electrical signal.

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.

Research Example

**Concealer is proven to instantly change the impression of the skin of middle-aged men by reducing the appearance of blotches, redness, and dry skin**

In a joint study with Dr. Koyo Nakamura of the University of Vienna and Professor Katsumi Watanabe of the School of Science and Engineering, Waseda University, it was found that the makeup effect of concealers tended to reduce the "noticeability of blemishes," "noticeability of scars," and "redness of skin," as well as the "apparent age." It was also found to have a stronger effect of reducing the appearance of blotches close rather than far away, meaningfully improve one's impression of leadership, and make one appear younger when the face was slightly tilted to the side rather than facing straight forward.

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.

Research Example

**3D structure of sweat gland published in "Gray's Anatomy," the common anatomy textbook used worldwide**

The (Mandom) Joint Research Program in the Laboratory of Advanced Cosmetic Science at the Graduate School of Pharmaceutical Sciences at Osaka University produced a new visualization of the detailed structure of human sweat glands and the blood vessel structure that is the source of sweat production. This image was published in the "Skin" part of Chapter 1 of "Gray's Anatomy." Based on this knowledge, if ideas that solve sweat gland disorders are born and our understanding of the basic mechanisms of sweat gland contraction and maintenance of homeostasis are deepened, this will not only help in development of the next generation of antiperspirants, but also contribute to medical developments through the elucidation and treatment of medical conditions related to sweat, such as heat stroke and hyperhidrosis.



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 area 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.

Fukusaki Factory in Japan takes the lead of the Group as an innovation center with technological and production functions. It is the supply base to provide high quality "Made in Japan" men's and women's cosmetics, including Gatsby and Bifesta, to Asian countries.

In February 2019, we began construction of a new production building to meet the expected supply capacity, including domestic and overseas exports, by the time we reach VISION 2027, the 100th anniversary of the Company's founding. By connecting the buildings that were previously dispersed by formulation, the entire plant will function as a single, integrated plant for all formulations. This will improve productivity by reducing labor and automation, enhance safety and quality, and further improve the working environment.

As an environmentally friendly design, the new building has been awarded an A rating under the CASBEE\* evaluation standard.

The new production building has been in operation since January 2021.

\* CASBEE (Comprehensive Assessment System for Built Environment Efficiency): Methodology of evaluating and rating the environmental performance of buildings

Our Indonesian factory, which serves as a global production center, has a production structure that 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 provides additional 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: 134 million units



Factory 1 (Indonesia)  
Production volume: 323 million units



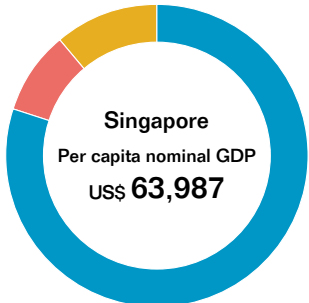
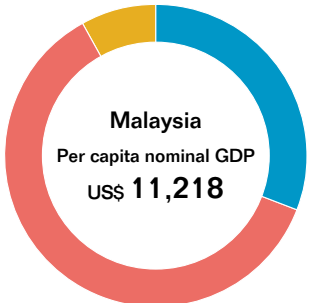
Zhongshan Factory (China)  
Production volume: 14 million units  
\* Production volume based on fiscal 2020 performance

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 12th Middle-Range Planning (MP-12), which was positioned as a period to develop the infrastructure for realizing VISION2027, the 100th anniversary of the establishment of the Company. Within this, our priority was 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. Next, each department head was named an "evangelist," and the program was conducted by the directors to the department heads. Finally, the "evangelists" conducted the program in the form of workshops for the staff of their own departments. The project was completed in a short period of six months, targeting 1,009 employees in Japan and overseas (at the time of implementation).

Fiscal 2020 survey results and Group response

From 2018, we conducted employee surveys and feedback results to follow up on the degree of awareness among employees. A key focus on 2020 is that the "employee engagement," in other words, the sense of employees belonging and desire to contribute to the Company, declined compared to 2019 when it was higher than the average global company level and had been continuing to rise.

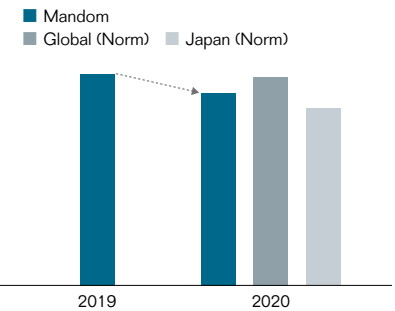
The Group takes this result very seriously. We have determined that this decline in "employee engagement" was due to the sudden shift to remote work and worsening results due to the COVID-19 pandemic, which caused a decline in the quality and quantity of communication and prevented management from sending appropriate messages to employees and alleviating their concerns. As such, we promptly took action to address this.

As we expect the COVID-19 pandemic to drag on and for face-to-face communication to remain difficult in this environment, we decided to release video messages from each supervisory executive officer to employees on a monthly basis to share what efforts are being taken in each area of the Group. The first messages were promptly sent out in June 2021.

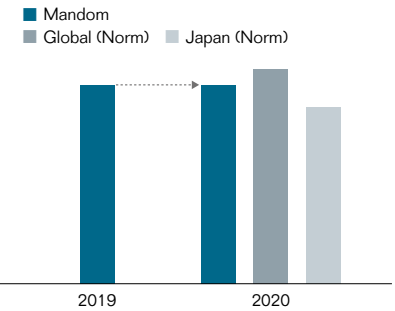
We aim to boost communication by sharing our future aspirations to employees through a means of communication that fits a world with COVID-19.

For the category "environment which utilizes employees," while we surpassed the Japanese average, we did not reach the global average. We recognize the need to continue improvements in this area.

Employee engagement



Environment which utilizes employees



Human resource development initiatives

Basic training

Training title	Objectives and contents	FY2020 implementation status
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: 25 18 days in April-May*; 3 days in October* Number of second year employees: 23 3 days in October*
New manager training	This training course is designed for employees who have newly assumed managerial positions. Through changing their mindset from player to manager, they will learn to recognize their role as a manager and acquire the knowledge necessary to complete their responsibilities in their assigned organization (section unit).	Eligible: 23 persons July, September: total of 2 days*
Education and training for next-generation global leaders	Training will be provided to develop leaders who can devise strategies to achieve the goals of VISION2027, implement integrated management and marketing, predict future market conditions in today's highly uncertain business environment (backcast), independently come up with hypotheses and gauge their feasibility, and formulate policies for the entire group and create strategies to introduce them.	N/A
Education and training for next-generation global managers		Eligible: 20 persons (selected nominees) January to October 2021*

\* Held remotely

Other education and career support measures

**Compliance Education**  
Confidential information management education, Company-wide education on Mandom Code of Conduct

**Health and Safety Education/Environmental Protection Education**  
Group training for the entire Fukusaki Plant

**Systems for organizational revitalization**  
Senior Full-time Employee System, Managerial Position Retirement System

**Support system for employee career autonomy**  
Self-investment Support System, Side Job System, e-learning, Language study support system

Please refer to the website for details.

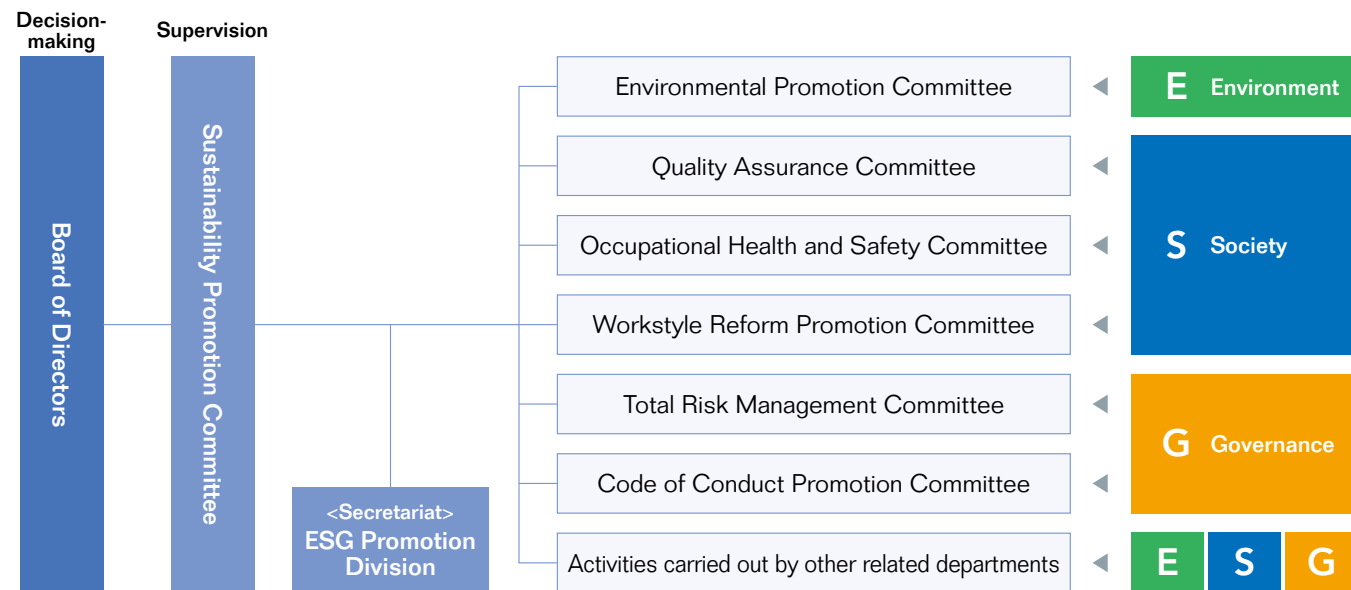
**CSR Information**  
Mandom Group's CSR Activities  
> Labor Practices  
> Human Resource Development

# Promotion of Sustainability

## 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.



### Activities of Sustainability Promotion Committee and associated committees

Committee	FY2020 Themes
<b>Sustainability Promotion Committee</b>	<ul style="list-style-type: none"> <li>Deliberate sustainability strategy and material issues (materiality) in sustainability</li> <li>Supervise and manage associated committees, including evaluating, analyzing, and proposing improvements to their activities</li> <li>Prior deliberation of matters each committee will report to Board of Directors</li> </ul>
<b>Environmental Promotion Committee</b>	<ul style="list-style-type: none"> <li>Report on recent environment-related issues</li> <li>Report on activities of Head Office, sales sites, and Fukusaki Site</li> <li>Report details of subcommittee activities</li> <li>Consider and deliberate matters to report to Sustainability Committee</li> </ul>
<b>Quality Assurance Committee</b>	<ul style="list-style-type: none"> <li>Conduct management reviews based on quality assurance regulations</li> <li>Summarize reports from consumers</li> <li>Respond to quality issues</li> <li>Review the quality management system documents</li> <li>Conduct and report on quality training and internal quality audits</li> </ul>
<b>Occupational Health and Safety Committee</b>	<ul style="list-style-type: none"> <li>Improve the health and safety and workplace environment of employees</li> <li>Ongoing health and safety activities in the Tokyo Metropolitan area</li> </ul>
<b>Workstyle Reform Promotion Committee</b>	<ul style="list-style-type: none"> <li>Improve the shape of operations in each division</li> <li>Promote work shape improvements horizontally across the entire company</li> <li>Promote the effective use of common groupware</li> </ul>
<b>Total Risk Management Committee</b>	<ul style="list-style-type: none"> <li>Continue promoting risk subcommittees from last year</li> <li>Prepare a response manual for COVID-19 measures and gain committee approval</li> </ul>
<b>Code of Conduct Promotion Committee</b>	<ul style="list-style-type: none"> <li>Confirm new Code of Conduct promotion system</li> <li>Determine policies of company-wide education on Mandom Code of Conduct</li> <li>Confirm current status of internal reporting system and consider future direction</li> </ul>

## 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 Promotion 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
- Labour** **Principle 2** : make sure that they are not complicit in human rights abuses.
- 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



### Conduct ESG training and dialogues with experts for management

On Thursday, February 18, 2021, Mandom invited Mr. Shinichiro Hyogo, an expert at Mitsubishi UFJ Trust and Banking Corporation, to ask an outsider's opinion on Mandom sustainability management. Mr. Hyogo evaluated Mandom's efforts toward sustainability and provided advice for the future.

- Date** : Thursday, February 18, 2021, 1:00-2:00 p.m.
- Place** : Held remotely
- Participants** : Mr. Shinichiro Hyogo, Chief Analyst and Chief Fund Manager in Asset Management Division at Mitsubishi UFJ Trust and Banking Corporation  
Motonobu Nishimura, President Executive Officer & Director at Mandom Corporation, four directors, three external directors, two Audit & Supervisory Board members, two external Audit & Supervisory Board members, three supervisory executive officers, and ten executive officers \* Affiliation and title as of the meeting
- Details** : ① Explanation from Mr. Hyogo on the importance of ESG  
② Dialogue, including Mr. Hyogo's opinion of Mandom received beforehand

#### Comments from Mr. Hyogo

As everyone proactively expressed their opinions, I could feel that the company was earnestly facing the issue of sustainability head on. Mandom has already taken various efforts to address sustainability issues. However, it is necessary for management and employees to come together as one for such efforts since the external environment changes quickly. I hope that Mandom will further strengthen efforts for environmental issues and proactively participate in initiatives such as TCFD, which many Japanese companies have endorsed. In the cosmetics industry, which Mandom is a member of, profits were easily generated from inbound visitors to Japan before the COVID-19 pandemic, allowing the company to focus on cash flow and yearly gains and losses. However, as short-term performance is strained due to the COVID-19 pandemic, the lack of attention on the balance sheet has once again come to the surface. In the future, I hope Mandom will not focus solely on cash flow and yearly gains and losses, but rather implement financial KPI such as ROIC and increase its attention on capital efficiency. I hope Mandom will clarify its investment standards for its business and brand as it takes efforts to improve corporate value.





# E Environment

## Environmental Policies and Environmental Promotion System

It is our sincere hope to instill Dedication to Service (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

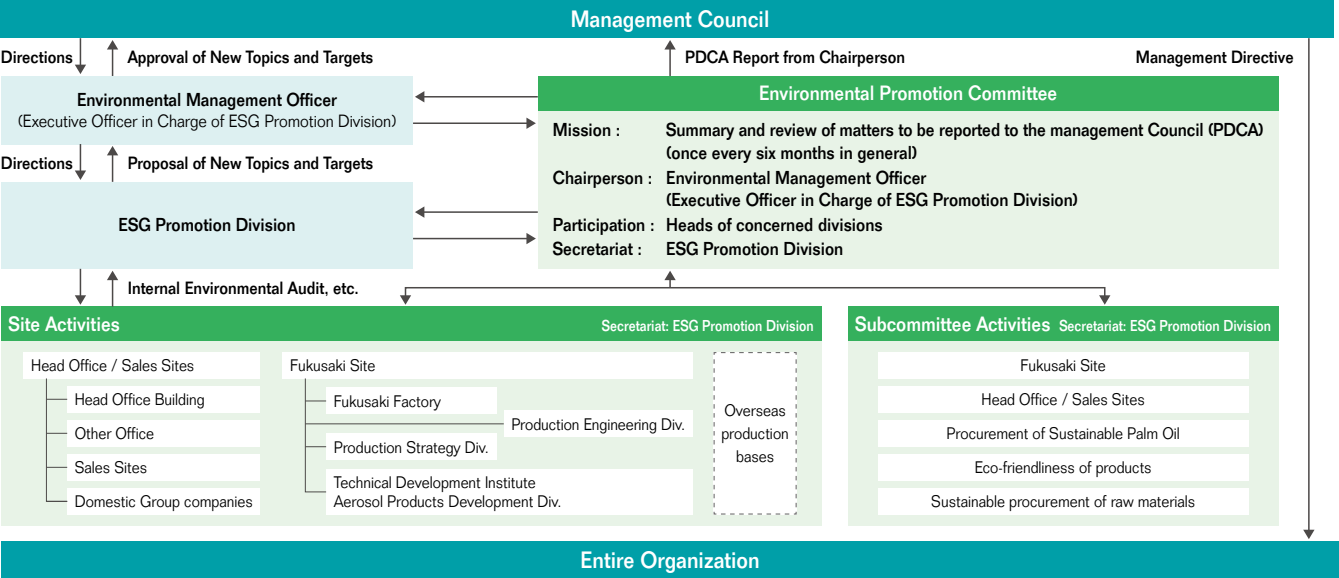
We will share this policy to the public and actively promote the disclosure of environmental information as we strive to promote communication with stakeholders.

#### 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/en/company/philosophy\\_sf.html#policy](https://www.mandom.co.jp/en/company/philosophy_sf.html#policy))

### Environmental Promotion System



## Environmental Considerations in Products and Services

### Formulating Environmental-friendliness Standards

Based on our Environmental Policies, we are proceeding with the provision of environmentally friendly products and services. As part of these efforts, we set environmental-friendliness standards for products and medium-term targets. We will also promote the creation of products that take into consideration the environment as we move toward a more sustainable society. We will continue to update these standards while referencing future trends in and outside Japan, newest technological information, and the opinions, expectations, and requests of our diverse stakeholders.

