

# Materiality:

## Strengths and initiatives to help

# “Realizing mutual growth of employees and the company”

Companies should be able to accommodate diverse work styles, promote the career development of individual employees, and support the upgrading and shifting of skills, while providing diverse forms of employment and opportunities. At the same time, employees should be continually learning once they have entered the workforce, acquiring new skill sets that suit the times, and grow while leading the way in value creation through education, training, and working day-to-day.

Given this social environment, at Mandom employees must take responsibility as Human Assets to provide support for the Company and society. The Company, in turn, shall seek to develop their capabilities as Human Assets and provide this diverse talent pool with opportunities for motivation and active engagement. Employee well-being relies on working for a company that they can feel good about and where they can grow, and talented workers are important for the sustainable growth of the company.

In today’s era of rapidly changing values, both employee growth and company transformation are necessary.

At Mandom, 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.

### Strengths of Mandom 6

## Highly-Engaged Employees

### Efforts to share and instill the philosophy

FY2017 marked the start of our 12th Middle-Range Planning (MP-12), which was positioned as a period to develop the infrastructure for realizing “VISION2027,” looking toward the 100th anniversary of the establishment of the Company. Within this, our priority was the instilling and putting into practice 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.

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 conducted over a short period of six months, targeting 1,009 employees in Japan and overseas (at the time of implementation).

### FY2021 survey results and Group response

Since 2018, we have been conducting annual employee surveys and providing feedback results to follow up on the degree of awareness among employees.

Key points for 2021 are as follows.

Note: From FY2021, we have outsourced to a different company for our employee survey.

Of the 91 questions in total, 83 are comparable over time, and employee engagement results compared to the previous year are provided.

#### Items that showed improvement compared to FY2020

1 Sustainable engagement

Sample question

Working for the Company inspires me to do my best

2 Cooperation/communication

Sample question

The Company encourages the sharing of information and ideas between departments

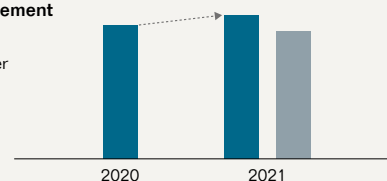
Looking at the results, employee engagement scores fell in FY2020. The quality and frequency of communication from the Management Team declined along with the onset of poor business performance and rapid change to a system of remote work due to the COVID-19 pandemic. In addition, there was a strong sense that the management team did not communicate properly with employees to help dispel their concerns, leading to a feeling of crisis. In response, Supervisory Executive Officers soon began sending video messages to employees once a month to share what was currently being worked on in their respective areas of the Company.

Engagement has shown a clear comeback in FY2021. Items regarding “a positive view of the company’s future” and a “high willingness to contribute” also showed improved results. We are pleased that the distribution of video messages and the President’s dialogue sessions described later have had a positive effect. During the long COVID-19 pandemic, scores for the items “information sharing between departments”

and “inter-departmental collaboration” showed significant improvement, though they usually tend to score lower. The shared groupware introduced in the 12th Middle-Range Planning (MP-12) and work style reforms that utilize it likely helped contribute to an environment where information sharing and communication can be done through online meetings while working from home or when face-to-face meetings are not possible, as well as the way work is conducted with the platform’s file sharing system.

▶ Employee engagement

■ Mandom  
■ Global consumer goods firms



### Items that did not show improvement compared to FY2020

- ① Talent management
- ② Business promotion

**Sample question** I have time for work-related training

**Sample question** There are no major obstacles in the way of carrying out my responsibilities

Items that did not show improvement from FY2021 included “not having time for training,” “obstacles to carrying out responsibilities,” and “satisfaction with benefit programs,” revealing dissatisfaction among employees. This may well be due to the growing interest of employees in their career autonomy accompanying the change in working methods due to COVID-19, changing perceptions of the challenges they face, and

increased awareness of the importance of benefits. We are currently preparing to transition to the reform of our human resources system\* with the foundations of “human resources development for career autonomy” and “job-based perspectives,” with the aim of full-scale implementation from FY2023.

