



KohDoh Report 2016

Mandom Group CSR & Thoughtful Action
Contributing to Comfortable Lifestyles

mandom corp.

KohDoh



At Mandom, through thoughtful action we aim to provide a comfortable lifestyle supported by health and beauty.

Editorial Policy of the KohDoh Report

The KohDoh Report is a report that presents the thoughtful actions we have been taking to help bring about the sustainable development of society and to meet the hopes and expectations of a diverse range of stakeholders.

Since issuing the first Mandom Environmental Report in 2003, we have been working to publish information about our actions aimed at sustainable development.

Initially we focused on environmental information and later added social and governance aspects, making steady improvements. In 2005 we began issuing the Social and Environmental Communication Report, and in 2011 changed its name to the KohDoh Report, expanding and adding detail to the content at the same time.

This year's report outlines the 14 items identified as CSR Material Issues for the Mandom Group, first established by the group in December 2015 referencing the seven core subjects of the ISO 26000 standard (organizational governance; human rights; labor practices; the environment; fair operating practices; consumer issues; and community involvement and development), and provides information on activities based on these items.

The report also presents information on standard items for disclosure under the GRI's G4 Sustainability Reporting Guidelines.

Special Feature Articles in the KohDoh Report 2016

In the KohDoh Report 2016 we offer the following three items as featured content.

KohDoh Feature 01 : Report
The Indonesia Plant Fire and Our Response

A fire accidentally broke out at PT Mandom Indonesia Tbk, our Indonesian consolidated subsidiary, on July 10, 2015. (Report No. 5 on Fire Accident at Consolidated Subsidiary (Oct. 29, 2015))

This special feature takes a closer look at the accident and its causes, and the efforts taken to prevent any future accident from happening. The report also reports on relief efforts for injured employees and the bereaved families of the accident victims.

KohDoh Feature 02 : Stakeholder Dialogue Part 1
Understanding Universal Manners

As part of efforts related to human rights and labor practices, we held a seminar and dialogue on universal manners with the assistance of the Japan Universal Manners Association. This feature reports on this effort aiming to spread a greater understanding of Universal Manners through society.

KohDoh Feature 03 : Stakeholder Dialogue Part 2
Considering Consumer Issues

One of the Mandom Group's values is "creating lifestyle value with consumers, for consumers." To explore how to achieve this in an appropriate and consistent way, and determine what is required at each workplace, a lecture followed by a discussion on consumer issues was held with the help of Professor Kazuya Kuramoto of the Graduate School of Business, Doshisha University. We present a summary report of this event and look at the rich learning that took place based on subject matter from both actual business experience and case studies.

Contents

Company Profile / Business Developments / Financial Highlights04

Message from the President06

The Mandom Group Philosophy08

Being of Service to Our Stakeholders09

The Mandom Group's Approach to CSR and Our Social and Environmental Contributions ..10

KohDoh Feature

01 Report : The Indonesia Plant Fire and Our Response16

02 Stakeholder Dialogue 1 : Understanding Universal Manners.....20

03 Stakeholder Dialogue 2 : Considering Consumer Issues24

KohDoh at Mandom

Organizational Governance.....28

Human Rights32

Labor Practices34

The Environment39

Fair Operating Practices43

Consumer Issues44

Community Involvement and Development ...48

Third-Party Opinion51

Applicable Period

Japan: April 1, 2015–March 31, 2016
Overseas: Jan. 1, 2015–Dec. 31, 2015
(Both include more recent activities in part)

Scope

The activities of Mandom Corporation and its affiliated companies both inside and outside Japan (see page 5). Activities at Mandom's Fukusaki Factory, office buildings (head office, Tokyo Nihonbashi Building, etc.), other business sites.

Date of Publication

August 2016 (Next issue: August 2017)

For further inquiries:

CSR Promotion Department, Mandom Corp.
5-12, Juniken-cho, Chuo-ku, Osaka 540-8530, Japan
Tel: +81 (0)6-6767-5106 Fax: +81 (0)6-6767-5042



UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

About the Title "KohDoh Report"

We have drawn up Our Principles (see pages 8–9) to serve as a standard for our daily operations. When conducting business, we always keep in mind that society continues to develop each and every day. To keep up with the latest trends, we are determined to work thoughtfully and exercise ingenuity. This resolution is represented by our coined word "KohDoh", which means "thoughtful action" by combining the Japanese characters for "thinking" and "working".

About Our Website

In addition to the KohDoh Report, the official Mandom website has a dedicated CSR section to provide regularly updated information on our KohDoh activities.

Mandom Official Website, CSR Information
<http://www.mandom.co.jp/english/csr/>

Guidelines from External Initiatives and Reference Guidelines

- Ten Principles of the UN Global Compact
- ISO 26000—Guidance on Social Responsibility, Japanese Standards Association
- G4 Sustainability Reporting Guidelines, Global Reporting Initiative (GRI)
- Environmental Reporting Guidelines (Fiscal Year 2012 Version), Ministry of the Environment, Japan

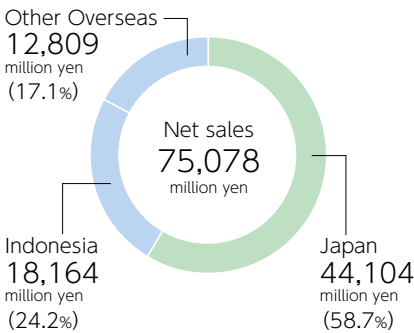
Mandom does business in 11 countries and regions in Asia.