Life cycle stage	Environmental Issues	Environmental-friendliness standards
Procurement of raw materials	Biodiversity conservation and forest conservation	Product that uses recycled paper with 80%+ content of waste paper pulp as material for its outer and inner box package inserts and other paper-based items Products that uses FSC certified paper as material for its outer and inner boxes, package inserts and other paper-based items Product that uses raw and other materials that have satisfied other international environmental certification systems or criteria
	Climate change Carbon neutrality / CO <sub>2</sub> emissions reduction	Product that uses 25%+ plant-derived biomass content for its container and packaging materials Product that uses 10%+ biomass content for its laminate packaging Product that uses 25%+ recycled materials for its container and packaging materials Product that uses 50%+ recycled materials for its laminate packaging Product that uses 20%+ less in power for dryer and gas for hot water supply when product is used, compared against benchmark.
Product use	Water use reduction	Product that uses 20%+ less water when product is used, compared against benchmark.
Disposal	Waste reduction	Product that eliminates use of main container and packaging materials or reduces weight or dimension to achieve 10%+ less use of such packaging, compared against benchmark Product that eliminates use of individually packaged units or reduces weight by 10%+ of such packaging, compared against benchmark Refill product that reduces container weight by 50%+, compared to standard container weight.
	Plastic waste reduction	Product that has switched from petroleum-based plastic to alternative materials (e.g. paper, glass)
Other	Recycling Circular economy	Product that uses mono materials that make separation for disposal easier

\* Product that satisfies one or more of the criteria above shall be considered an eco-friendly product.  
\* The benchmark will be a product manufactured in 2016 when Mandom revised the Environmental Policy.

1. By 2027, we aim to turn 90% of Mandom products marketed in Japan into eco-friendly products.
2. By 2050, we aim to turn 100% of products marketed by the Mandom Group into eco-friendly products.

### Responding to plastic problems

Mandom is promoting the following initiatives to reduce plastic waste.

<b>Reduce</b> 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.
<b>Reuse</b> 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.
<b>Recycle</b> 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.
<b>Renewable</b> 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.



Plant-based materials (biomass plastics) are used for part of the films of Gatsby facial cleansing paper and body cleansing paper. Plastic textiles are not used in non-woven fabric.



Development of refillable products

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.

Mandom joined the Japan Clean Ocean Material Alliance (CLOMA) in October 2020. CLOMA addresses issues relating to marine plastic litter.

By joining CLOMA, Mandom is taking action towards addressing the problems relating to marine plastic litter. We will further strengthen our 4R activities regarding plastic products by liaising with CLOMA member companies across different industry sectors. We will discuss alternative materials such as paper and the use of biodegradable plastics.



## Protecting biodiversity

### Formulation of Targets

1. Procure 100% of palm-derived materials accepted by the Fukusaki Plant as certified oil (including book-and-claim method) by 2026
2. To switch completely to the use of FSC®-certified paper for paper containers and packaging by 2027



External Site

FSC \*

▶ FSC Official Website

WWF 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

In March 2018, Mandom joined the Roundtable for Sustainable Palm Oil (RSPO) in order to procure sustainable palm oil that takes into consideration the social issues and environmental impact of the raw material production area, and in March 2021 acquired RSPO supply chain certification at its Fukusaki Plant, the only production base in Japan, and began procuring MB (mass balance) certified oil in May 2021. In FY2020, we have completed the purchase of certification under the RSPO supply chain certification model “book-and-claim method” for the entire volume of raw materials derived from palm oil, which is the most commonly used raw material at our Fukusaki Plant.

### Procurement of Sustainable Paper Container and Packaging Materials

As part of our effort to procure 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. (FY2020 cut-off performance: 70.4%)

## Promoting a recycling-oriented society

### 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 FY2020, 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 2,957 tons\* in FY2020, a year-on-year decrease of 14.7%. In addition, in order to deepen our knowledge of the transition to a recycling-based society and to strengthen our efforts for a sustainable global environment, we will participate in the MEGURU BOX Project, a demonstration experiment to collect used plastic, which will be implemented from July 2021 by the Kyushu Circular Economy Partnership (secretariat companies: AMITA HOLDINGS CO., LTD. and NEC Solutions Innovator, Ltd.) to optimize resource cycle in Kyusyu region and create business contributing to a sustainable society. The “MEGURU BOX Project” is the first of its kind in Japan, to work with more than ten companies, including daily necessities manufacturers and Kitakyushu City, to create a system for resource recycling.



News Release

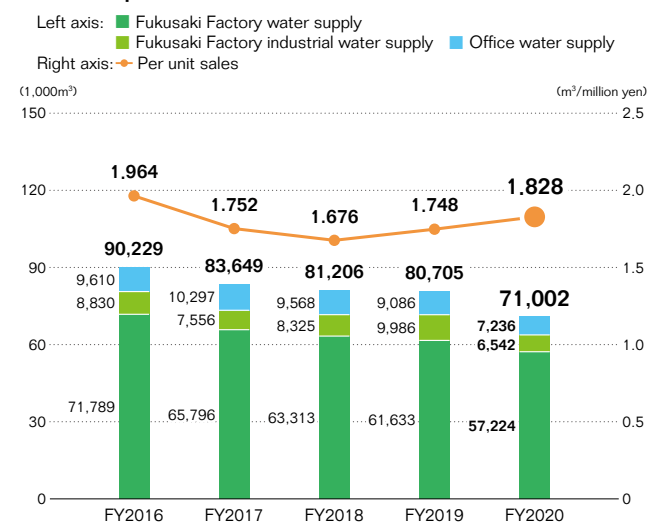
▶ Participation in the MEGURU BOX Project, a demonstration experiment to collect used plastic (Japanese Only)

### 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 FY2020 was 71,002m³, a decrease of 12.0% year on year.

#### Water input



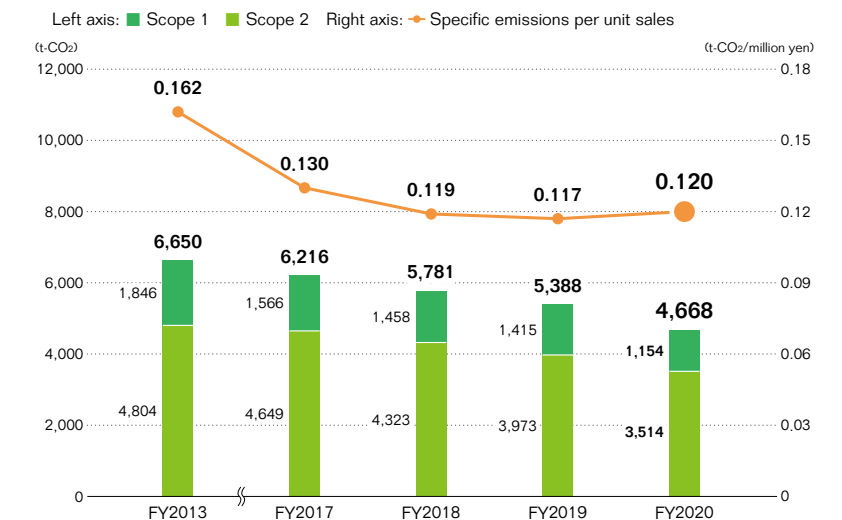
## Promoting measures toward a carbon-free society

### Formulation of Targets

Mandom aims to produce net zero CO<sub>2</sub> emissions by 2050 across the entire Group

In FY2020, Scope 1 + 2 CO<sub>2</sub> emissions of the domestic business in Japan were 4,668 tons, a 29.8% reduction relative to FY2013.

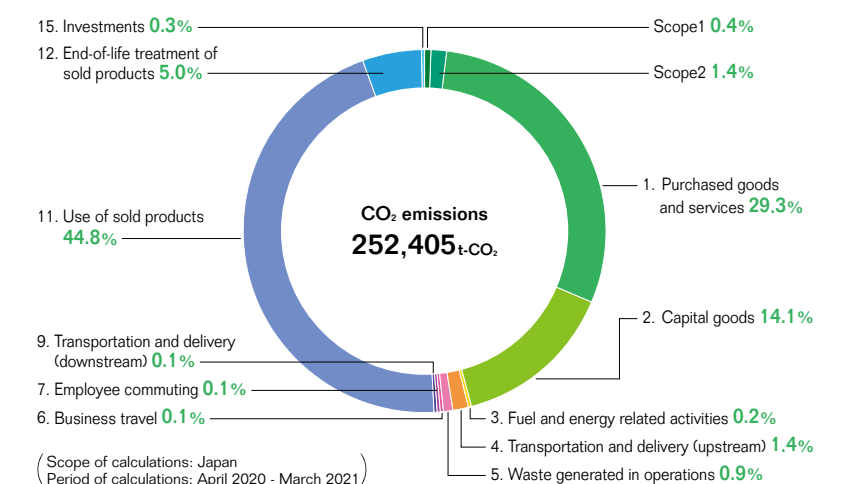
#### Trends in CO<sub>2</sub> Emissions (Scope 1 + 2 in Japan)



### Calculating Greenhouse Gas Emissions for the Entire Value Chain (Scope 3)

Since FY2018, Mandom has been calculating the greenhouse gas emissions produced throughout the entire value chain from the procurement of materials to the manufacture, sales, use, and disposing 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.



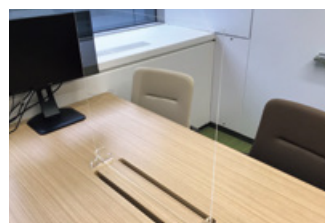
CSR Information

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

# S Society

## Reform of work styles in the New Normal

As COVID-19 spreads, Mandom executed plans that prioritized employee safety to create an environment where employees could easily work without being constrained by place and time by proactively utilizing work-from-home and staggered shifts, eliminating core time from the flextime system, changing payment methods for commuting allowances (shifting from payment of regular passes to actual expenses), and providing work-from-home allowances. Even in the office and production environments, we conducted various measures, such as restricting and managing the number of employees coming to work, as well as installing hand sterilization stations in employee entrances. We also, in principle, conducted meetings and business talks online and we developed a policy to improve internal communication during remote work.



Acrylic panel installed in meeting room



Thermography before entering production plant



Spacing/restriction of cafeteria seating to avoid close contact

Company Information  
▶ Gallery > Mandom's activities during the new normal

## 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.



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)

### 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. In December 2021, our domestic subsidiary Mandom Will Corp. (referred to below as "Mandom Will") 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 holidays 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.

CSR Information  
▶ Mandom Key Data on Personnel and Labor

## Providing high quality and peace of mind

### 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



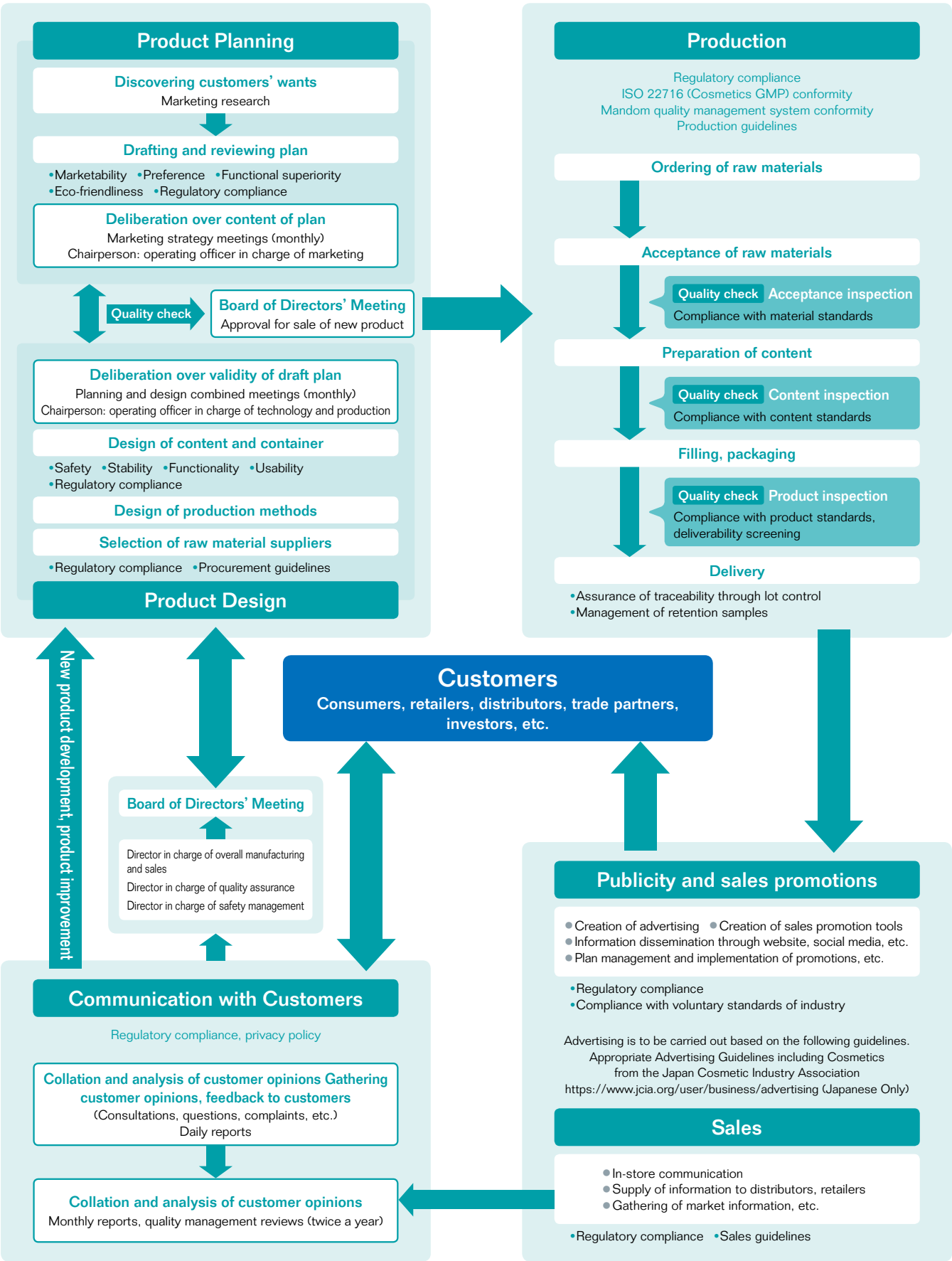
Visual inspection of products



Functionality inspection of product contents



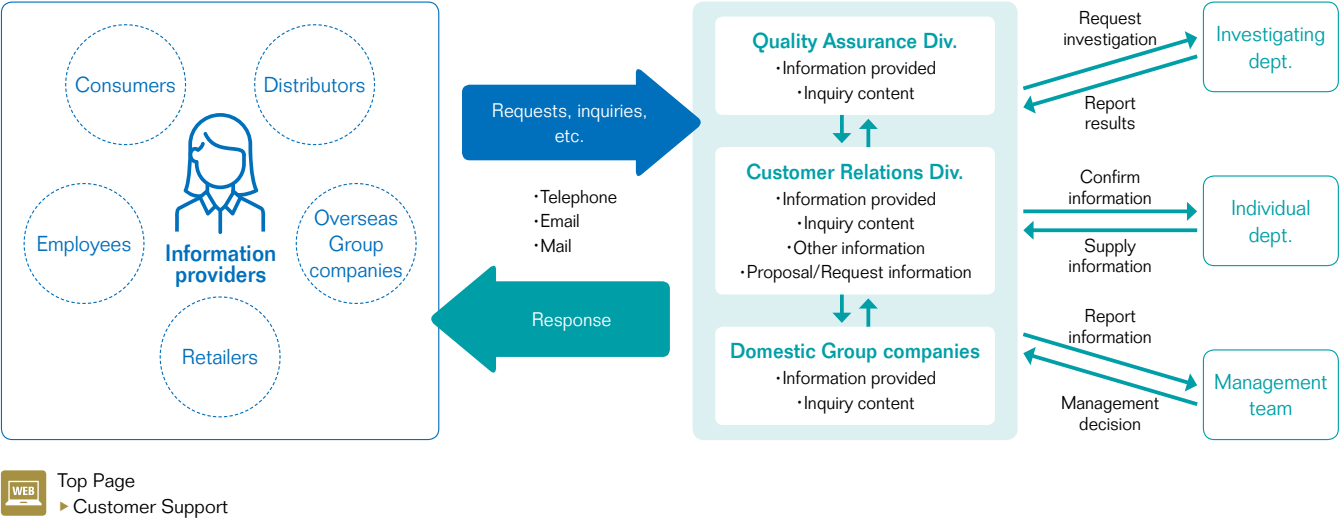
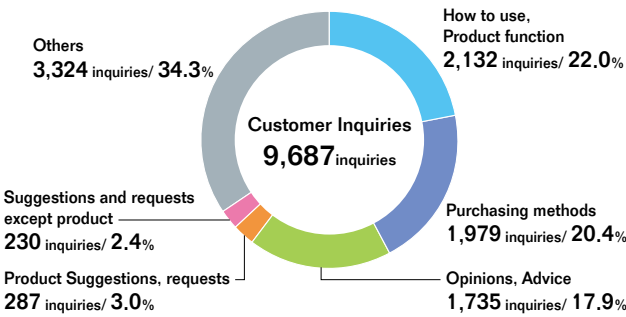
Mandom Quality Assurance Activities and Implementation of Customer Feedback



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 FY2020



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.