\* MHRX: See p. 33

### Items where we scored lower than other companies

- ① Leadership
- ② Business promotion

**Sample question** The management team responds well to change

**Sample question** In our company, decision-making occurs at the right level of management

Both “Leadership” and “Business promotion” were items with scores showing much room for improvement, with the Company trailing global consumer goods firms and other high-performing companies. In the drastically changing business environment brought about by the COVID-19 pandemic, employees need reassurance through frequent communication and transparency of Company and management team decision-making, strategies, and responses to change. It is also essential for employees

to understand the direction the Company plans to move in, as well as expectations towards their role, so they can regain pride and confidence that they can grow and contribute. Mandom has decided that officers will continue to release video messages monthly in FY2022. By continuing these efforts and sharing what our officers are thinking and their stance on various issues, we believe we can reassure our employees and alleviate the problems related to these items.

## Dialogue sessions between the President and employees

President Nishimura began dialogue sessions with employees in July 2021 when he took office with the objective of direct communication that leads to mutual understanding and instillation of policies. While the COVID-19 situation overseas necessitated that these sessions be held remotely, in Japan they were all conducted face to face.

### [Nishimura’s comments]

In FY2021, a total of 247 people engaged in these group dialogues, including Mandom’s managers and group leaders (assistant managers), representatives of Group companies in Japan and overseas, local overseas executives, and employees with overseas placements. These highly meaningful opportunities not only helped provide a more thorough understanding of the direction of medium to long-term strategies, which was a primary purpose, but also let people share their own awareness of issues and deepen mutual understanding.

During these dialogues, I noticed that participants were keenly aware of the issues, and I felt extremely encouraged by their genuine desire to break with the status quo and do something for the benefit of the Company. There are two points in particular that I felt during our conversations. The first is that the Company has a lot of “unspoken rules.” I was concerned that sometimes we are careful about things that there aren’t even rules about, and this causes all kinds of waste, like

when we make internal documents. I felt like we need to abandon doing things just based on precedent or habit, and start seriously thinking about everything from scratch, from a perspective of overall optimization.

The second point regards communication issues that have become apparent. A downside of working remotely is that there is a considerable risk of loss of motivation and anxiety because of the difficulty of noticing subtle changes in subordinates and colleagues. I also felt like some things take a long time to resolve, when if you spoke face to face you would understand the situation right away, and this causes stress to build up little by little. Later on, I urged our managers to focus on creating an environment where employees can be happy doing their work.



As with the officer video messages mentioned above, the Company sees dialogue sessions as a meaningful opportunity to share with employees and help them understand how top management views the Company’s current situation and its direction. Mandom plans to continue these dialogues in FY2022 and thereafter for approximately 500 employees over two years, targeting roughly 250 employees for FY2022, consisting of employees with ages ranging from the teens to the 30s and those who will be new managers from this fiscal year, and about 250 senior employees in their 40s and 50s for FY2023.

## Initiatives developing and educating human resources

Please visit our website for information on standard training, employee education, and career support.

 [CSR Information](#)  
▶ Mandom Group’s CSR KohDoh Practices > Labor Practices > Human Resources Development

Highly-Engaged Employees —Topics—

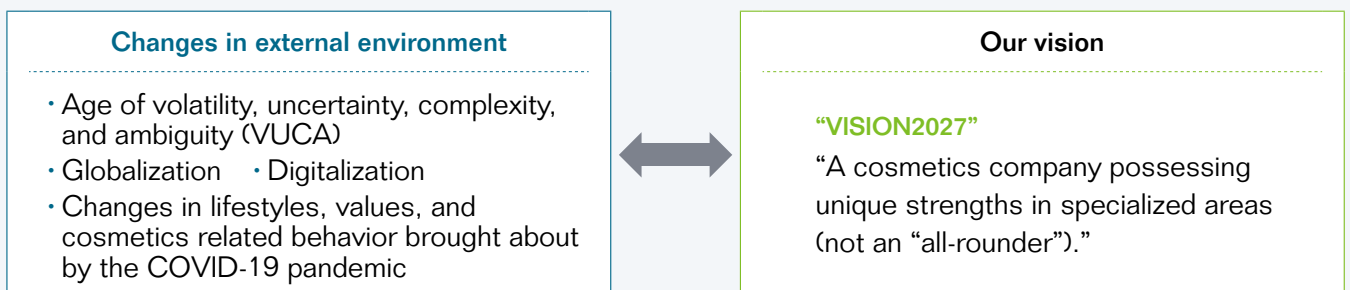
## <Feature> Human Capital Initiatives

Embarking on HR system reform to provide Dedication to Service (Oyakudachi) for consumers in response to a changing society