The Mandom Group does business in 11 countries and regions in Asia, including Japan. We carry out business endeavors based on a common group philosophy and policies while aligning local operations to the distinct needs of each market and regional society. The Mandom Group has six strategic business units, with a concentration in three areas—men's grooming, women's cosmetics, and women's cosmetries. Development of these businesses hinges directly on meeting the precise wants of consumers in each domain.

Company Profile (as of March 31, 2016)

- Head Office
- 5-12, Juniken-cho, Chuo-ku, Osaka 540-8530, Japan
- Established
- December 23, 1927
- Paid-in Capital
- JPY 11,394,817,459
- No. of Employees
- 537 (2,663 consolidated)
- Main businesses
- Manufacture and sale of cosmetics and fragrance products
- Manufacture and sales of quasi-drugs
- Website
- <http://www.mandom.co.jp/english/>

Consolidated sales



Business Areas



Product Categories

Men's Grooming Business



Mandom has established a broad lineup of hair styling as well as face and body care products for men's daily grooming and personal styling needs. Mandom has positioned the men's grooming business as its core business, centered on the Gatsby and Lúcido brands.

Women's Cosmetics Business



The women's cosmetics business carries a range of make-up and skin care products that lend variety to women's beauty routines, centered on the Bifesta and Pixy brands.

Women's Cosmetries Business



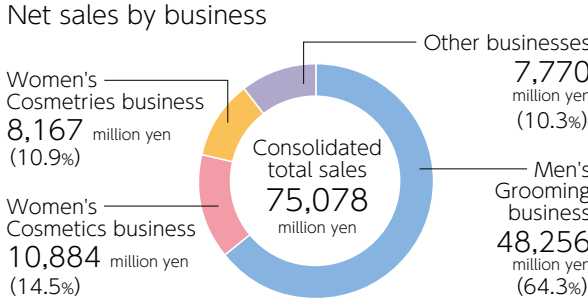
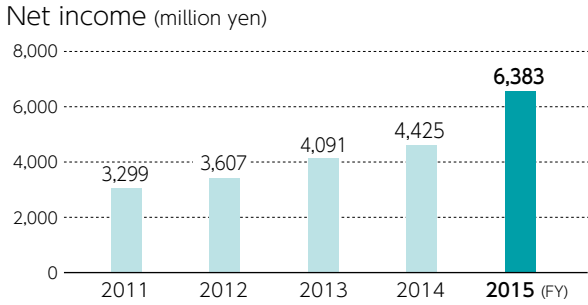
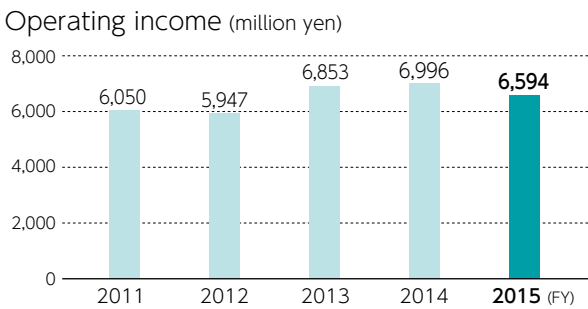
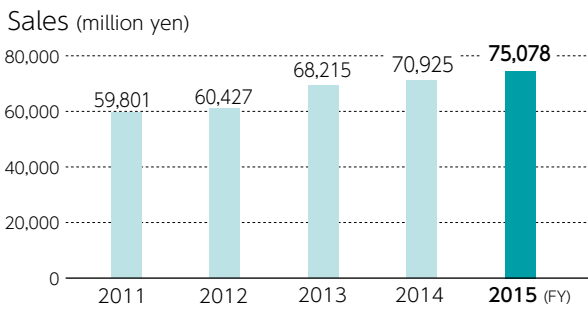
The women's cosmetries business carries a range of products, including hair styling as well as facial and body care products that enhance feminine beauty, centered on the Lúcido-L and Pucelle brands.



Other Businesses

This category is made up of the Professional Use Business, Other Business, and the International Trading Business. The professional use business provides hair salons with hair dyes, perming agents and hair styling products, and beauty salons with cosmetics and other products.

Financial Highlights (Consolidated)



A Stable, Dedicated Force for Good in Society: We Are Determined to Make Our Vision a Reality

Learning from Disaster: Building Stronger Safety Management Systems

A truly tragic accident occurred at our Mandom Indonesia Headquarters Plant on July 10, 2015, causing the loss of many lives. To the families of the deceased, to those who were injured and to those for whom we caused a great deal of worry, and to all parties who suffered negative effects as a result, I offer my most humble apologies.

We have endeavored to respond to the utmost of our abilities. In addition to round-the-clock care, victims were offered a sincere monetary gift of goodwill in the name of the Mandom Group as a whole, and compensation from Mandom head office. Moreover, we established a fund to provide scholarships for the children of the deceased.

At the same time, an Accident Investigation Committee consisting of five experts including independent academics was established to investigate the cause of the accident and to prevent a recurrence. In May 2016, their report was finalized and we are currently restructuring our safety management system based on the results.

We will learn from this accident. We will be better prepared, and will strive to raise safety awareness among all employees of the Mandom Group.