FY2020	Gatsby Styling Grease	Since inquiries about how to separate trash to be recycled have increased, the following environmentally-friendly labeling is written on the product: "Bottle is plastic; Cap is aluminum."
	Gatsby Acne Care Water	Since inquiries about the product appearing blacker due to ingredient changes have increased, the following is written on the top of the product: "Changed to environmentally-friendly powder * Color may appear lighter, but this does not affect quality"
	GATSBY Body Hair Remover Foam Type	Since inquiries about use in delicate zones have increased, the following is written on the back of the product: "Please do not use on delicate zones"
	LÚCIDO Ageing Care Refreshing Lotion	We added a "gel-type" label to the product in response to feedback that the product did not look how customers imagined
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.



Human rights

The Mandom Group recognizes that our business activities must only exist on the basis of our respect for human rights. We have adopted and will implement the following Human Rights Policy so that we can promote action in respect of the human rights of all Mandom employees and their families, trading partners and all others involved in the supply chain as well as production operations upstream, consumers and all other stakeholders relating to the Mandom Group.

Mandom Group’s Human Rights Policy

1. Basic Stance on Human Rights

We support and respect international norms relating to human rights including the International Bill of Human Rights stipulated by the United Nations on the basic human rights of all people, the ILO Declaration on Fundamental Principles and Rights at Work, and the Guiding Principles on Business and Human Rights.

As a signatory to the United Nations Global Compact, the Company supports the ten basic principles of the Compact.

The Mandom Group will comply with the laws of the nations and regions where we conduct our business activities.

If laws or rules in the nations or regions conflict with the international principles on human rights, we will comply with the local laws while pursuing methods of respecting the internationally accepted basic human rights principles.

2. Respect of Stakeholder Human Rights and Promotion of Diversity

We respect all the diverse values, individualities and privacy of stakeholders relating to our corporate activities as we promote diversity.

We will not discriminate under any circumstance against any person on reasons of race, nationality, ethnicity, sex, age, origin, religion, education, physical characteristics, disability, health condition, sexual orientation, or gender identity.

We strive to create a workplace environment where employees can work safely with reassurance, energy and in full mental and physical health, where there is mutual trust and where common sense prevails.

We will eliminate any discrimination, violence or harassment in the workplace.

3. Due Diligence in the Supply Chain

We will follow the Guiding Principles on Business and Human Rights and identify the negative impact on human rights relating to the business conducted by the Mandom Group and will engage in action that prevents or reduces such negative impact. If due diligence action on human rights uncovers any occurrence or furtherance of negative impact on human rights, we will strive to take appropriate and effective remedial action. If our products or services are directly linked to a negative impact on human rights due to our trading partnerships, we recognize the possible need to take corrective action.

4. Dialogue and Discussion with Stakeholders

In our activities relating to negative impact on business and human rights, we will engage experts from outside the Company and we will provide opportunities and engage in dialog and discussion with relevant stakeholders, with respect and sincerity.

5. Reporting System

Any employee recognizing the possibility of violation of laws and rules that apply in the countries and regions of our operation or the infringement of human rights rules and other in-house regulations can use the internal reporting system to report such violations. We also have set up a reporting contact where external stakeholder can report any violation of our Human Rights Policy or any risk of violation.

6. Education and Training

We will deliver continuous education to employees so that correct knowledge about respect for human rights can be fully diffused and understood throughout the Mandom Group.

7. Information Disclosure

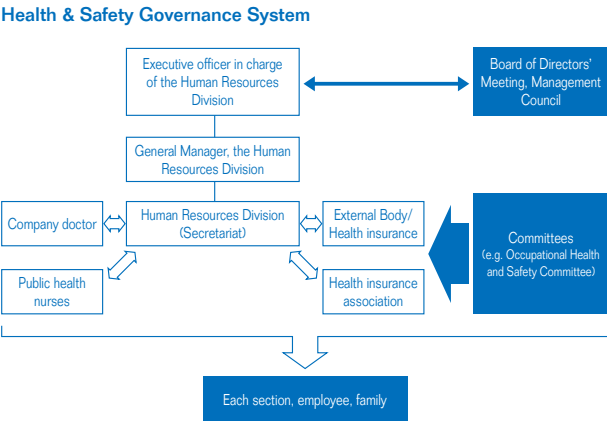
We will disclose the progress and results of our human rights actions on the Company website and through other means.

The Mandom Group’s Health and Productivity Management Policy

We at the Mandom Group will promote health and productivity management, removing anxieties about health from the minds of employees and their families so that our human resources, the very basic foundation of the Company’s management, can work at their full capability with reassurance. This is an essential effort in achieving VISION2027.

- 1. Every Mandom Group employee strongly will be aware of the importance of maintaining and enhancing the health of himself or herself and all family members and will engage in KohDoh Practices as a self-disciplined and self-regulating Mandom Group member who can work at their best every day.
- 2. The Company will prioritize the health and productivity management of employees and their families. Through health and productivity management, we will implement action to promote health in a wide context, supporting the maintenance and enhancement of good health for employees and their families.
- 3. We will support and promote the improvement of employees’ health literacy and create a safe and reassuring workplace so that we become a company where all employees can become valuable resources who work with motivation and can engage in total participation in corporate activities.

\* Health and Productivity Management is a management approach in which enterprises focus on and strategically implement action towards promoting their employees’ health from a management perspective, based on the concept that employees being able to work in good health enhances corporate value.



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)

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.53.

CSR Information  
Fair Operating Practices  
Building and implementing a CSR procurement system

Sustainable procurement of raw materials


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\*.
- 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. Please refer to the external website below for details.

 External Site  
Global Compact Network Japan  
▶ CSR/Sustainable Procurement Self-Assessment Tool Set (English version)



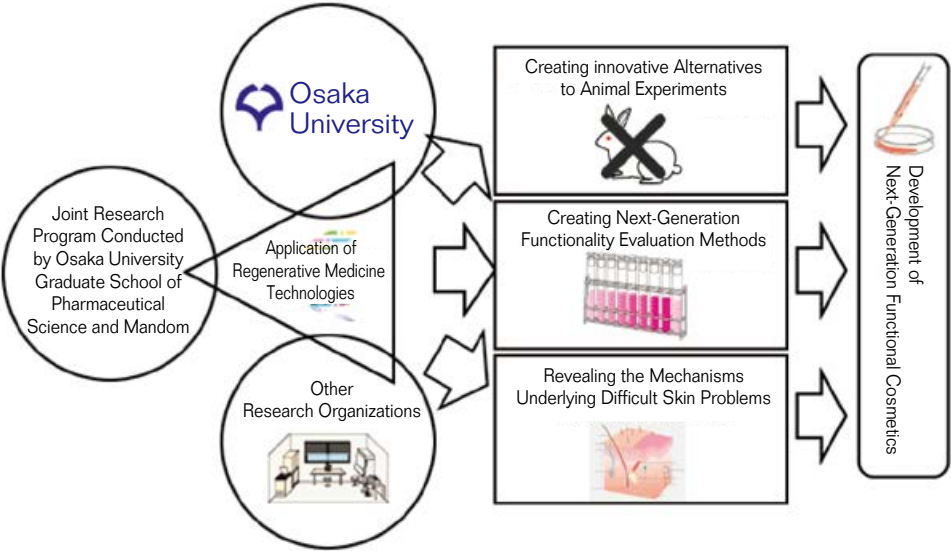
Co-creating value with the community

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

Established the Laboratory of Advanced Cosmetic Science Joint Research Program at 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

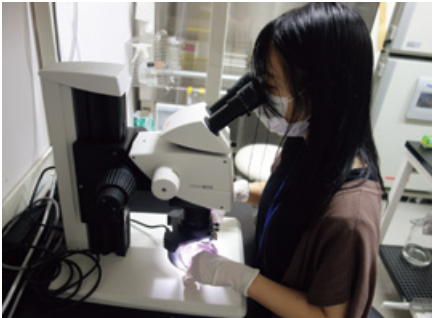
the development of next-generation functional cosmetics and quasi-drugs. In FY2020, two adjunct professors, one invited professor, six specially appointed assistant professors, one part-time invited faculty member, one part-time staff member, seven joint researchers, and five graduate students, for a total of 23 people (including nine Mandom employees) are conducting research. Through this joint research course, we hope to contribute to the development of research on cosmetic science and the training of researchers and engineers.



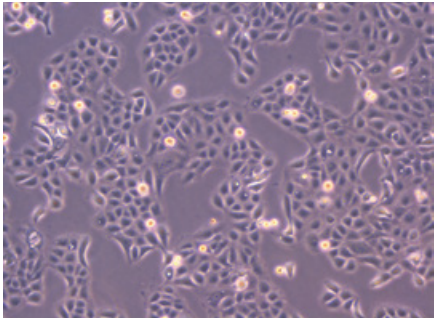
The Graduate School of Pharmaceutical Sciences at Osaka University



Central Laboratory



Experiment in progress



Cultured human skin cells

Concluded Agreement on a Cross-appointment System

In August 2018, Osaka University and Mandom concluded an agreement on a cross-appointment system with the aim of further promoting continued and multi-faceted cooperation with a focus on co-creation between the university and the company. Under the agreement, a female Mandom employee holds a concurrent position at the Graduate School and School of Pharmaceutical Sciences at Osaka University as a Specially Appointed Assistant Professor (full-time). At the university's Laboratory of Advanced Cosmetic Science, she is engaged in international joint research with overseas faculties, and using the results to guide students in their own studies. On March 1, 2020, Osaka University and Mandom concluded the second agreement on a cross-appointment system. Under this agreement, a female Mandom employee holds a concurrent position at the Graduate School and School of Pharmaceutical Sciences at Osaka University and is conducting research into replacing laboratory animal testing with alternative safety test methods.

CSR Information  
▶ The Mandom Group's Approach to CSR > Community Involvement and Development  
> Joint Research Chair with Osaka University Graduate School of Pharmaceutical Sciences

Joint Research Chair with Kitasato University School of Pharmaceutical Sciences

Established Skin Science Joint Research Program (Mandom) at Kitasato University, School of Pharmacy

Kitasato University and Mandom signed an agreement on December 25, 2020 to establish an endowed chair\*, the first of its kind in the field of cosmetics, at Kitasato University's School of Pharmaceutical Sciences, the Joint Chair of Skin Science (Mandom). From April 2021, Mandom will strengthen our open innovation function as a research base in the Tokyo metropolitan area, and we are jointly engaged in formulation and application research on technologies to effectively deliver drugs inside the skin, with the aim of applying these technologies to high-function skin care products.

Research Results in the Advanced Cosmetic Science Joint Research Program

Research is being conducted every day to create innovative cosmetics in the Advanced Cosmetic Science Joint Research Program. We report on these research results when appropriate through news releases and other media. In addition, as part of our open innovation activities, we are participating in the "Program on Open Innovation Platform with Enterprises, Research Institute and Academia (OPERA)" promoted by the Japan Science and Technology Agency (JST), and are working with industry-academia partners to promote basic chemistry that will become the basis for a wide range of applications of chlorine dioxide generated on demand (MA-T or Matching Transformation System).

- News Release on May 8, 2020  
Successful generation of immortalized human eccrine sweat gland myoepithelial cells
- News Release on June 18, 2019  
Researcher in Joint Research Group Led by Osaka University Wins Academic Prize at Cosmetic Victories 2019  
First in Japan to Receive the Award  
~ Proposing New Concept for Next-Generation Antiperspirants~  
Other

By promoting industry-academia collaboration that accelerates open innovation, and by working to deepen skin science technology in collaboration with the latest technology information, human resources, and the pharmaceutical field, we hope to build a technological system that can approach new social issues (such as improving healthy life expectancy and taking care of social stress) that cannot be solved independently.

\* A course to be established with contributions from individuals, corporations, or organizations to cover the expenses necessary for its operation. In this course, university faculty members and researchers from funded companies will conduct joint research on social issues in order to advance and enhance education and research.

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 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 2021, we began providing research grants for the three topics selected as our 14th (FY2021) research themes.



CSR Information  
▶ Community Involvement and Development  
> Approach to alternative to animal experiments

External Site  
The Japanese Society for Alternatives to Animal Experiments



### ► 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.

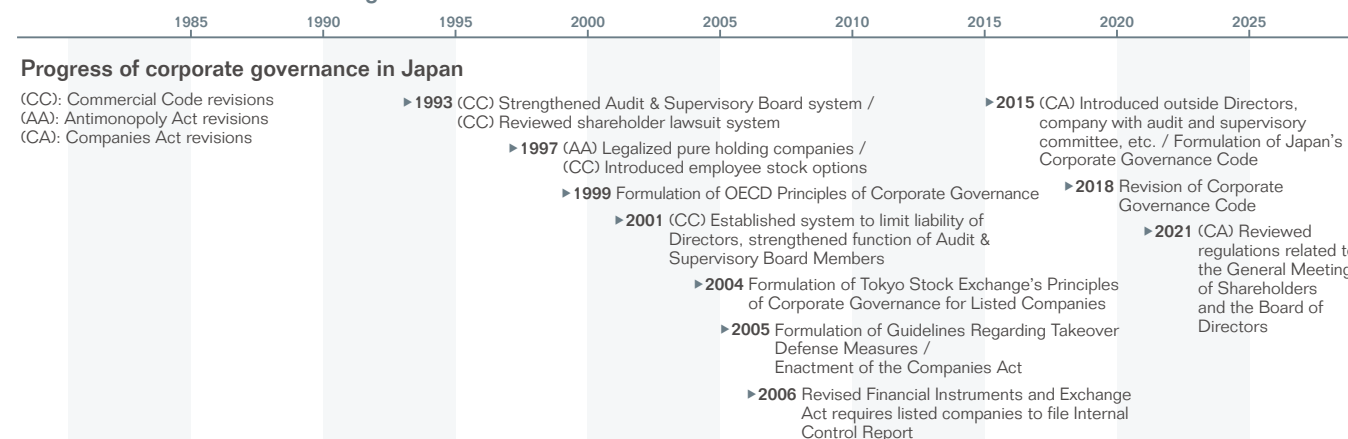
## Corporate Governance System

The activities of the Group are overseen by the Audit & Supervisory Board. With legal oversight from its members as the basis for corporate governance, we invite multiple external directors to sit on our board, to reinforce our monitoring and advisory functions.

By clarifying responsibilities and delegating authority under a system of supervisory and executorial officers in charge of specific operations, we have created a system for the proactive and expeditious execution of operations.