### Mandom’s human resources philosophy



### Background

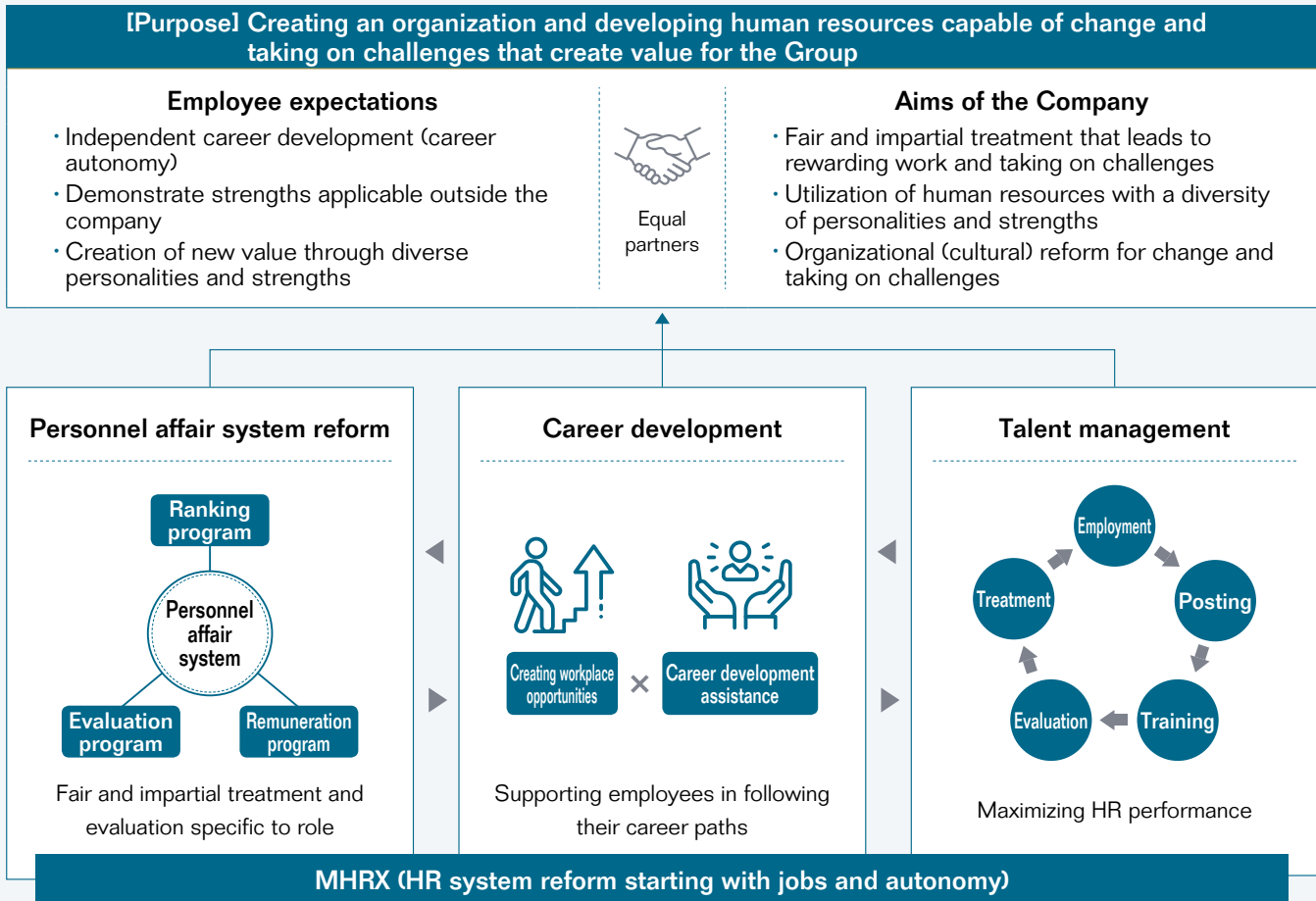


For the 100th anniversary of our founding, we have announced our **“VISION2027,”** which says we are a cosmetics company possessing unique strengths in specialized areas (not an all-rounder).