Lifestyles Rich in Culture and Style for the Whole World

"Aiming to provide a comfortable lifestyle supported by health and beauty" — this is our mission under which we have conducted our business while working toward the sustainable development of society. On September 24, 2015, the Mandom Group subscribed to the United Nations Global Compact. We publicly support its ten

principles as laid out across four areas of focus: human rights, labor, the environment, and an end to corruption measures. This participation is an opportunity for the Mandom Group to "contribute to a comfortable life of consumers" in its own unique way.

In particular, our international operations are one area in which we have sought to make such a contribution, for instance by tailoring products and services to suit local consumer income levels, as illustrated by small-size or sachet products. Recently, consumers in the middle- to high-income bracket have come to expect a high level of quality from Japanese-made goods. By keeping abreast of such changes, we will be able to make a broader contribution to the comfortable lives of all consumers. Moreover, with the ASEAN Economic Community on the rise, we intend to pour more effort into development in the ASEAN region.

From a human dignity and human rights point of view, we hold it as our mission to offer all people lifestyles rich in culture and style. Even in the maturation of our supply chain, rather than simply using developing countries to manufacture products for sale in developed countries, we aim to both manufacture and sell in developing countries, thereby creating jobs and improving income levels, and contributing also to raising general standards of living through our products and services. Indeed, our goal is the same for all countries and regions: we want to be an opinion leader, contributing to comfortable lives rich in culture, and delivering products and services that enable consumers to follow styles and fashions to their hearts' content.

In addition, as a new initiative, we have collaborated with The Graduate School of Pharmaceutical Sciences at Osaka University and begun basic research toward developing cosmetics and establishing alternatives to animal experimentation using regenerative medicine technology. This project has the potential to make a huge difference to society, and we are working hard in the hope that the outcomes will be applicable in a broad range of areas.

Becoming a Stable, Dedicated Force for Good in Society

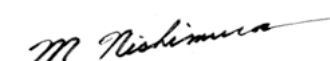
Environmental destruction, economic turmoil, youth unemployment, inequality, and poverty — these problems that are facing society cannot be solved with temporary measures. The world's problems need to be met with stable, solutions that address the cause and eliminate the symptoms.

To make this possible, we at Mandom need to accept differences. We need to be magnanimous toward different cultures, different talents, and unorthodox opinions. We need to constantly update and add to our in-house pool of knowledge, and anticipate global trends to innovate in a real sense by being forceful and persistent. It is also important that we create a corporate culture that respects heterogeneity.

Whether this is a sustainable way of thinking or not, in these dizzying times of change, perhaps it is better to set aside the attitude of focusing solely on competition. Instead, we should turn to making a cohesive effort toward achieving our vision for the future. The Mandom Group will celebrate its centenary in 2027, and instead of relying on past experience, let us "backcast" from our ideal vision of the future, i.e. ask ourselves what actions we must take now to realize that future. Our role at the Mandom Group is to be a stable, dedicated force for good in society, pursuing our business in a way that contributes to a comfortable life for all. Each employee should look to the future, not from the view of things as they currently are, but with our vision firmly in mind as we strive to create new values.

Motonobu Nishimura

Representative Director
President Executive Officer



Our aim as a company is to promote KohDoh action in contributing to comfortable lifestyles and to earn recognition from society as an indispensable business.

The Mandom Group listens to its many stakeholders in carrying out business, aiming not only to grow economically, but also to fulfill a responsibility to society and the environment. Our operations are based on the concept of being a unique ("Only One") company with a spirit of being of service to others ("Oyakudachi"). Also, to serve as a standard that enables specific thoughtful action by our employees, we set forth Our Principles and established Our Philosophies and Policies for Specific Fields, together with Operational Guidelines. Our employees carry out their jobs on a daily basis with an understanding of these approaches.