## History of Initiatives for Corporate Governance

### Proactive initiatives ahead of legislation

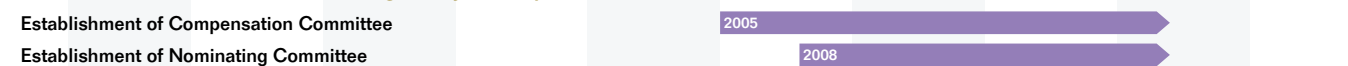


### Progress of corporate governance at the Company

#### Inviting independent external executives



#### Establishment of committees consisting chiefly of independent external executives



#### Other measures to enhance governance



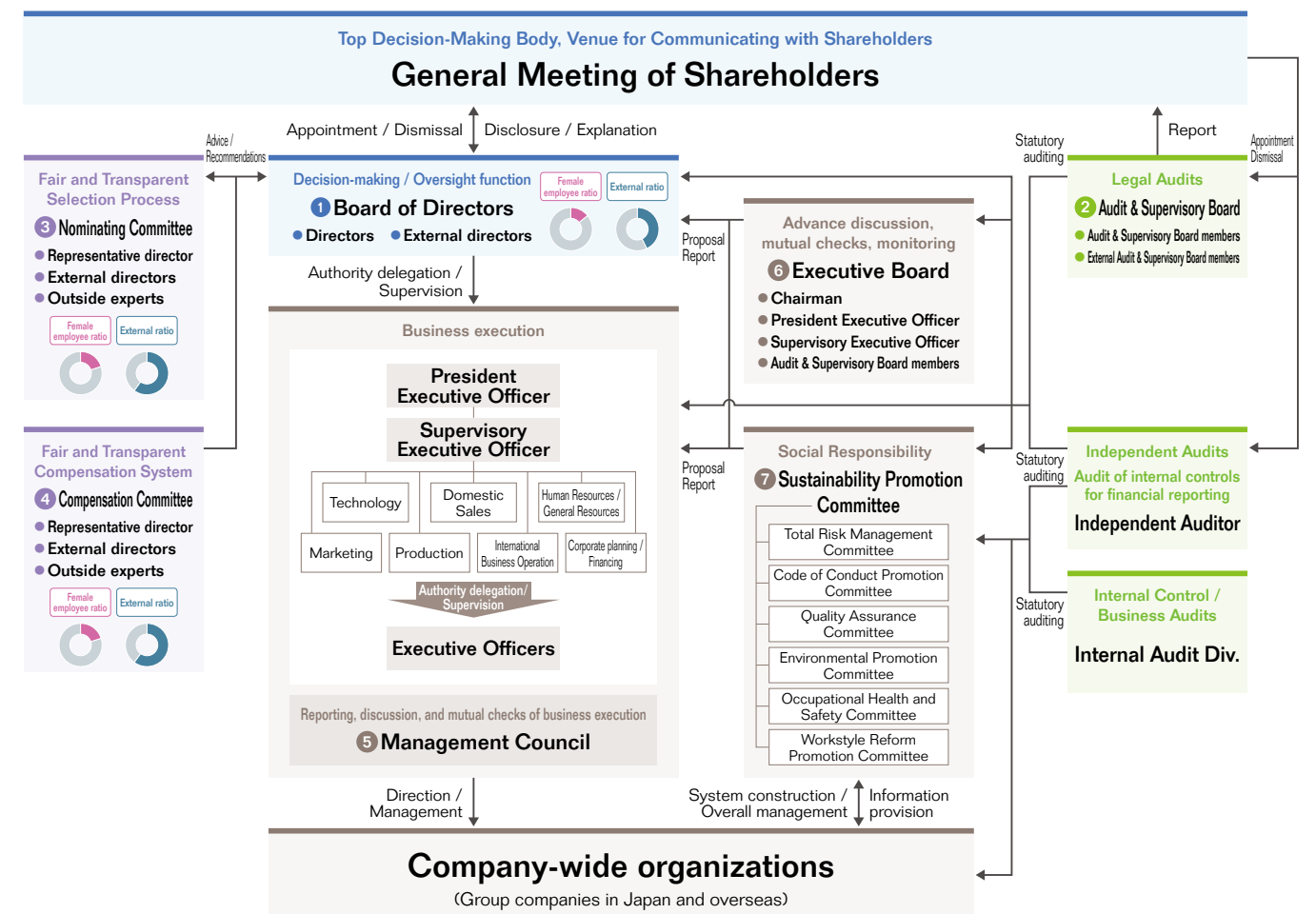
#### Compliance system



## Corporate Governance System

To ensure management soundness and efficiency, the Group employs an extensive range of management monitoring functions. Moreover, based on our understanding of the importance of reflecting front-line management views in decision making, the Board of Directors includes not only the representative director for business execution and supervisory executive officers concurrently serving as directors, but also external directors.

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



#### 1 Board of Directors

The Board of Directors is comprised of directors and makes decisions regarding important business execution matters based on a corporate philosophy and corporate planning in addition to supervising the execution of business by directors and executive officers. Representative Director and Chairman serves as Chair.

#### 2 Audit & Supervisory Board

The Audit & Supervisory Board is comprised of Audit & Supervisory Board members, who attend important meetings, such as Board of Directors and Management Council meetings. Audit & Supervisory Board members also exchange information with the Accounting Audit and Internal Audit Division and audit the business execution of directors, etc. through hearing of each division and affiliated company. An Audit & Supervisory Board member serves as Chair.

#### 3 Nominating Committee

The Nominating Committee is comprised of the Representative Director and external directors. It is established as an advisory body to the Board of Directors in order to ensure fairness and transparency of the process when determining candidates for directors and Audit & Supervisory Board members. This committee advises the Board of Directors on proposals regarding candidates for director, Audit & Supervisory Board member and supervisory executive officer. An external director serves as Chair.

#### 4 Compensation Committee

The Compensation Committee is comprised of the Representative Director and external directors. It 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 advises the Board of Directors on policies regarding compensation for directors and supervisory executive officers. An external director serves as Chair.

#### 5 Management Council

The Management Council is comprised of officers of executive officer level and higher. It performs decision-making and reporting related to business execution of the management strategy, primarily for the applicable fiscal year. The Mandom Group promptly responds to changing business environments by delegating business execution to the Management Council. The President Executive Officer & Director serves as Chair.

#### 6 Executive Board

The Executive Board is comprised of officers of supervisory executive officer level and higher. It performs decision-making and reporting related to business execution of the management strategy, primarily for the medium- to long-term. The Executive Board also deliberates on efforts to realize VISION2027 as developed by the Company. The President Executive Officer & Director serves as Chair.

#### 7 Sustainability Promotion Committee

The Sustainability Promotion Committee is comprised primarily of directors, Audit & Supervisory Board members, and supervisory executive officers. While developing our approach for promoting the sustainability of the Mandom Group and holding discussions with relevant departments at committee meetings and other meetings, this committee is strengthening our efforts to contribute to the sustainable development of society. The President Executive Officer & Director serves as Chair.

\* Major meetings and committees from FY2020 have been held online in order to maintain social distance during the COVID-19 pandemic.

Skill Matrix of Directors and Audit & Supervisory Board Members

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. At our listed subsidiary in Indonesia, which is our biggest subsidiary in the overseas business, there are four Japanese directors and five directors who are overseas nationals (including two female directors) of the total nine directors. In addition, four overseas nationals (one of whom is an equity-method affiliate) have already served as representative directors of overseas subsidiaries.

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. 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.

WEB

Standards for the Independence of Independent Outside Executives  
https://www.mandom.co.jp/company/src/g\_guideline\_ex2.pdf  
(Japanese Only)

WEB

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 Only)

Skill matrix (as of June 24, 2021)

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	●			●		●				●
Ken Nishimura	●	●	●	●						
Yasuaki Kameda	●		●	●		●	●	●	●	●
Shinichiro Koshiba		●	●	●						
Independent External	Reiko Nakayama	●		●		●	●			●
	Shigeki Suzuki	●	●		●				●	
	Hitoshi Tanii	●		●	●					●
[Audit & Supervisory Board Members]										
Takehiko Ikehata	●		●							
Takeshi Hibi		●		●						
Independent External	Masahiro Nishio					● CPA				
	Mikiharu Mori							● Attorney		

\* 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 -Hitoshi Tanii-



Q 1 . What is your impression about the effectiveness of the Board of Directors of Mandom one year after joining?

When I assumed my role of external director in June 2020, COVID-19 had already spread and we were in uncertain times. Amidst these circumstances, the Board of Directors seriously discussed how to provide Dedication to Service (Oyakudachi) to customers during the COVID-19 pandemic, what work styles employees would prefer, and subsequently took proactive measures. I feel that the close knit relationship of the members of the Board of Directors and our ability to speak together about any topic during normal business times lent to our ability to take proactive action. It was wonderful to see us come together around the President and take on the issues that faced us. 2021 has seen a major transition for the Group with the change of President. Under the strong connection of members of the Board of Directors, this transition is also off to a good start. Despite the current social circumstances, I feel that company morale is quite high. In terms of effectiveness, if I express the Board’s activities as centering on the President, it may be mistaken as being the work of a single person. This is not the case. Each and every director understands our responsibility and is taking on business issues with a posture of sufficient debate. There are currently three external directors. We each possess different background and are able to give useful opinions from our unique perspectives. Everyone from internal directors to executive officers carefully and earnestly listen to the opinions of external directors. I feel that the Board of Directors is being operated in a healthy manner.

Q 2 . What are you feeling from one year of participation as a member of Mandom’s Nominating Committee and Compensation Committee and what are your aspirations as Chair, a position you will assume from FY2021?

Until FY2020, the Nominating Committee and Compensation Committee were comprised of external directors with the President serving as Chair. Despite the President chairing the committee, I felt that healthy

discussions and an openness to listening to other opinions were present in meetings, as I mentioned left. I feel there are not current issues with this structure. On the other hand, there were only one second-year external director and two first-year external directors. Because of the timing of this change, I felt that I needed to further deepen my understanding of nomination and compensation structures, which were not sufficient. Nevertheless, I will humbly take the helm as Chair from FY2021. I will strive to understand the history, background, and culture of the Company as I make decisions related to nominating directors and setting compensation. I hope to achieve lively discussion in the committee and contribute to the improvement of soundness and transparency in those processes.

Q 3 . What advice would you most like to give to Mandom as a corporation?

I myself have been a long-time user of Mandom products, primarily in the “Gatsby” brand, from my youth. As a consumer, I had an image of Mandom as being “free willed” in a positive sense. It may continue to be extremely difficult to navigate the waters of business due to the lengthening of the current COVID-19 pandemic. However, I hope that during this period Mandom will take aggressive steps as the “free willed” company it is. The Company logo will be updated in September of this year. I think that this is important timing to determine the direction of the Company for the coming generation. I believe this is the perfect timing to fully tap into Mandom’s free will that refuses to be constrained by the status quo and that always confronts society with innovative products.

Record of attendance of directors and Audit & Supervisory Board members at major meetings and committees (April 2020 - March 2021)

	Board of Directors	Audit & Supervisory Board	Nominating Committee	Compensation Committee	Management Council	Executive Board	Sustainability Promotion Committee
Number of meetings held	13	15	3	2	11	11	1
[Directors]							
Motonobu Nishimura	13 / 13		3 / 3	2 / 2	11 / 11	11 / 11	1 / 1
Shinichiro Koshiba	13 / 13				11 / 11	11 / 11	1 / 1
Yasuaki Kameda	13 / 13		(3 / 3)	(2 / 2)	11 / 11	11 / 11	1 / 1
Takeshi Hibi	13 / 13				11 / 11	11 / 11	1 / 1
Ken Nishimura	13 / 13				11 / 11	11 / 11	1 / 1
Independent External	Satoshi Nagao	3 / 3			2 / 2	(2 / 3)	
	Reiko Nakayama	13 / 13	3 / 3	2 / 2	11 / 11	(11 / 11)	1 / 1
	Shigeki Suzuki	10 / 10	3 / 3	2 / 2	9 / 9	(8 / 8)	1 / 1
	Hitoshi Tanii	10 / 10	3 / 3	2 / 2	9 / 9	(8 / 8)	1 / 1
[Audit & Supervisory Board Members]							
Ryuichi Terabayashi	3 / 3	4 / 4			2 / 2	3 / 3	
Hiroo Mizuno	13 / 13	15 / 15			11 / 11	11 / 11	1 / 1
Takehiko Ikehata	10 / 10	11 / 11			9 / 9	8 / 8	1 / 1
Independent External	Yukihiro Tsujimura	13 / 13	(3 / 3)	(2 / 2)	11 / 11		
	Masahiro Nishio	13 / 13	(3 / 3)	(2 / 2)	11 / 11		

\* Parentheses indicate attendance as observer.  
\* Board of Directors’ meetings exclude six resolutions passed in writing.



Evaluation of the Effectiveness of the Board of Directors

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

- (1) In February 2021, 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.
- For the evaluation results, the highest of the four evaluation levels (optimal) was recorded in 60% of cases, and the second evaluation level (appropriate but with some issues) was recorded in 35% of cases.
- (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 Based on the Mandom Mission Framework, the Board of Directors has developed, revised as needed, and disclosed the Corporate Governance Policy and Corporate Governance Guidelines through constructive discussions in prior deliberations at the Executive Board and Management Council meetings. Also, the Board of Directors has formulated and reviewed a management plan that includes specific management strategies and goals.
- ② 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.
- ③ The Board of Directors is appropriately managing conflicts of interest between the management and related parties and the Company based on “Principle 1-7. Transactions with Related Parties” in the CG Guidelines.
- ④ The Board of Directors formulated and disclosed appropriate Standards for the Independence of Independent Outside Executives. In addition to complying with these standards, the Board of Directors also invited persons capable of monitoring from an objective perspective of a shareholder who possess a wealth of business experience and an understanding and knowledge of management.
- ⑤ The Board of Directors appropriately established and disclosed the “Philosophy of Balance, Diversity, and Scope of the Board of Directors” and the “Policies and Procedures Related to Appointment of Directors” after receiving advice from independent external experts and conducting constructive discussions, and has maintained the structure of the Board of Directors in accordance with these policies.

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

- Suggestions and advice**
- ① Mandom has striven as much as possible while sharing issues in order to achieve the management plan. 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.
- ② The Board of Directors is in the process of establishing a corporate culture that welcomes innovative proposals from senior management that involve risk. By having the management, directors, and Audit & Supervisory Board members reaffirm and raise awareness of the importance of proactive risk-taking supported by improved accuracy in risk evaluation and of ensuring the flexibility of decision-making and business execution, more advanced and innovative decision-making can be carried out in a flexible way.
- ③ Mandom has established a voluntary Nominating Committee and Compensation Committee under the Board of Directors mainly comprised of external directors. Mandom should appoint an external director as the chair of these committees in order to receive further appropriate involvement and advice during the consideration of important matters.

Specific comments on items evaluated and items requiring improvement

- Evaluation points**
- Through the Executive Board, Management Council, and Board of Directors, sufficient, constructive discussion is being conducted.
  - At the Board of Directors, there is a sufficient culture of respect for free discussion and an exchange of opinions. Meetings are formed to foster an atmosphere where members can express themselves with ease.
  - If there are unclear points in the discussion of regular meetings, time is set aside for each issue to once again explain it and deepen mutual understanding.
- Points that need improvement**
- It is easy for gaps between the plan and reality to emerge due to drastic environmental changes. In Board of Directors meetings, information should be shared in a more timely fashion to foster an environment in which members can exchange opinions actively.
  - During the COVID-19 pandemic, which significantly impacted companies related to the Group, while Mandom promptly and accurately took efforts to resolve urgent issues, this did not lead to long-term strategies.
  - In the future, Mandom needs to take on challenges for new value creation in a post-COVID-19 world while solidifying its financial foundation for the future.

Method of Determining Compensation Amounts for Company Executives

1. In addition to ensuring soundness and transparency, the Company’s compensation for irectors 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 internal directors are based on evaluation of their individual performance). Restricted Stock (RS) compensation (in principle, the amount will correspond to compensation for performance of duties in the first year covered by Middle-Range Planning) is linked to medium- to long-term performance. Restricted Stock (RS) compensation aims to further promote shared value with shareholders and provide an incentive to strive to continually increase the Company’s corporate value.
- Compensation for external directors is composed solely of fixed compensation.
2. 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.
3. **Compensation Amounts for Company Executives and Policies for Determining Compensation**
- ① The Compensation Committee, a majority of whose members are external executives, deliberates and recommends director compensation amounts. Based on these results, the Board of Directors resolves compensation amounts within the scope approved by the General Meeting of Shareholders.
- The Compensation Committee also deliberates and makes recommendations on policies related to determining director compensation. Based on these results, the Board of Directors resolves compensation amounts.
- ② Audit & Supervisory Board member compensation amounts are determined according to the capabilities and audit experience of individual members on a rational basis and referring to third-party data. These amounts are determined through deliberation among the Audit & Supervisory Board members, including the two external members.
- Policies for determining Audit & Supervisory Board member compensation are also decided through deliberation among the Audit & Supervisory Board members, including the two external members.
4. **Reasons the Board of Directors judged the details of individual director compensation for this fiscal year to be corresponding with the determination policy.**
- Regarding compensation for this fiscal year, the Board of Directors resolves matters related to compensation of directors based on the report of the Compensation Committee, a majority of whose members are external executives. The Board of Directors has judged this to correspond with the determination policy because details of compensation are in substance the same as the determination policy approved at the Board of Directors meeting held June 22, 2015.