The external environment the Company operates in is said to be in an age of volatility, uncertainty, complexity, and ambiguity (VUCA), undergoing rapid change along with globalization and digitalization, with the future being uncertain and difficult to predict. We realized that it was necessary to reform not only our human resources system but also its structure in order to properly adapt to such drastic changes and continue to provide Dedication to Service (Oyakudachi) for consumers as set forth in the Vision.

## Overview of the reform of our human resources system (MHRX)

### MHRX: The big picture



We have launched an initiative to reform our human resources system (MHRX), starting with jobs and autonomy. MHRX stands for “Mandom Human Resource Transformation.”

Based on the Group’s human resources philosophy of “Happy individuals make a happy company” that aims for growth of employees together with growth of the Company, our purpose is to create an organization and develop human resources capable of change and taking on challenges that create value for the Group.

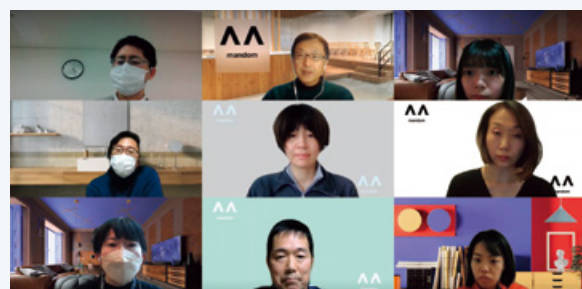
It is a system based on “human resources development for career autonomy” and “job-based perspectives,” and consists of three initiatives: (1) personnel affair system reform, (2) career development, and (3) talent management.

We aim to assemble a diverse group of talent with unique strengths, who take the initiative regarding their career development.

### Toward a new personnel affair system

Our first briefing was held regarding the transition to the new personnel affair system, and we held about 80 small-scale dialogue sessions of between 5 and 10 people as follow-ups between February and March 2022 to further employee understanding.

The second briefing is held in June, and we continue to carefully prepare for the smooth introduction of the program.



A small-scale dialogue session

## Materiality: Realizing mutual growth of employees and the company

### Health management

Health management is an important issue for the Company because we understand that healthy employees enhance its value. In FY2020, we formulated a “Basic Health Policy.” We also conduct health management initiatives so that our human resources, the company’s foundation, can work with peace of mind; this means they and their families do not have to worry as much about health concerns. In addition, we are investing in health through health-related goals of “reduction of absenteeism,” “improvement of presenteeism,” and “better work engagement.” As indicators to measure these goals, we will set and manage changes in employee awareness and behavior, as well as their participation rates and level of satisfaction with our measures.



CSR Information

▶ Decent Work and Work-Life Balance

#### Selected under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category)

In recognition of our health-related efforts, we have been selected under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category), a certification jointly implemented by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi.

This program recognizes corporations that practice particularly outstanding health management with initiatives that address local health issues and that are in line with the health promotion efforts of Nippon Kenko Kaigi.



### 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.

We announced the five Mandom Principles in May 2017, which are a code of conduct that is followed by all Mandom personnel at all times. These principles include “Active Employee Engagement” and “Human Assets” that help guide our thoughts and actions every day.

#### 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 2018, 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

#### Recognized as a “Three-Star Certified Company” (highest rank) in the “Osaka City Leading Company in Women’s Participation” ranking

In recognition of our efforts related to the advancement of women, we have been recognized as a “Three-Star Certified Company” in the “Osaka City Leading Company in Women’s Participation” ranking. This Osaka City program certifies companies that actively promote the “creation of organizations supporting the advancement of motivated

women,” “support for work-life balance,” and “household participation of men” in accordance with set standards, with a goal of providing social recognition and widely publicizing the efforts of selected companies.