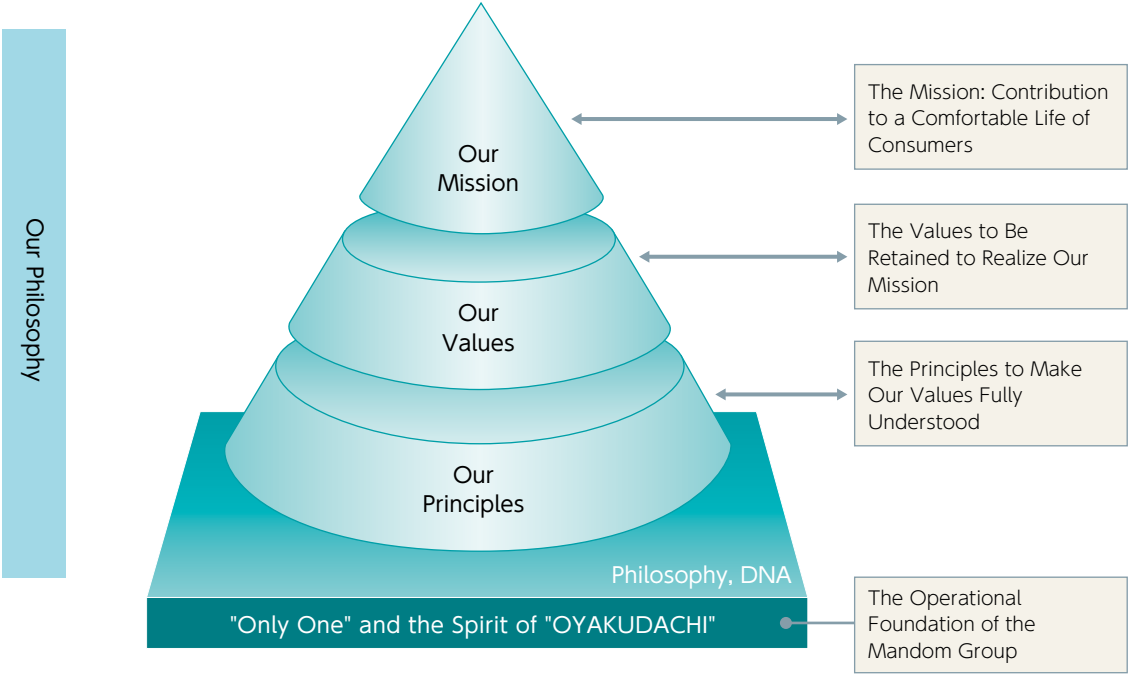
Our Mission

Aiming to Provide a Comfortable Lifestyle Supported by Health and Beauty

Our Values

Creating Lifestyle Value With Consumers, For Consumers
Active Employee Participation
Social Responsibility and Sustainability

The Concept of Our Philosophy



Specific thoughtful action that follows Our Principles

Our Principles			
Our Philosophies and Policies for Specific Fields	Philosophy and Policy on the Environment	Operational Guidelines	Procurement Guidelines
	Philosophy and Policy on Quality		R&D Guidelines
	Privacy Policy		Production Guidelines
	Basic Policy on Personal Identifiable Information		Marketing Guidelines
	Policy on Occupational Health and Safety		Overseas Business Guidelines
	Policy on Social Media		Corporate PR Guidelines

We strive to be of service in all kinds of ways, based on our employees' proactive, thoughtful action (KohDoh)

Our Principles

The following principles are the standards of our daily operations. When conducting our operations, we always keep in mind that the society is developing day-by-day. To catch up with the latest trends, we are determined to exercise ingenuity by thinking and working simultaneously, and this resolution is represented by our coined word "KohDoh", which literally means, "thinking and working". Daily efforts of "KohDoh" are the key to the realization of the "Only One" company.



1. "KohDoh" for Value Maximization

We herald a formula "Function divided by Cost gives Value (of products and services)" and try to create the framework for maximizing the value itself and the number of consumers benefiting from it.

2. "KohDoh" for Self-actualization

A company should provide the platform for self-actualization as well as for the performance of one's duty. Our working environment is ideal for everyone to demonstrate his/her own ability, which will encourage successful self-actualization of each employee and eventually lead to the realization of our corporate mission.

3. "KohDoh" for Profitability Enhancement

Since profitability is a critical matter for a company bearing economic responsibility, we try to implement methods for efficient management and increased profits.

4. "KohDoh" for Good Ethics

Our management philosophy values honesty to the society, as such, we comply with laws, regulations and social norms. We always think and work ethically, having a clear sense of duty to the society.

5. "KohDoh" for Successful Business Partnerships

We share our mission "OYAKUDACHI for consumers" with our partners, and establish partnerships that promote long-term mutual prosperity.

6. "KohDoh" for Environmental Preservation

Taking a serious approach to environmental issues is one of the essentials for a thriving company. We devote ourselves to preservation of global environment.

7. "KohDoh" for Philanthropy

We value philanthropic activities, which make long-term contributions to the development of our society.

The Mandom Group's Approach to CSR and Our Social and Environmental Contributions

Mandom Group CSR Promotion System

This year, 2015, is a watershed year for international initiatives aimed at sustainable development, including the Sustainable Development Goals (SDGs) for 2030, which were adopted at the UN Sustainable Development Summit held on September 25, 2015, and are to be applied worldwide.

In April 2015, the Mandom Group established a new CSR Promotion Division to specialize in strengthening the group's CSR promotion system, one of our key action points for 2015.

In September, together as a whole the Mandom Group declared support for the Ten Principles of the UN Global Compact by joining the compact. This endeavor offers a new opportunity for each and every one of our employees to strengthen our relationships with a broad range of stakeholders and allows them to share in the values of the international community toward sustainable social development.

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

The Ten Principles of the UN Global Compact

Human Rights	Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2 : make sure that they are not complicit in human rights abuses.
Labor	Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4 : the elimination of all forms of forced and compulsory labor; Principle 5 : the effective abolition of child labor; 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.



UN GLOBAL COMPACT
Network Japan
WE SUPPORT

Strengthening Mandom's CSR Promotion System

The first step in strengthening our CSR promotion system has been to establish a CSR Promotion Committee, headed by the President Executive Officer. We then developed the group's

approach to CSR and began working to select CSR material issues by consulting with related departments through related committees and meetings.



Our Approach to CSR

In developing our approach to CSR, we referred to the Mandom Group's corporate philosophy (mission, values and principles) and philosophy/policies in special areas that establish our internal philosophy and values, and linked these to the ten principles of the UN Global Compact, Sustainable

Development Goals (SDGs), International Code of Conduct, and other frameworks for global society. Finally, our approach to CSR was determined along with a course of action regarding each of the seven core subjects of the ISO 26000 standard.