Appropriate balance of fixed and performance-linked compensation (at time of standard evaluation)

Percentage of compensation	Fixed (Monetary) Approximately 59%	Short-term performance-linked compensation (Monetary) Approximately 32%	Medium- to long-term performance-linked compensation (Shares) Approximately 9%
	<Set compensation level based on responsibility>	<Performance evaluation based on achievement of single-year targets>	<Performance evaluation based on achievement of Middle-Range Planning targets>
Payment method	Paid as monthly fixed compensation	Paid as bonus after evaluating target achievement	Paid Company shares within three fiscal years corresponding to Middle-Range Planning
Performance evaluation period	—	1	Three years (FY2021-2023)
Evaluation indicator	—	<b>Company performance</b> · Achievement rate for consolidated net sales forecast in pertinent fiscal year · Achievement rate for consolidated operating income margin forecast in pertinent fiscal year · Rate of dividend growth <b>Individual performance</b> · Evaluation of contributions (Representative Director only evaluated based on Company performance)	<b>Company performance</b> · Achievement rate for consolidated net sales in final year of Middle-Range Planning · Achievement rate for consolidated operating income margin in final year of Middle-Range Planning · ROIC
Range of fluctuation of evaluation	—	50% above or below standard	33% above or below standard
Eligible persons	Directors Audit & Supervisory Board members Supervisory Executive Officers	Directors (excluding external directors) Supervisory Executive Officers	Directors (excluding external directors) Supervisory Executive Officers Executive Officers

Amount of Compensation, etc. for Directors and Audit & Supervisory Board Members for FY2020

Category	Total amount of Compensation (Millions of yen)	Total amount by type of Compensation (Millions of yen)			Eligible number of executives
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (External Directors)	235 (22)	175 (22)	54 (—)	4 (—)	9 (4)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	49 (15)	49 (15)	— (—)	— (—)	5 (2)
Total (External executives)	284 (37)	225 (37)	54 (—)	4 (—)	14 (6)

Regarding the above basic compensation for this fiscal year, the executive officers of the Company voluntarily submitted for a reduction in compensation (return of compensation) for the five months from November 2020 to March 2021 due to the harsh business environment. This reduction to officer compensation was approved as below by the Board of Directors after passing through the Compensation Committee. Furthermore, following discussions among Audit & Supervisory Board members, the Board also approved a reduction (return)

of 15% of monthly basic compensation for the same period for Audit & Supervisory Board members. The above basic compensation amount reflects this reduced amount. (Details of eligible persons and reduction amount (return))  
President Executive Officer:  
30% of monthly basic compensation  
Senior Managing Executive Officer/Managing Executive Officer:  
15% of monthly basic compensation  
Executive Officer: 10% of monthly basic compensation

Policy Related to Stockholdings

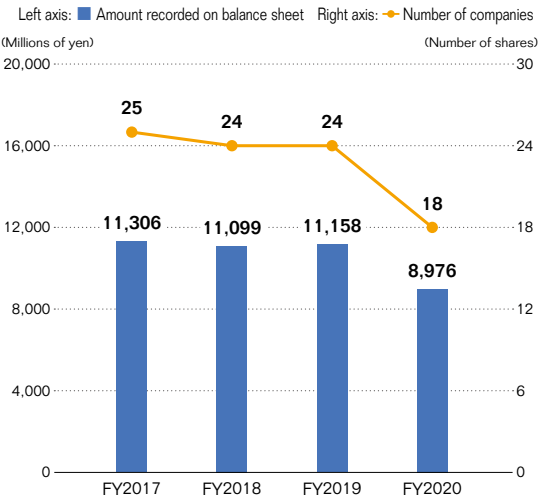
The Group maintains a basic policy of strategically holding shares of listed companies that it determines will contribute to the sustainable improvement of corporate value in the Group from a medium- to long-term perspective due to the synergies emerging from strengthening relationships through stockholding. Each year, the Board of Directors verifies whether the profit and risks that correspond to holding each individual company stock are aligned with capital costs and maintains a policy to comprehensively judge the logic of holdings. The Board of Directors will consider reducing holdings if it determines that a stockholding is not logical. Even if stockholding is logical, the Board of Directors will consider selling as needed after considering a myriad of factors, including free cash flows, investment plans, etc.

The policy states that stockholding will be less than 10% of net assets on the balance sheet as of March 31, 2022 and will be reduced by at least 30% by March 31, 2024 compared to March 31, 2021. Stockholding of shares is a matter for approval by the Board of Directors. The Group publishes the reason for holding major stockholdings in the securities report. The Group judges exercising voting rights for stockholdings based on whether a decision will contribute to the improvement of shareholder value for the Group and the alignment with the purpose of this investment. The Group strives for constructive dialogue with the company from the position of a shareholder and maintains a policy to appropriately and strictly exercise voting rights to improve mutual healthy corporate value and synergies.

Number of companies with stock held and amount on balance sheet

Category		FY2017	FY2018	FY2019	FY2020
Number of companies	Listed	25	24	24	18
	Not listed	6	6	7	6
	Total	31	30	31	24
Amount recorded on balance sheet (Millions of yen)	Listed	11,306	11,099	11,158	8,976
	Not listed	3	3	26	24
	Total	11,309	11,102	11,184	9,000

Trend of listed shares



Response to Risk of COVID-19

Responding to the spread of COVID-19, from March 2, 2020, Mandom began activities to prevent the spread of the virus as we prioritized the health and safety of customers, business partners, and employees. The Company took efforts, such as recommending work-from-home and staggered shifts, and constructing an online meeting structure.

Further, on April 3, the Company set up its Novel Coronavirus Response Headquarters and took more measures to prevent the spread of the virus from April 8 following the government declaring a state of emergency.

**During Government Declaration of State of Emergency**

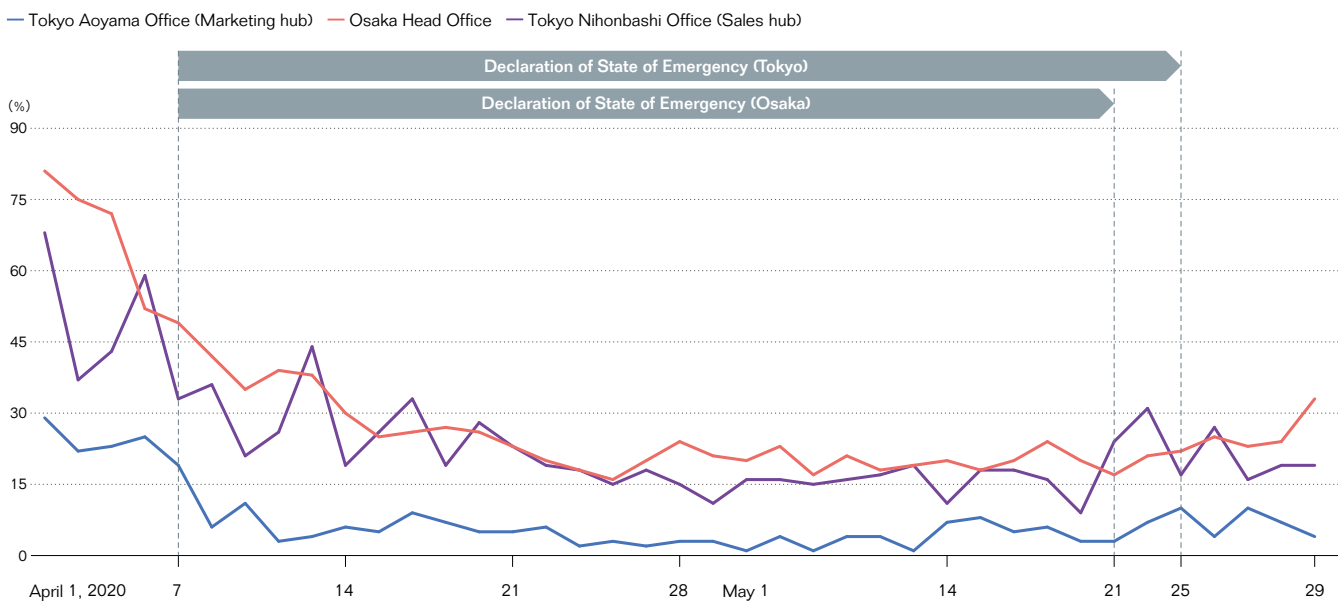
- In principle, implement work-from-home for all employees**
  - In principle, hold all internal and external company meetings by online meeting
  - Prohibit business trips in and outside of Japan
  - Prohibit holding or participating in events such as seminars (excluding online)
  - Recommend staggering shifts when work from the office is unavoidable for business continuity
  - Implement disinfection, mask-wearing, and social distance measures in each worksite
- Factory and distribution operate normally**
- Suspend phone inquiries for Customer Relations Division**
  - Suspend phone inquiries for the Customer Relations Division and only accept inquiries by email

**After Government Declaration of State of Emergency Is Lifted**

- Proactively use work-from-home and staggered shifts for all employees**
  - Adjust work system for each worksite as needed based on the status of each region
  - Manage the number of employees who come to the office in each division to maintain social distance
  - Formulate health and safety guidelines, such as maintaining two meters distance and ensuring regular disinfection of hands in the office
  - Constant mask-wearing when commuting and in workplace
  - Set rules to use meeting rooms
  - In principle, hold meetings and business talks remotely
  - Formulate a policy to improve internal communication under remote work
- Factory and distribution operate normally**
- Customer Relations Division operates normally**

Disclose COVID-19 cases on corporate site  
▶ Top Page > Status of COVID-19 cases (Japanese Only)

Rate of commuting to work at major sites during the COVID-19 pandemic (April/May 2020)



Progressing to Work Style Reforms for a New Normal

As COVID-19 spreads, the Company executed plans that prioritized employee safety to create an environment where employees could easily work without being constrained by place and time by proactively utilizing work-from-home and staggered shifts, eliminating core time from the flextime system, changing payment methods for commuting allowances (shifting from payment of regular passes to actual expenses),

and providing work-from-home allowances. Even in the office and production environments, we conducted various measures, such as restricting and managing the number of employees coming to work, as well as installing hand sterilization stations in employee entrances. We also, in principle, conducted meetings and business talks online and we developed a policy to improve internal communication during remote work.



Executives, Audit & Supervisory Board Members (As of July 1, 2021)



Motonobu Nishimura Representative Director and Chairman (Born on January 9, 1951)

1977 April Joined the Company  
1983 April General Manager, the East Japan Sales Division  
1984 June Director (current position)  
1987 June Managing Director  
1990 June Representative Director (current position); Senior Vice President  
1995 June President Director  
2000 May Audit & Supervisory Board Member, PT. Mandom Indonesia Tbk  
2004 June President Executive Officer  
2008 April In charge of the Internal Control Promotion Division (now the Internal Audit Division) (until June 2015)  
2019 April In charge of the Internal Audit Division  
2021 April Chairman (current position)



Ken Nishimura President Executive Officer & Director (Born on May 12, 1982)

2008 April Joined the Company  
2011 January Assistant Manager, Mandom Corporation (Singapore) Pte. Ltd.  
2013 April Human Resources Division  
2015 July The Human Resources Division stationed at Europe IESE Business School (Spain)  
2017 May Graduated from IESE Business School (MBA)  
2017 July Executive Officer; General Manager, the Corporate Strategy Division  
2018 April Managing Executive Officer; In charge of the Marketing Units  
2019 June Director (current position)  
2021 April Representative Director (current position) President Executive Officer (current position)  
2021 May Audit & Supervisory Board Member, PT. Mandom Indonesia Tbk (current position)



Yasuaki Kameda Senior Vice President Executive Officer & Director (Born on November 1, 1961)

Supervising of Japan Business Management, in charge of the Corporate Planning & Financial Units and the Human Resources & General Resources Units, the Investor Relations Division, and the Secretarial Office

1984 April Joined the Company  
2008 April General Manager, the Product Development Department Section 1 (now the Brand Marketing Division 1)  
2009 April Executive Officer  
2012 April 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  
2014 April 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  
2015 April Managing Executive Officer; In charge of the Corporate Planning Units  
2017 April In charge of the Corporate Planning & Financial Units and the Human Resources & the General Resources Units (current position)  
2017 June Director (current position)  
2018 April Senior Managing Executive Officer  
2021 April Senior Vice President Executive Officer (current position); Supervising of Japan Business Management (current position)



Shinichiro Koshiba Senior Managing Executive Officer & Director (Born on December 24, 1963)

Supervising of International Business Management, in charge of the International Business Operation Units, the International Business Division 2, the International Business Division 3

1987 April Joined the Company  
1993 July Senior Managing Director, Sunwa Marketing Co., Ltd.  
1997 May General Manager, Zhongshan City Rida Fine Chemical Co., Ltd. (now, Zhongshan City Rida Cosmetics Co., Ltd.)  
2002 April General Manager, the Sales Planning Division  
2008 June Executive Officer  
2013 April Managing Executive Officer; In charge of the Marketing Units  
2016 June Director (current position)  
2018 April 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)  
2021 April Supervising of International Business Management (current position)

Executive Officers

Managing Executive Officer	Koichi Watanabe	Supervising Production Units In charge of the Purchasing Division and the Production Strategy Division; General Manager, 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 Skin Science Development Institute, Technology Strategy Division, Quality Assurance Division and Customer Support Division

Managing Executive Officer	Kenji Uchiyama	Supervising Domestic Sales In charge of the Sales Planning Division, the Chain Store Sales Division 1, the Chain Store Sales Division 2 and the Chain Store Sales Division 3
Managing Executive Officer	Yasumasa Yoshida	Supervising the Marketing Units In charge of the International Marketing Division, the EC Marketing Division, the Group Marketing Strategy Division, the Public Relations Division, Development Management & OEM Planning Office



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

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



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

1975 April Joined Toyota Motor Co., Ltd.  
1999 January Project General Manager, Material Engineering Division No. 2 (High Polymer Materials), Toyota Motor Corporation  
2001 January Project General Manager, Material Engineering Division No. 3 (Advanced Materials Technology Research), Toyota Motor Corporation  
2003 January Project General Manager, Material Engineering Division No. 1 (Metal/Inorganic Materials), Toyota Motor Corporation  
2007 June Managing Officer, (Material Technology Field, Intellectual Property Division Environmental Affairs Div. and Future Project Div.), Toyota Motor Corporation  
2013 April Advisor, Primearth EV Energy Co., Ltd.  
2013 June Representative Director and Vice President, Primearth EV Energy Co., Ltd.  
2014 June Representative Director and President, Primearth EV Energy Co., Ltd.  
2020 June External Director of the Company (current position)



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

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



Audit & Supervisory Board Member  
Takehiko Ikehata



Audit & Supervisory Board Member  
Takeshi Hibi



External Audit & Supervisory Board Member  
Masahiro Nishio



External Audit & Supervisory Board Member  
Mikiharu Mori

Executive Officer	Tatsuya Arichi	In charge of Internal Audit Division; General Manager, Internal Audit Division
Executive Officer	Masanori Sawada	In charge of the IT Innovation Promotion Division and the Finance Division; General Manager, the Finance Division
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
Executive Officer	Tetsuya Takahashi	In charge of the Human Resources Division, the General Administration Division and the Legal Affairs Office; General Manager, the Human Resources Division

Executive Officer	Hidenori Yamada	In charge of the International Business Strategy Division, the International Business Division 1; General Manager, the International Business Strategy Division
Executive Officer	Mitsushi Hiratani	In charge of the East Japan Sales Division, the West Japan Sales Division and the Distribution Channel Development Division; General Manager, the East Japan Sales Division
Executive Officer	Gosuke Omori	In charge of the Brand Marketing Division 1, the Brand Marketing Division 2, the Brand Marketing Division 3; General Manager, the Brand Marketing Division 1
Executive Officer	Teiji Izawa	In charge of Technical Development Institute, Product Evaluation Institute and Fundamental Research Institute; General Manager, Technical Development Institute



# 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, 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  
mandam corp.  
Helpline Desk, Code of Conduct Promotion Committee

• Special telephone: +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, the Japanese economy rapidly deteriorated as a result of the stagnation of social and economic activities and the rapid decrease of consumption due to the impact of the global spread of the novel coronavirus disease (COVID-19). The economies throughout Asia - our main sphere of international operations - were in an extremely difficult situation as a result of COVID-19 spreading throughout the world. Given these economic conditions, the Mandom Group thoroughly promoted measures to emphasize financial safety and reform working styles, and pursued initiatives for revising the group-wide marketing functions to increase brand values, strengthening the overseas foundation, focusing on Indonesia, and improving productivity and

enhancing corporate value through business process transformation, which were its management policies for the fiscal year ended March 31, 2021.

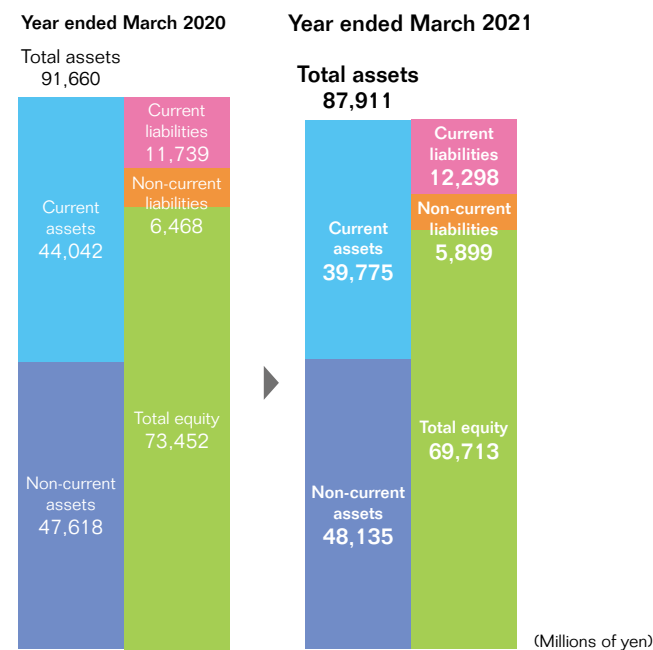
As a result, our financial position and operating results for the fiscal year under review are as follows. In regard to operating results for the fiscal year under review, net sales totaled ¥63,310 million (down 22.6% year on year), operating loss totaled ¥793 million (operating income of ¥5,970 million in the previous fiscal year), ordinary loss totaled ¥273 million (ordinary income of ¥6,706 million in the previous fiscal year), and net income attributable to owners of the parent totaled ¥860 million (down 80.7% year on year).