[Note] UNGC: UN Global Compact <https://www.unglobalcompact.org/>
 GCNJ: UNDP SDGs (Sustainable Development Goals) <http://www.ungcjin.org/>)
 SDGs: Sustainable Development Goals
<http://www.undp.org/content/undp/en/home/sustainable-development-goals.html>

Organizational Governance

We strive to maintain and further improve upon the fairness and transparency of our management, in full compliance with all laws and regulations, and will put forth every effort to ensure the safety and benefit of our stakeholders.

Fair Operating Practices

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

Human Rights

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

Consumer Issues

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

Labor Practices

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

Community Involvement and Development

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

The Environment

We consider the impact that our business activities have on the environment and strive continuously to reduce that impact at every stage from the development of products and services to procurement, production, transportation, sales, and after-use disposal, recycling, etc.

CSR Material Issues for the Mandom Group

Based on the above, internal discussions were held and the 14 items listed below were selected as our CSR material issues (Ver. 1). However, both the content and processes related to the 14 items cannot be considered complete or sufficient. We have consulted with experts in certain areas but have not adequately addressed the expectations and demands from a broad range of our stakeholders; so it is a work still in

progress. We plan to gather the opinions of more stakeholders and experts to find a higher level of CSR material issues, while setting targets and key performance indicators (KPIs) from medium- and long-term perspectives as part of efforts to build a progress management system ("Plan-Do-Check-Act" (PDCA) cycle) and reaching those targets.

Selection of CSR Material Issues and Processes Leading to Resolution

STEP.1

Efforts to increase internal awareness of basic knowledge related to CSR, measures being taken in the global community, etc.

STEP.2

Discussion with related departments through internal committees, meetings, etc.

STEP.3

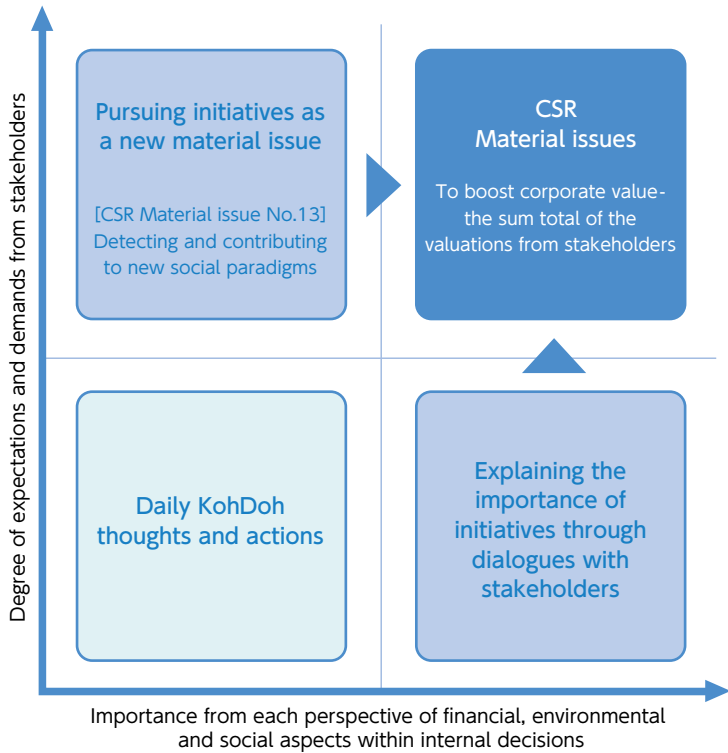
Opinion exchanges with outside experts and partners (dialogue with a broad range of stakeholders)

STEP.4

Reviews by the CSR Promotion Committee and decision-making by the Board of Directors

STEP.5

Creation of a more detailed action plan (with goals, KPIs, etc.) and building and operating a PDCA system (effective cycle of Steps 3-5)



Issue No. 4: Regarding Health and Safety in the Workplace








As we have previously informed the public, a fire occurred at our consolidated subsidiary in Indonesia, PT Mandom Indonesia Tbk (MID), on July 10, 2015, causing loss of life and injury. Among the CSR material issues for Mandom Group, with regard to Issue No. 4—Improving Health and Safety in the Workplace, we have placed top priority on elucidating the cause of the fire at the plant in Indonesia, preventing any

recurrence, and providing relief to the victims and bereaved families. The head office in Japan will keep in contact with associated individuals in Indonesia both internally and externally and continue to work to resolve this issue.



- Final report from Accident Investigation and Response Committee on Fire Accident at Consolidated Subsidiary (May 11, 2016)
- Report No. 5 on Fire Accident at Consolidated Subsidiary (Oct. 29, 2015)
- Report No. 4 (Apology) on Fire Accident at Consolidated Subsidiary (July 21, 2015)
- Report No. 3 (Apology) on Fire Accident at Consolidated Subsidiary (July 16, 2015)
- Report No. 2 (Apology) on Fire Accident at Consolidated Subsidiary (July 11, 2015)
- Report No. 1 (Apology) on Fire Accident at Consolidated Subsidiary (July 10, 2015) (Japanese Only)

CSR Material Issues for the Mandom Group

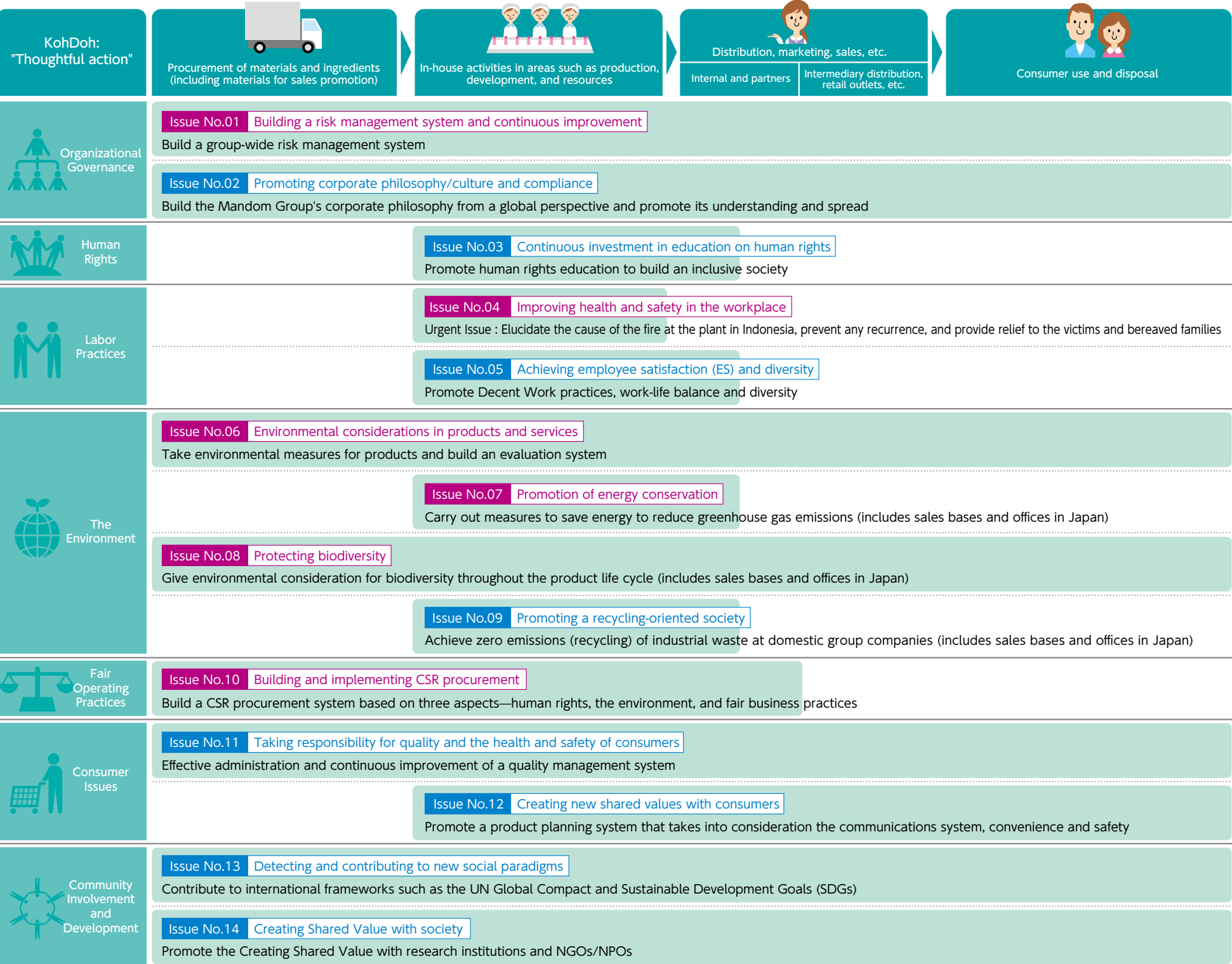
ISO26000 Core Subject	Our Commitment to Stakeholders	No.	Specific Topic	Action Guideline
 Organizational Governance	We strive to maintain and further improve upon the fairness and transparency of our management, in full compliance with all laws and regulations, and will put forth every effort to ensure the safety and benefit of our stakeholders.	1	Building a risk management system and continuous improvement	Through a Total Risk Management Committee, provide guidance and supervision regarding continuous improvements in business continuity management and planning (BCM/BCP) and efforts to build the risk management system for the group as a whole
		2	Promoting corporate philosophy/culture and compliance	Build the corporate philosophy for the Mandom Group from a global perspective and provide education to promote a complete understanding aimed at thorough implementation
 Human Rights	We support and respect the protection of human rights as declared by the international community and will do our best to continuously monitor actions and educate people at every stage of our business activities to avoid complicity in any human rights violations.	3	Continuous investment in education on human rights	Conduct in-house human rights education aimed at training employees to act in a way befitting a corporation engaged in global business and designed to build an inclusive society (Issue No. 10: Building and implementing CSR procurement system)
 Labor Practices	We consider our employees corporate assets that are vital to our business, and strive continuously to create safe, clean workplaces that give employees the freedom to express themselves.	4	Improving health and safety in the workplace	Urgent Issue Elucidate the cause of the fire at the plant in Indonesia, prevent any recurrence, and provide relief to the victims and bereaved families
		5	Achieving employee satisfaction (ES) and diversity	Secure diverse human resources, and build and continuously improve a labor system with the aim of achieving Decent Work practices, enabling work-life balance, and providing fair and impartial evaluations
 The Environment	We consider the impact that our business activities have on the environment and strive continuously to reduce that impact at every stage from the development of products and services to procurement, production, transportation, sales, and after-use disposal, recycling, etc.	6	Environmental considerations in products and services	Continuously improve the eco-friendliness of commodities by building a management system for evaluating environmentally friendly processes and their results in products and services
		7	Promotion of energy conservation	Carry out measures to save energy at all sites to reduce greenhouse gas emissions
		8	Protecting biodiversity	Grasp the impact on biodiversity of each product throughout its life cycle and carry out measures to protect biodiversity
		9	Promoting a recycling-oriented society	Achieve and maintain zero emissions by fully recycling industrial waste
 Fair Operating Practices	With the shared goal of sustainable social development, we will build good relationships with our suppliers and partners and fulfill our social responsibilities through our business activities.	10	Building and implementing CSR procurement system	Draft Supplier CSR Guidelines and gain the cooperation of suppliers to build and operate a CSR procurement system (Based on the specific topics within three core subjects—human rights, labor practices and the environment)
 Consumer Issues	We will utilize the feedback received from customers in our business activities to improve the benefits of our products and services from their standpoint and to ensure safety.	11	Taking responsibility for quality and the health and safety of consumers	Effective administration and continuous improvement of a quality management system in every phase of our business activities—planning, design and development, procurement, production, shipping and sales
		12	Creating new shared values with consumers	Build a system of communication that enables the use of feedback from a wide range of consumers; build a product planning system that takes into consideration user-friendliness and safety
 Community Involvement and Development	We will ascertain social issues from a global perspective and take useful action to resolve those issues in pursuit of sustainable social development and sustainable business growth.	13	Detecting and contributing to new social paradigms	Look into actions that can promote thorough in-company understanding of and ability to contribute to international frameworks such as the UN Global Compact's 10 Principles and the Sustainable Development Goals (SDGs)
		14	Creating Shared Value with society	Build co-creative relationships with research organizations, NGOs, NPOs and others to achieve sustainable social development and begin taking measures (research into alternative methods to replace animal experiments; joint research with the Graduate School of Pharmaceutical Sciences, Osaka University)