	Year ended March 2020 (Millions of yen)	Year ended March 2021 (Millions of yen)	Change (Millions of yen)	YoY (%)
Net sales	81,774	63,310	(18,464)	-22.6%
Cost of sales	39,493	33,882	(5,611)	-14.2%
Selling, general and administrative expenses	36,310	30,221	(6,088)	-16.8%
Operating income or operating loss	5,970	(793)	(6,764)	—
Non-operating profit (expenses)	736	520	(216)	-29.3%
Ordinary income or ordinary loss	6,706	(273)	(6,980)	—
Extraordinary profit (losses)	92	1,494	1,401	+1,511.7%
Income before income taxes	6,799	1,221	(5,578)	-82.0%
Income taxes	1,854	496	(1,357)	-73.2%
Net income attributable to noncontrolling interests or net loss attributable to noncontrolling interests	499	(136)	(635)	—
Net income attributable to owners of the parent	4,445	860	(3,585)	-80.7%

## Analysis of Financial Position and Cash Flows

### 1. Assets, Liabilities and Total Equity

Current assets were ¥39,775 million as of March 31, 2021 (compared to ¥44,042 million from a year earlier). This was mainly due to a decrease of ¥2,822 million in notes and accounts receivable – trade. Non-current assets were ¥48,135 million as of March 31, 2021 (compared to ¥47,618 million from a year earlier). This was mainly due to an increase of ¥2,751 million in property, plant and equipment due to capital investment, and a decrease of ¥1,280 million in investments and other assets due to the sale of investment securities. Current liabilities were ¥12,298 million as of March 31, 2021 (compared to ¥11,739 million from a year earlier). This was mainly due to an increase of ¥3,651 million in short-term bank loans and a decrease of ¥2,002 million in accounts payable. Non-current liabilities were ¥5,899 million as of March 31, 2021 (compared to ¥6,468 million from a year earlier). This was mainly due to a decrease of ¥408 million in deferred tax liabilities. Total equity was ¥69,713 million as of March 31, 2021, down ¥3,739 million from ¥73,452 million a year earlier. This was mainly due to a decrease of ¥1,391 million in foreign currency translation adjustments, and a decrease of ¥1,249 million in retained earnings due to the payment of dividends. As a result, shareholders' equity ratio was 73.1% as of March 31, 2021 (compared to 73.2% from a year earlier).



### 2. Status of Cash Flows

Cash and cash equivalents as of March 31, 2021, came to ¥13,040 million, up ¥1,383 million from the end of the previous fiscal year. Factors influencing cash flows during the term are as follows.

#### ► Cash Flows from Operating Activities

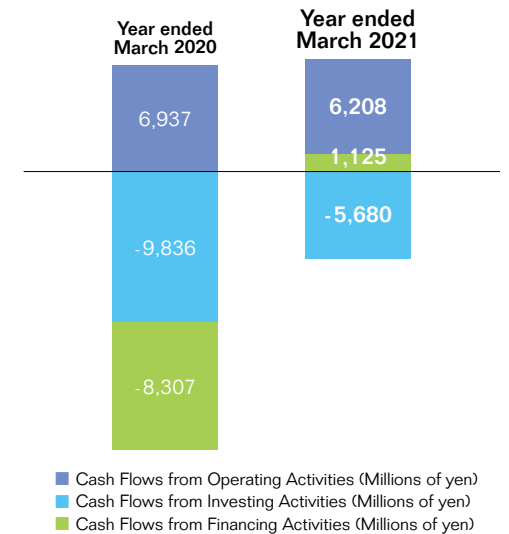
Net cash provided by operating activities was ¥6,208 million (compared to ¥6,937 million provided from a year earlier). This was mainly due to depreciation and amortization of ¥4,818 million, a ¥2,494 million decrease in receivables, a ¥1,128 million decrease in accounts payable - other and a decrease resulting from ¥1,080 million in income taxes paid.

#### ► Cash Flows from Investing Activities

Net cash used in investing activities was ¥5,680 million (compared to ¥9,836 million used from a year earlier). This was mainly due to a decrease resulting from outlays for the acquisition of property, plant, and equipment of ¥8,219 million and an increase in proceeds from sales and redemptions of investment securities of ¥2,344 million.

#### ► Cash Flows from Financing Activities

Net cash provided by financing activities was ¥1,125 million (compared to ¥8,307 million used from a year earlier). This was mainly an increase resulting from short-term bank loans of ¥3,650 million and a decrease resulting from dividend payments of ¥2,109 million.



## 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 prioritizes the use of internal reserves in principle, with any shortfalls covered by loans from financial institutions. 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. In this uncertain situation caused by the spread of COVID-19 and other factors, we have set commitment lines with financial institutions, and built a system that can constantly secure funds of over three months' worth of monthly sales in order to prepare for unforeseen funding.

### 2. Overview of capital investments

#### 1) Facilities

The Group maintains a basic policy of making capital investments in facilities to manufacture products that sustain a competitive advantage. Total capital investments were ¥7,980 million as of March 31, 2021, down ¥1,213 million (13.2%) from a year earlier. Breakdown by segment is listed on the right.

Segment name	Fiscal 2020 (Millions of yen)	YoY (%)
Japan	7,446	-4.7
Indonesia	255	-69.9
Other Overseas	277	-47.5
<b>Total</b>	<b>7,980</b>	<b>-13.2</b>

#### 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, 2021 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, Kanzaki-gun, Hyogo)	Japan	Production facilities	14,920	13,095	Own capital	July 2019	August 2021	60% increase

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

### 3. Dividend policy

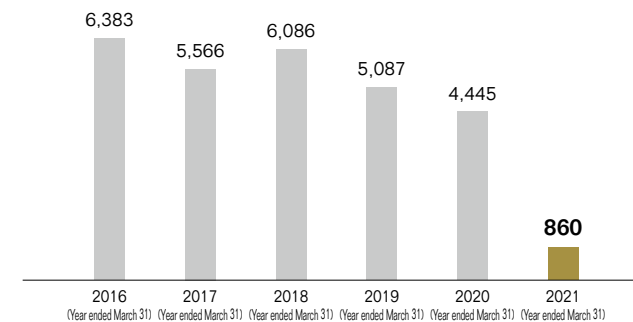
Returning profit to shareholders through dividends is a core management policy, subject to internal reserve requirements for medium- to long-term operational development and new business development, and for addressing corporate risks. Under this strong commitment to dividend policy, the Group will endeavor to continuously deliver shareholder return through dividend payouts, while aiming for consecutive dividend increases. The numerical target for the year ended March 31, 2021 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.

The Company paid out a dividend of ¥32 per share. As a result, the dividend payout ratio amounted to 166.9% on a consolidated basis. 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.

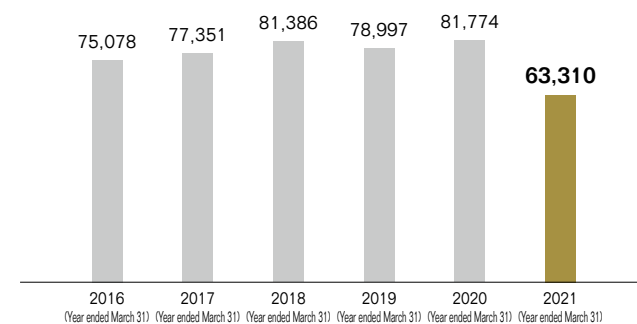
# Financial and Non-financial Highlights

## Financial Highlights

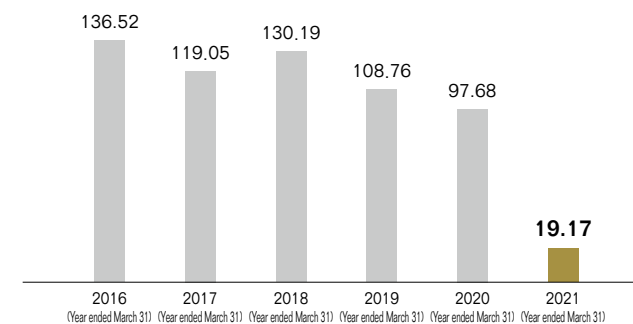
### ► Net income attributable to owners of the parent (Millions of yen)



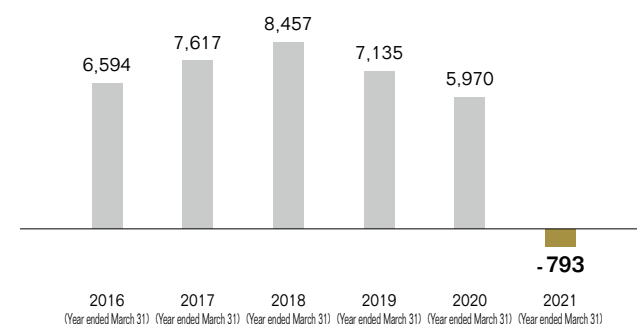
### ► Consolidated net sales\*1 (Millions of yen)



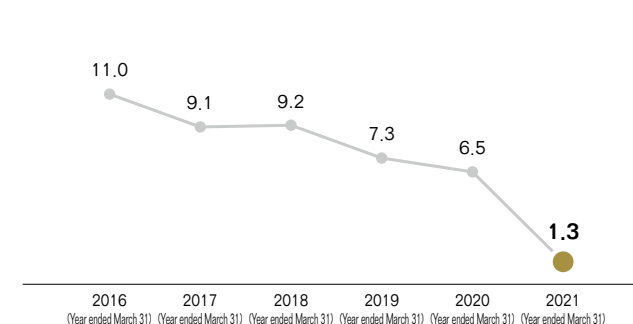
### ► Earnings per share [EPS]\*2 (Yen)



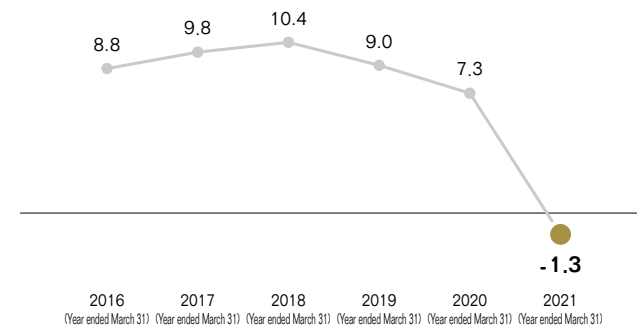
### ► Consolidated operating income (Millions of yen)



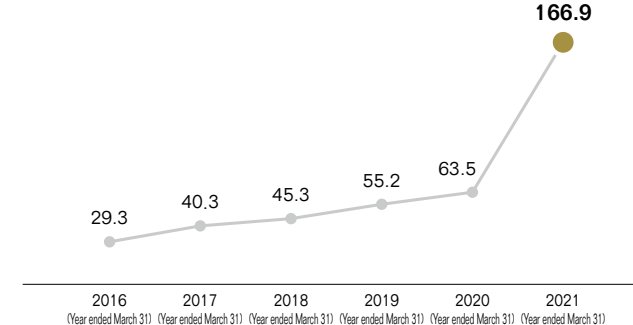
### ► Return on equity [ROE] (%)



### ► Operating income margin (%)



### ► Payout ratio (%)



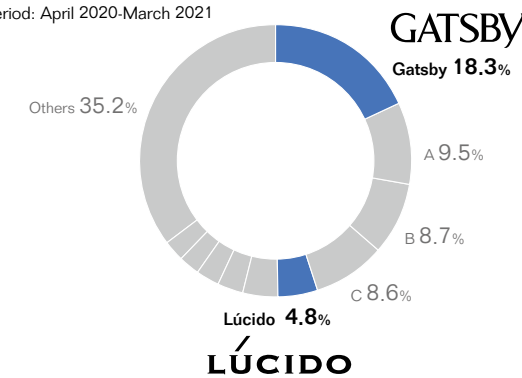
\*1 Beginning from the fiscal year ended March 31, 2019, some items that had been treated as expenses have been deducted from net sales at overseas consolidated subsidiaries included in financial statements conforming to IFRS.

\*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

### ► Domestic brand share of men's cosmetic product market

Market data by Mandom calculations (monetary value)  
Period: April 2020-March 2021

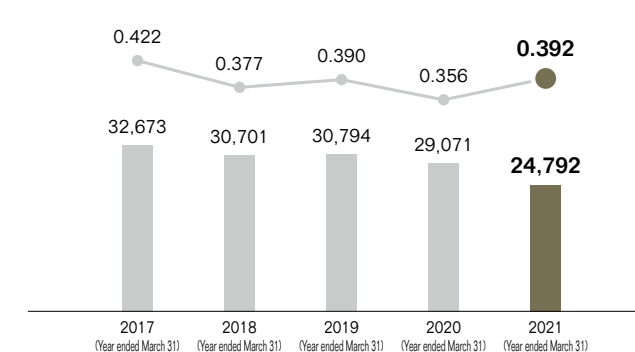


### ► Initiatives for eco-friendliness in products sold in Japan (Percentage of products that clear our standards\*3) (as of March 31, 2021)

37.3%

### ► CO<sub>2</sub> emissions (Scope 1 + 2)

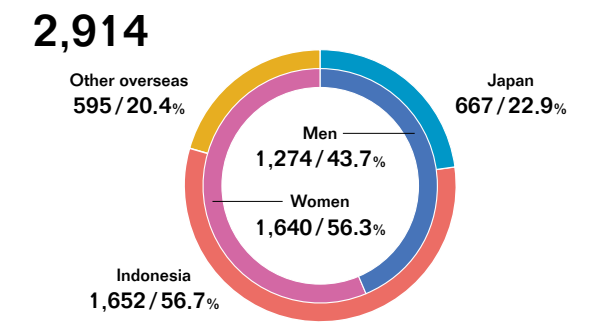
■ CO<sub>2</sub> emissions (t-CO<sub>2</sub>) ● Per unit of sales (t-CO<sub>2</sub>/millions of yen)



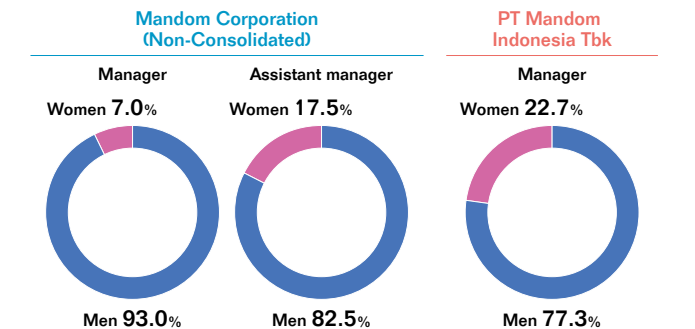
\*3 Our standards: eco-friendly product standards (<https://www.mandom.co.jp/en/csr/environment.html>)

\*4 Officers (directors, Audit & Supervisory Board members, executive officers and operating officers) are not included in manager positions.

### ► Number of employees in consolidated companies (year ended March 2021)

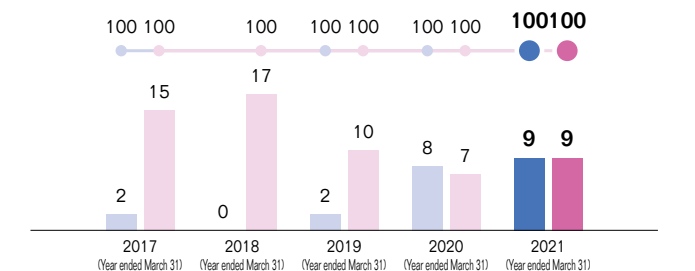


### ► Percentage of males and females in management\*4 or assistant management positions (year ended March 2021)



### ► Number of employees who have taken childcare leave and return rate\*5 \*6

Number of employees who have taken childcare leave ■ Men ■ Women  
Return rate (%) ● Men ● Women



\*5 Return rate: number of employees who have returned after childcare leave ÷ the number of employees planning to return from childcare leave × 100

\*6 Performance of Mandom Corporation (Non-consolidated)

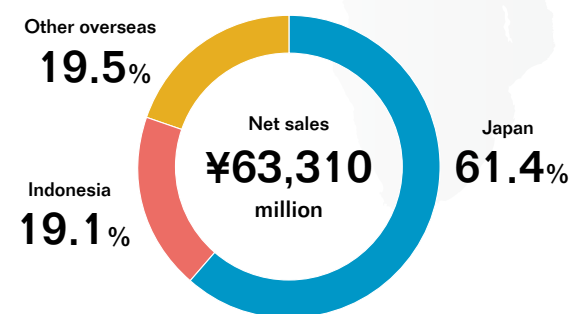


# Mandom Group Business Areas

The Mandom Group is developing its global operations, particularly in Asia. The Group segments its operations into three regions: Japan, Indonesia and Other Overseas.

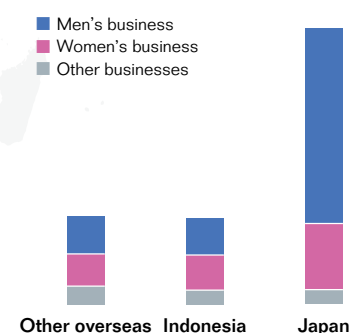
We create and invigorate markets by responding meticulously to conditions in each area and to such characteristics as consumer preferences, lifestyles and purchasing power.

## ► Composition of consolidated sales by region



\* All figures are for fiscal 2021 (Year ended March 31)

## ► Composition of net sales by region and business



## ► Composition of consolidated operating income by region

(Not presented due to operating loss)

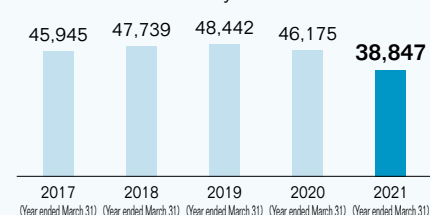
## ► Japan

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

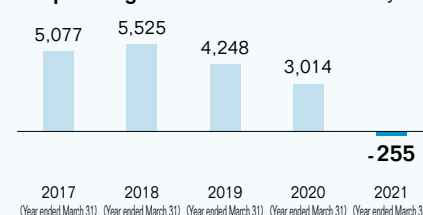
Net sales, year on year **-15.9%**

Average growth rate, past five years **—**

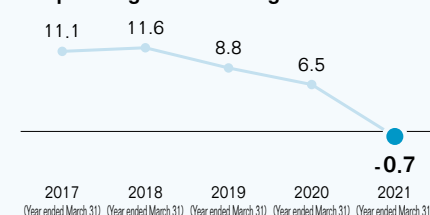
### ► Net sales (Millions of yen)



### ► Operating income or loss (Millions of yen)



### ► Operating income margin (%)



### <Men's cosmetics>

Our mainstay brand "Gatsby" saw a significant decrease in sales of hair styling products due to the impact of the decrease in opportunities to go out due to the spread of COVID-19, and sluggish sales for body cleansing paper, deodorant sprays, etc., which are summer season products, due to the historically low number of daylight hours in July that continued from the previous year.

We started reconstruction of the Gatsby brand from FY2020, and carried out a renewal of facial and body cleansing paper in February 2021. By strengthening basic functions and using plastic-free non-woven fabric, these have become the first release of products in the men's cosmetics brand, which have the new value of being environmentally conscious.

In the middle-aged men's brand "Lúcido," a full-scale cream to deal with wrinkles was released in August 2020, and skincare grew favorably.

### <Women's cosmetics>

Similar to "Gatsby," sales of the cleansing and facial wash brand "Bifesta" declined due to being significantly affected by the decrease in opportunities for going out. By redefining the brand value from February 2021, we will aim to acquire new customers by proposing new cleansing behaviors for lifestyles are changing due to the spread of COVID-19.

For the hair care brand "Lúcido-L," non-bath hair treatments containing argan oil continued to grow, and the brand overall grew in comparison with the previous fiscal year.



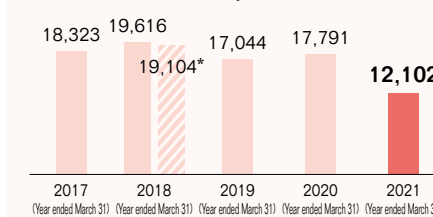
## ► Indonesia

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

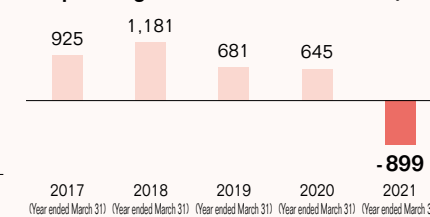
Net sales, year on year **-32.0%**

Average growth rate, past five years **—**

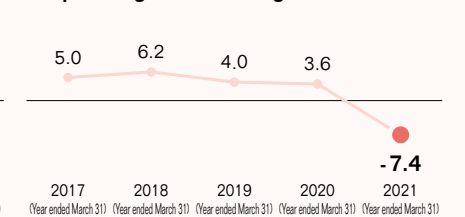
### ► Net sales (Millions of yen)



### ► Operating income or loss (Millions of yen)



### ► Operating income margin (%)



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

### <Men's cosmetics>

Similar to Japan, styling products in our mainstay brand "Gatsby" saw a significant decrease due to the impact of the decrease in opportunities to go out due to the spread of COVID-19. Amid this, we launched new "spray pomade" and "texturizing clay" products, aiming to recover sales after the end of the COVID-19 crisis.

### <Women's cosmetics>

Amid the makeup brand "Pixy" seeing significant decreases in a similar manner to men's styling products due to the impact of COVID-19, we launched the liquid foundation "Stay Last Serum Foundation," which is the next trend after cushion foundation in Indonesia, in July 2020, and are aiming to attract new customers in the market after the end of the COVID-19 crisis.

Furthermore, we worked to expand our usefulness in new areas by launching hand care products with disinfectant properties through "Pixy" to respond to customers' increasing awareness toward hygiene.



New products in 2020  
"Gatsby Texturizing Clay"



New products in 2020  
"PIXY UWW STAY LAST SERUM FOUNDATION"

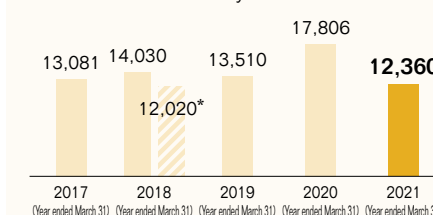
## ► Other overseas

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

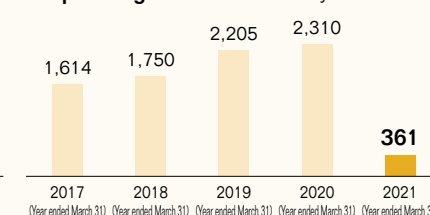
Net sales, year on year **-30.6%**

Average growth rate, past five years **—**

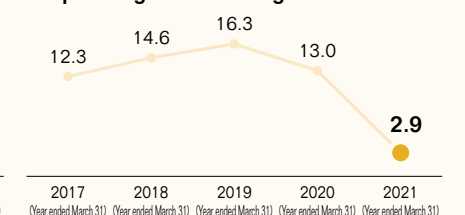
### ► Net sales (Millions of yen)



### ► Operating income (Millions of yen)



### ► Operating income margin (%)



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

### <China>

Annual sales decreased from the previous fiscal year as sales products focused on Gatsby's styling products for men and Bifesta's cleansing products for women. Amid this, sales via e-commerce channels again exceeded those of the previous fiscal year.

Sales of the best-selling product "Bifesta Eye Makeup Remover" grew steadily at the "Bifesta" flagship store on "Tmall" and the e-commerce sites of the drugstores that are our business partners as sales on Singles' Day have expanded yearly. The ratio of e-commerce sales in net sales exceeds 15%, which is top class along with South Korea within the Group. We continued to implement further initiatives as leading initiatives for e-commerce channels, and played the role of sharing this know-how with other countries and promoting horizontal roll outs.

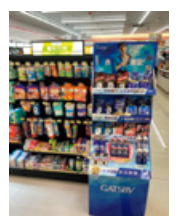
### <Taiwan>

"Gatsby paper products" saw double-digit growth in 2020 during the COVID-19 pandemic by introducing them into Japanese convenience stores, aiming to increase interaction with customers, and continuing to strengthen expansion.

Taiwan is a leading country that has implemented sampling in stores and at sporting events earlier than anywhere else, and we feel as though it has entered a period of market growth. By implementing initiatives in other countries as well, we see that there is a large chance for new market expansion as there is a considerably high level of potential in the market for paper products in the various countries of Southeast Asia with hot and humid climates. Furthermore, it is believed that there will be significant opportunities with Japanese retailers proactively expanding into various Asian countries.



"Gatsby" TikTok advertisement



Roll out of dedicated display



# 11-Year Consolidated Financial and Non-financial Highlights

	2011 March 2011	2012 March 2012	2013 March 2013	2014 March 2014	2015 March 2015	2016 March 2016	2017 March 2017	2018 March 2018	2019 March 2019	2020 March 2020	2021 March 2021
<strong>Operating Results</strong> (Millions of yen)											
Net sales	57,262	59,801	60,427	68,215	70,925	75,078	77,351	81,386	78,997	81,774	63,310
Overseas ratio (%)	34.5	34.9	36.8	40.0	41.3	41.3	40.6	41.3	38.7	43.5	38.6
Operating income or operating loss	5,747	6,050	5,947	6,853	6,996	6,594	7,617	8,457	7,135	5,970	(793)
Overseas ratio (%)	36.6	37.1	34.1	34.6	35.9	28.7	33.3	34.7	40.5	49.5	—
Ordinary income or ordinary loss	6,006	6,308	6,241	7,330	7,595	7,415	8,183	9,264	8,161	6,706	(273)
Net income attributable to owners of the parent	2,672	3,299	3,607	4,091	4,425	6,383	5,566	6,086	5,087	4,445	860
Capital investment	1,696	2,157	1,467	7,632	3,443	3,725	3,309	2,855	3,559	9,193	7,980
Depreciation and amortization	2,394	2,242	2,165	2,143	2,599	2,919	3,165	3,315	3,583	4,369	4,818
Research and development	1,850	1,921	1,792	1,960	1,731	1,558	1,717	1,813	1,826	1,855	1,480
<strong>Financial Position</strong> (Millions of yen)											
Total assets	53,328	55,600	60,163	67,858	75,980	79,821	83,835	93,195	93,402	91,660	87,911
Liabilities	8,036	8,517	9,126	12,679	15,000	13,965	14,245	17,445	17,592	18,208	18,198
Total equity	45,291	47,082	51,037	55,179	60,980	65,856	69,590	75,749	75,810	73,452	69,713
<strong>Cash Flows</strong> (Millions of yen)											
Cash flows from operating activities	4,063	3,692	7,605	7,303	5,488	7,232	9,045	10,246	6,587	6,937	6,208
Cash flows from investing activities	(1,408)	(2,694)	(5,387)	(5,596)	(5,141)	(2,383)	(5,920)	(6,776)	6,921	(9,836)	(5,680)
Free cash flows	2,655	998	2,218	1,706	346	4,849	3,124	3,469	13,509	(2,899)	528
Cash flows from financing activities	(1,661)	(1,668)	(1,646)	(1,833)	(341)	(3,534)	(2,215)	(2,669)	(4,020)	(8,307)	1,125
<strong>Per Share Data</strong> (Yen)											
Book value per share (BPS)	892.78	930.50	1,005.54	1,091.54	1,197.11	1,277.01	1,352.88	1,484.67	1,496.20	1,495.40	1,431.42
Earnings per share (EPS)	57.15	70.56	77.15	87.51	94.64	136.52	119.05	130.19	108.76	97.68	19.17
Cash dividends per share	30.00	30.00	31.00	35.00	38.00	40.00	48.00	59.00	60.00	62.00	32.00
<strong>Financial Index</strong> (%)											
Operating income margin	10.0	10.1	9.8	10.0	9.9	8.8	9.8	10.4	9.0	7.3	(1.3)
Shareholders' equity ratio	78.3	78.3	78.2	75.2	73.7	74.8	75.4	74.5	74.9	73.2	73.1
Return on equity (ROE)	6.4	7.7	8.0	8.3	8.3	11.0	9.1	9.2	7.3	6.5	1.3
Return on assets (ROA)	11.2	11.6	10.8	11.5	10.6	9.5	10.0	10.5	8.8	7.2	(0.3)
Payout ratio	52.5	42.5	40.2	40.0	40.2	29.3	40.3	45.3	55.2	63.5	166.9
<strong>Non-financial Data</strong>											
Number of Employees By region	2,232	2,256	2,221	2,316	2,400	2,663	2,662	2,694	2,914	2,954	2,914
Japan	601	590	565	566	557	562	581	595	605	629	667
Indonesia	1,221	1,236	1,222	1,353	1,421	1,689	1,670	1,671	1,693	1,701	1,652
Other Overseas	410	430	434	397	422	412	411	428	616	624	595
Domestic brand share of men's cosmetic product market* (%)	Due to a change in the calculation method in April 2021, data that can be calculated under the same conditions will be available from the 101st fiscal year (ended March 31, 2018) onward.							27.9	27.6	26.8	24.5
Domestic brand share of men's cosmetic product market* (ranking)	No. 1	No. 1	No. 1	No. 1	No. 1	No. 1	No. 1	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 consideration the 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 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 quarter of

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

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



# Consolidated Financial Statements

English financial statements (including notes) and independent auditor's reports posted at "Mandom Report 2020".  
However, the consolidated financial statements stated in the securities report recorded English translations from 2021.

## Consolidated Balance Sheet

MANDOM CORPORATION and Its Consolidated Subsidiaries  
As of March 31, 2021

	Millions of Yen	
	2021	2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 16,143	¥ 15,679
Notes and accounts receivable - trade	9,081	11,904
Merchandise and finished goods	8,931	11,359
Work in process	352	448
Raw materials and supplies	3,047	3,383
Other	2,230	1,279
Allowance for doubtful accounts	(11)	(11)
<b>Total current assets</b>	<b>39,775</b>	<b>44,042</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	30,519	23,896
Accumulated depreciation	(14,477)	(14,205)
Buildings and structures, net	16,041	9,691
Machinery, equipment and vehicles	26,294	21,314
Accumulated depreciation	(17,046)	(15,637)
Machinery, equipment and vehicles, net	9,248	5,677
Tools, furniture and fixtures	7,397	7,391
Accumulated depreciation	(6,414)	(6,234)
Tools, furniture and fixtures, net	983	1,156
Land	1,143	1,195
Leased assets	4	17
Accumulated depreciation	(0)	(16)
Leased assets, net	3	1
Right of use assets	682	545
Accumulated depreciation	(312)	(216)
Right of use assets, net	369	328
Construction in progress	598	7,584
Total property, plant and equipment	<b>28,387</b>	<b>25,635</b>
<b>Intangible assets</b>		
Goodwill	2,835	3,173
Trademark right	866	969
Customer relation assets	1,352	1,514
Software	2,132	2,248
Other	530	764
Total intangible assets	<b>7,716</b>	<b>8,670</b>
<b>Investments and other assets</b>		
Investment securities	10,735	12,147
Retirement benefit asset	252	—
Deferred tax assets	462	514
Other	589	661
Allowance for doubtful accounts	(8)	(11)
Total investments and other assets	<b>12,031</b>	<b>13,311</b>
<b>Total non-current assets</b>	<b>48,135</b>	<b>47,618</b>
<b>Total assets</b>	<b>¥ 87,911</b>	<b>¥ 91,660</b>

	Millions of Yen	
	2021	2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	¥ 1,374	¥ 2,476
Short-term borrowings	3,694	43
Accounts payable - other	3,608	5,610
Income taxes payable	290	555
Provision for bonuses	841	886
Provision for Directors' compensations based on profit	54	74
Provision for sales returns	481	177
Other	1,954	1,915
<b>Total current liabilities</b>	<b>12,298</b>	<b>11,739</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,157	2,565
Retirement benefit liability	2,456	2,569
Other	1,285	1,334
<b>Total non-current liabilities</b>	<b>5,899</b>	<b>6,468</b>
<b>Total liabilities</b>	<b>18,198</b>	<b>18,208</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,394	11,394
Capital surplus	11,013	11,013
Retained earnings	50,662	51,911
Treasury shares	(6,826)	(6,826)
<b>Total shareholders' equity</b>	<b>66,245</b>	<b>67,494</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	4,825	5,379
Foreign currency translation adjustment	(6,933)	(5,542)
Remeasurements of defined benefit plans	85	(213)
<b>Total accumulated other comprehensive income</b>	<b>(2,023)</b>	<b>(377)</b>
<b>Non-controlling interests</b>	<b>5,491</b>	<b>6,335</b>
<b>Total net assets</b>	<b>69,713</b>	<b>73,452</b>
<b>Total liabilities and net assets</b>	<b>¥ 87,911</b>	<b>¥ 91,660</b>

## Consolidated Financial Statements

### Consolidated Statement of Income

MANDOM CORPORATION and Its Consolidated Subsidiaries  
For the Year Ended March 31, 2021

	Millions of Yen	
	2021	2020
Net sales	¥ 63,310	¥ 81,774
Cost of sales	33,882	39,493
Gross profit	29,427	42,280
<b>Selling, general and administrative expenses</b>		
Promotion expenses	4,836	6,471
Sales incentive	1,366	1,567
Advertising expenses	3,416	4,725
Transportation and storage costs	3,060	3,375
Remuneration, salaries and allowances	7,473	8,002
Provision for bonuses	648	696
Retirement benefit expenses	391	381
Depreciation	1,409	1,540
Amortization of goodwill	216	225
Research and development expenses	1,480	1,855
Other	5,922	7,469
<b>Total selling, general and administrative expenses</b>	<b>30,221</b>	<b>36,310</b>
<b>Operating profit (loss)</b>	<b>(793)</b>	<b>5,970</b>
<b>Non-operating income</b>		
Interest income	199	243
Dividend income	131	142
Share of profit of entities accounted for using equity method	95	273
Other	212	194
<b>Total non-operating income</b>	<b>638</b>	<b>853</b>
<b>Non-operating expenses</b>		
Interest expenses	23	26
Commitment fees	15	—
Sales discounts	11	15
Commission for purchase of treasury shares	0	30
Compensation expenses	34	19
Foreign exchange losses	13	0
Other	20	27
<b>Total non-operating expenses</b>	<b>118</b>	<b>117</b>
<b>Ordinary profit (loss)</b>	<b>(273)</b>	<b>6,706</b>
<b>Extraordinary income</b>		
Gain on sale of non-current assets	1	16
Gain on sale of investment securities	1,791	95
<b>Total extraordinary income</b>	<b>1,793</b>	<b>112</b>
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	4	1
Loss on retirement of non-current assets	291	17
Impairment losses	2	—
Loss on sale of investment securities	1	—
<b>Total extraordinary losses</b>	<b>299</b>	<b>19</b>
<b>Profit before income taxes</b>	<b>1,221</b>	<b>6,799</b>
<b>Income taxes - current</b>	<b>777</b>	<b>1,719</b>
<b>Income taxes - deferred</b>	<b>(280)</b>	<b>134</b>
<b>Total income taxes</b>	<b>496</b>	<b>1,854</b>
<b>Profit</b>	<b>724</b>	<b>4,945</b>
<b>Profit (loss) attributable to non-controlling interests</b>	<b>(136)</b>	<b>499</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 860</b>	<b>¥ 4,445</b>