Outline of the Mandom Group's Value Chain and CSR Material Issues

The diagram below shows the relationship between each of the 14 CSR Material Issues for the Mandom Group (ver. 1) and to which stage of our business activities each item applies. The next fiscal year (FY2017) marks the 90th anniversary for Mandom since the company was founded as Kintsuru Perfume

Corporation in December 1927. Beyond next year we are looking ahead to our 100th anniversary in 2027, and developing the vision and targets for achieving "The Future We Want" using KohDoh, while fulfilling the expectations and demands of a wide range of stakeholders.

- Issue No. (blue) KohDoh to create new opportunities to promote business sustainability or other ways to further strengthen the corporation
- Issue No. (red) KohDoh to deal with threats to business sustainability or other issues to overcome



Overview of Engagement with Stakeholders

Mandom has been conducting dialogues with a wide range of diverse stakeholders since FY2006 in order to take their requests, hear their expectations, and reflect those in our management. We are grateful for having had the opportunity to interact with and cooperate with so many good people over the years.
On each occasion we plan and implement a stakeholder dialogue based on a theme, and each time we gain valuable

input through the discussion that is later applied with thoughtful action and the goal of achieving sustainable development in our society. We will continue holding and improving upon these dialogues with stakeholders on a range of different themes and look forward to your continued cooperation.

Web

Mandom Official Website CSR Information

Stakeholder Dialogue

Involvement with Our Stakeholders



★Items for Proactive Engagement										* Community includes educational and academic research organizations, NGOs/NPOs, etc.		
Investors	Suppliers (procurement, purchasing)	Employees	Business partners and customers	Public bodies (government, regulatory agencies, etc.)	Community* (private sector organizations, etc.)	Consumers	Regional societies	Global environment				
		★										
		★										
		★										
		★										
		★										
		★										
		★										
		★										
		★										
		★										

The Indonesia Plant Fire and Our Response

A fire occurred at PT Mandom Indonesia Tbk, our Indonesian consolidated subsidiary, on July 10, 2015. We sincerely offer our prayers for the souls of the local staff members who lost their lives, extend our deepest sympathy and condolences to the bereaved families, and pray for the quick recovery of those who were injured. We tender our deepest apologies to the people of Indonesia, those in the vicinity of the factory, and everyone who was affected by the accident.



100th day memorial service

Below we present a summary of the findings of the Indonesian National Police Headquarters in Jakarta regarding the cause of the accident, along with a summary of our ongoing response.

1. The cause of the accident and our ongoing response

The Forensic Laboratory Centre of the Indonesian National Police Headquarters presented the results of its investigation in which it stated that the explosion and fire was caused by heat from the Leister model hot-air hand tool used for finishing on Line 2 igniting vapor saturated with LP gas that had leaked from the tip of a flexible tube connected to an aerosol filling machine. The explosion faced the aerosol filling machine and caused flames to burst out. Once the police cordon was lifted, Mandom set up an Accident Investigation and Response Committee composed of external experts to study how to prevent such an accident from ever happening again. (From News Release No. 5 of Oct. 29, 2015)

2. Accident Summary

(1) Date and time of occurrence

July 10, 2015
Local time: around 9:18 a.m. (11:18 a.m. Japan time)

(2) Location of occurrence

Aerosol product production area, Indonesia Headquarters Plant
Address: Kawasan Industri MM 2100 Jl. Irian Blok PP Bekasi 17520
Aerosol: A liquid released from a valve by means of a propellant gas and used in hair sprays, antiperspirant deodorant sprays, etc.