### Consolidated Statement of Comprehensive Income

MANDOM CORPORATION and Its Consolidated Subsidiaries  
For the Year Ended March 31, 2021

	Millions of Yen	
	2021	2020
<b>Profit</b>	<b>¥ 724</b>	<b>¥ 4,945</b>
<b>Other comprehensive income (loss)</b>		
Valuation difference on available-for-sale securities	(553)	(28)
Foreign currency translation adjustment	(1,796)	529
Remeasurements of defined benefit plans, net of tax	277	(100)
Share of other comprehensive income of entities accounted for using equity method	(44)	(3)
<b>Total other comprehensive income (loss)</b>	<b>¥ (2,117)</b>	<b>¥ 396</b>
<b>Comprehensive income (loss)</b>	<b>¥ (1,393)</b>	<b>¥ 5,342</b>
<b>Comprehensive income (loss) attributable to</b>		
Comprehensive income attributable to owners of parent	¥ (785)	¥ 4,688
Comprehensive income attributable to non-controlling interests	(608)	653



Consolidated Statement of Changes in Equity

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

Millions of Yen											
	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,394	11,016	50,037	(1,828)	70,620	5,407	(5,878)	(148)	(620)	5,809	75,810
Cumulative effects of changes in accounting policies			230		230		(44)		(44)	119	305
Restated balance	11,394	11,016	50,267	(1,828)	70,850	5,407	(5,923)	(148)	(664)	5,929	76,115
Changes during period											
Dividends of surplus			(2,801)		(2,801)						(2,801)
Profit attributable to owners of parent			4,445		4,445						4,445
Purchase of treasury shares				(5,000)	(5,000)						(5,000)
Disposal of treasury shares		1		2	4						4
Change in ownership interest of parent due to transactions with non-controlling interests		(4)	(0)		(4)						(4)
Net changes in items other than shareholders' equity						(28)	380	(65)	287	406	693
Total changes during period	—	(2)	1,644	(4,997)	(3,355)	(28)	380	(65)	287	406	(2,662)
Balance at end of period	11,394	11,013	51,911	(6,826)	67,494	5,379	(5,542)	(213)	(377)	6,335	73,452

For the Year Ended March 31, 2021

Millions of Yen											
	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,394	11,013	51,911	(6,826)	67,494	5,379	(5,542)	(213)	(377)	6,335	73,452
Changes during period											
Dividends of surplus			(2,109)		(2,109)						(2,109)
Profit attributable to owners of parent			860		860						860
Purchase of treasury shares				(0)	(0)						(0)
Disposal of treasury shares		(0)		0	0						0
Net changes in items other than shareholders' equity						(553)	(1,391)	299	(1,645)	(843)	(2,489)
Total changes during period	—	(0)	(1,249)	(0)	(1,249)	(553)	(1,391)	299	(1,645)	(843)	(3,739)
Balance at end of period	11,394	11,013	50,662	(6,826)	66,245	4,825	(6,933)	85	(2,023)	5,491	69,713

Consolidated Statement of Cash Flows

MANDOM CORPORATION and Its Consolidated Subsidiaries  
For the Year Ended March 31, 2021

Millions of Yen		
	2021	2020
Cash flows from operating activities		
Profit before income taxes	¥ 1,221	¥ 6,799
Depreciation	4,818	4,369
Amortization of goodwill	216	225
Impairment losses	2	—
Increase (decrease) in allowance for doubtful accounts	(4)	(8)
Increase (decrease) in provision for sales returns	303	(186)
Increase (decrease) in provision for bonuses	(45)	(71)
Increase (decrease) in retirement benefit liability	212	314
Interest and dividend income	(330)	(385)
Foreign exchange losses (gains)	(174)	154
Share of loss (profit) of entities accounted for using equity method	(95)	(273)
Loss on retirement of property, plant and equipment	291	17
Loss (gain) on sale of investment securities	(1,790)	(95)
Loss (gain) on sale of non-current assets	2	(14)
Decrease (increase) in trade receivables	2,494	(9)
Decrease (increase) in inventories	2,364	(1,492)
Increase (decrease) in trade payables	(1,045)	345
Increase (decrease) in accounts payable - other	(1,128)	(305)
Other, net	(458)	(409)
Subtotal	6,853	8,973
Interest and dividends received	459	392
Interest paid	(23)	(26)
Income taxes paid	(1,080)	(2,402)
Net cash provided by (used in) operating activities	6,208	6,937
Cash flows from investing activities		
Payments into time deposits	(3,346)	(4,386)
Proceeds from withdrawal of time deposits	4,259	3,800
Purchase of property, plant and equipment	(8,219)	(8,386)
Purchase of intangible assets	(660)	(1,082)
Purchase of investment securities	(8)	(31)
Proceeds from sale and redemption of investment securities	2,344	202
Other, net	(49)	46
Net cash provided by (used in) investing activities	(5,680)	(9,836)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,650	(63)
Purchase of treasury shares	(0)	(5,000)
Repayments of lease obligations	(178)	(170)
Dividends paid	(2,109)	(2,802)
Dividends paid to non-controlling interests	(235)	(246)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(24)
Other, net	0	—
Net cash provided by (used in) financing activities	1,125	(8,307)
Effect of exchange rate change on cash and cash equivalents	(270)	84
Net increase (decrease) in cash and cash equivalents	1,383	(11,122)
Cash and cash equivalents at beginning of period	11,657	22,779
Cash and cash equivalents at end of period	¥ 13,040	¥ 11,657

# Mandom Group Detailed History

▶ Overall Management  
▶ Research, Product Development and Marketing

## 1927 - 1969

- 1927.12 ▶ Established Kintsuru Perfume Corporation
- 1932.11 ▶ Shinpachiro Nishimura appointed president of Tancho 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 changed to Tancho Corporation
1961. 5 ▶ 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 of men's cosmetics** Held a product rollout, launching 10 products in 9 categories Became the first company in Japan to feature a Hollywood star (Charles Bronson) as a character
1971. 4 ▶ Company name 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 that two major lines were introduced simultaneously

## 1980 -

1980. 4 ▶ Switched from direct sales to distributors
- 8 ▶ Mr. Ikuro Nishimura appointed president
1982. 4 ▶ Commenced Mandom Corporation's 1st 5-year Middle-Range Planning (MP Project)
- 9 ▶ Commenced sale of **Pagliari** lineup through beauty salons throughout Japan
- 10 ▶ Launched **Pixy women's cosmetics** in Indonesia
1983. 4 ▶ Introduced new CI system Changed company logo
1984. 4 ▶ Adopted information card system
- 7 ▶ Launched **Pucelle My Lip**, the Company's first product geared to the women's cosmetics market
1985. 2 ▶ Entered 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, increasing capital through public offering
1989. 3 ▶ Received ECO Mark certification for foam products from the Japan Environment Association for the first time in the industry
- 9 ▶ Launched **Lúcido**, a lineup of fragrance-free men's cosmetics products, unprecedented in the industry
- ▶ Japan Doctor Renaud Cosmetics Company was changed 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 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 ▶ New Head Office building completed upon finishing second phase construction
1995. 6 ▶ Mr. Motonobu Nishimura appointed president of Mandom Corporation
- ▶ Established External Director
1996. 4 ▶ Commenced 5th 3-year Middle-Range Planning
- ▶ Established a company, which 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 ¥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 -

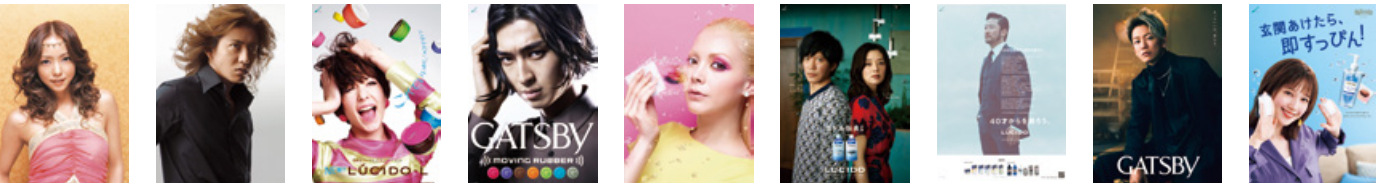
2000. 5 ▶ Mr. Ikuro Nishimura, Director and Corporate Advisor of Mandom Corporation, passed away on May 23
- 8 ▶ Mandom Corporation's share trading unit lowered from 1,000 shares to 100 shares
- 11 ▶ Fukusaki Factory and Logistics Center certified to ISO14001, the international standard for environmental 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 in Asia
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, 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. 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**
- ▶ Acquired 330,000 shares of treasury stock
- 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 (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 ▶ Executed absorption mergers of Beaucos 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. (consolidated subsidiary) in India
2013. 8 ▶ Released **Gatsby** brand Hair Jam as a new styling offering following on the heels of wax
2014. 2 ▶ Launched the **Lúcido Deodorant** series aimed at combating body odors that develop during middle age
- 3 ▶ Extended Fukusaki Factory's production building
- 4 ▶ Commenced 11th 3-year Middle-Range Planning
2015. 1 ▶ Established Mandom Vietnam Company Limited (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 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 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 1,903,500 shares of treasury stock

## 2020 -

2020. 9 ▶ Launched revolutionary disinfectant brand "MA-T Pure," and realized full-scale introduction into disinfectant market
2021. 3 ▶ Established "Skin ScienceJoint Research Program" at Kitasato University, School of Pharmacy
- 4 ▶ Mr. Ken Nishimura appointed as President Executive Officer & Director
- Mr. Motonobu Nishimura appointed as Representative Director & Chairman
- ▶ Commenced 13th Middle-Range Planning





# Mandom Group Companies

(As of March 31, 2021)

## Japan

Company Name	Location	Main Businesses	Main Products	Establishment	Accounting Method on Consolidated Financial Statements	Voting Rights
Mandom Corporation	Japan	Manufactures and sells products for mass distribution via distributors, primarily to drug stores and convenience stores	Cosmetics and skin care products	1927	—	—
Piacelabo 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 control 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	Establishment	Accounting Method on Consolidated Financial Statements	Voting Rights
PT Mandom Indonesia Tbk	Indonesia	Manufacture and sale of cosmetics and other products	Cosmetics, makeup and skin care products	1969	Consolidated	62.9%
Mandom Corporation (Singapore) Pte. Ltd.	Singapore	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1988	Consolidated	100.0%
Mandom Taiwan Corporation	Taiwan	Sale of cosmetics and other products	Cosmetics and skin care products	1989	Consolidated	100.0%
Sunwa Marketing Co., Ltd.	China (Hong Kong)	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1993	Equity-method affiliate	44.0%
Mandom Korea Corporation	South Korea	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1999	Consolidated	100.0%
Mandom (Malaysia) Sdn. Bhd.	Malaysia	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1997	Consolidated	99.3%
Mandom Philippines Corporation	Philippines	Sale of cosmetics and other products	Cosmetics and skin care products	1992	Consolidated	100.0%
Mandom Corporation (Thailand) Ltd.	Thailand	Sale of cosmetics and other products	Cosmetics, toiletries and skin care products	1990	Consolidated	100.0%
Mandom Vietnam Co., Ltd.	Vietnam	Sale of cosmetics and other products	Cosmetics and skin care products	2015	Consolidated	100.0%
Mandom China Corporation	China (Shanghai)	Sale of cosmetics and other products	Cosmetics and skin care products	2008	Consolidated	100.0%
Zhongshan City Rida Cosmetics Co., Ltd.	China (Zhongshan)	Manufacture and sale of cosmetics and other products	Cosmetics and skin care products	1996	Consolidated	66.7%
Mandom Corporation (India) Pvt. Ltd.	India	Sale of cosmetics and other products	Cosmetics 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, 2021)

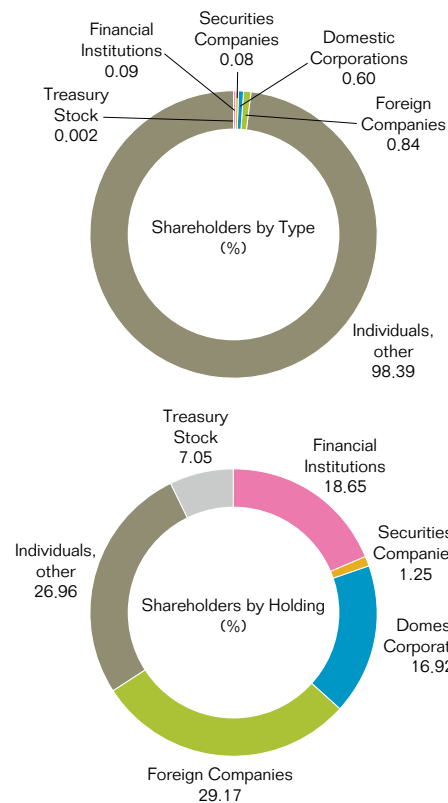
## Company Profile

Company Name:	Mandom Corporation	Businesses:	Manufacture and sale of cosmetics and perfumes, manufacture and sales of quasi-drugs
Head Office:	5-12, Juniken-cho, Chuo-ku, Osaka 540-8530, Japan	Fiscal Year-End:	March 31
Established:	December 23, 1927	General Meeting of Shareholders:	Ordinary general meeting of shareholders every June
Paid-in Capital:	11,394 million yen	Independent Auditor:	Deloitte Touche Tohmatsu LLC
Number of Employees:	2,914 (Consolidated) / 646 (Non-consolidated)		

## Stock and Shareholder Information

Number of Shares Authorized for Issue:	81,969,700
Shares of Common Stock Issued and Outstanding:	48,269,212
Number of Shareholders:	35,170
Stock Listing:	First Section, Tokyo Stock Exchange
Securities Code:	4917
Transfer Agent:	The Mitsui Sumitomo Trust and Banking Co., Ltd.

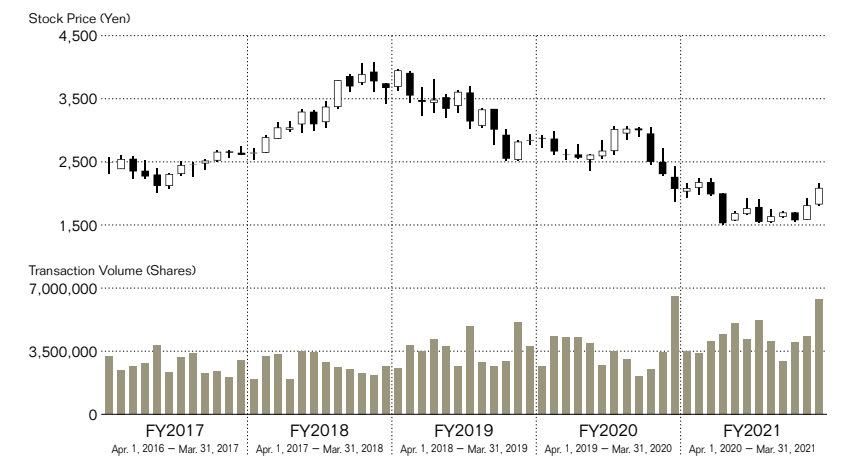
### Common Stock Holdings



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)	3,217	7.17
	THE BANK OF NEW YORK 134105	2,081	4.64
	Custody Bank of Japan, Ltd. (trust account) (Former Japan Trustee Services Bank, Ltd. (trust account))	1,917	4.27
	Motonobu Nishimura	1,422	3.17
	Mandom Employee Shareholding Association	1,366	3.04
	NORTHERN TRUST CO. (AVFC) RE TOWERS WATSON COMMON CONTRACTUAL FUND	1,222	2.72
	SSBTC CLIENT OMNIBUS ACCOUNT	1,127	2.51
	STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS- UNITED KINGDOM	789	1.76
	Custody Bank of Japan, Ltd. (trust account 5)	643	1.43

Notes: 1. Figures less than 1,000 shares have been rounded down.  
2. Ratios of share ownership are rounded 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**

Contact: Investor Relations Division | Address: 5-12 Juniken-cho, Chuo-ku, Osaka 540-8530, Japan | E-mail: [ir@mandom.co.jp](mailto:ir@mandom.co.jp) | URL: <https://www.mandom.co.jp/english/>