(3) Injuries, Deaths and Damage

28 deaths among Indonesian personnel (4 male, 24 female)
(including 23 deaths after the accident up to September due to burn sepsis and other causes)
30 injured among Indonesian personnel
Aerosol production area destroyed

Consideration : Photos of the scene of the accident are not included in this report out of consideration for the victims and their families. For more details, please refer to the final report materials of the Accident Investigation and Response Committee.

Follow-up News Releases

- See Also** ●Final Report from Accident Investigation and Response Committee on Fire Accident at Consolidated Subsidiary (May 11, 2016)
<http://www.mandom.co.jp/release/2016/src/2016051101.pdf> (Japanese only)
- Report** ●Accident Investigation Report on the Fire and Explosion at PT Mandom Indonesia Tbk HQ Plant's Aerosol Production Area published by the Accident Investigation and Response Committee
<http://www.mandom.co.jp/release/2016/src/2016051102.pdf> (Japanese only)

- Company name ● PT Mandom Indonesia Tbk
- Established ● November 1969
- Paid-in capital ● 100,533,333,500 Indonesian rupiahs (as of December 31, 2015)
- Representative ● Muhammad Makmun Arsyad
- Business areas ● Manufacture and sale of cosmetics and plastic products, import product sales and exporting
- No. of employees ● 5,253 (as of December 31, 2015; total including directors and temporary personnel)
- Location ● Headquarters and Factory 1 (production plant)
- Headquarters and factory moved from Jakarta (Sunter) to Bekasi. Went into operation in June 2015.
 - Site area: 147,936m²
 - Address: Kawasan Industri MM 2100 Jl. Irian Blok PP Bekasi 17520



Aerial photo of new Indonesian head office building and cosmetics manufacturing plant (Factory 1) (Feb. 2015)

- Factory 2 (plastic container molding plant)
- Went into operation in March 2001
 - Site area: 54,442m²
 - Address: Kawasan Industri MM 2100 Jl. Jawa Blok J-9 Bekasi 17520

The Mandom Group takes this accident very seriously. We set up an Accident Response Headquarters immediately after the accident and continue to take measures based on the following three statements of our policy and stance.

1. We place top priority on providing quick, respectful, and courteous assistance to victims that puts people first, based on Mandom's management principles.
2. We will thoroughly investigate the cause with complete integrity and sincerity, discover the truth, and set up and implement measures to completely prevent another accident from occurring.
3. We will extend measures throughout the Mandom Group, not blaming any single person, but aiming to find out the real problem.

To make absolutely sure that another accident of this type does not happen ever again, we set up an Accident Investigation and Response Committee composed of external experts who looked closely at the cause of the accident and studied in detail how to prevent its recurrence. The committee's final report was presented in the news release detailed previously (see page 16).

In this KohDoh Report 2016 we have compiled and wish to communicate the efforts we have made so far to the bereaved families of the employees whose lives were lost in the fire and to the employees who are still being treated, along with their

families, based on the policy and stance presented above. Respecting the culture and customs of Indonesia, we also report on the memorial services held after the accident.

Adversity Makes the Mandom Group Wiser.
—Supporting Victims and Their Families,
and Remembering Those Who Lost Their Lives—

Muhammad Arif Kurniawan,
Head of Internal Audit,
PT Mandom Indonesia Tbk



The Day of the Accident

It was exactly a week before the Lebaran holidays (the end of Ramadan), and on the morning of July 7th, it became a day of tragedy. We were shocked by a huge explosion, followed by black smoke and fire from the DPS production site. An Emergency Response Team (ERT) reacted quickly, together with employees and construction workers in the nearby area, rushing to the site and starting to fight the fire. Fire trucks

arrived a few minutes later and the fire was extinguished within an hour. Under police supervision, a total of 53 victims were transported to eight hospitals using cars belonging to the company, employees, suppliers, and ambulances. Unfortunately, there were five victims who died in the fire on the site. Other employees were evacuated to a safe location and sent home afterwards.

Support for Victims and Their Families

The company directly covered all medical expenses from the beginning and saw to it that the hospitals provided first-class treatment. We also formed a volunteer group among employees and set up an on-duty schedule for each hospital. The group supported the victims and families 24/7 at eight hospitals and also participated in blood donation for the victims when needed. The company provided family compensation for those taking care of victims in the hospital, as well as transportation costs, meals, daily needs, and so forth. Our partner distributors also helped support the victims,

including through blood donation. These activities continued even during the Lebaran holidays. Colleagues stationed in Indonesia from Japan also participated in blood donation, and visited the hospitals every week to cheer up the victims and families. Even after the victims have come home and switched to outpatient treatment, the company has continued to support their families financially, as some of the victims still require special treatment at home due to their physical condition, and caregivers are oftentimes forced to miss work.

Care for Other Employees

After the accident, production activities came to a total stop, and we commenced a psychological counseling program for the employees who worked in the nearby area (No.4 Packing Site) but were not directly affected as victims. The

psychological counseling was offered for 1.5 months until they were able to get back to work again. Thankfully it only took a few months to restore the normal state of production.

Respecting Local Culture and Customs

In memory of the victims and to pray for them, the company held a 40th day memorial ceremony on August 19. We invited an "ustaz" (Islamic priest) to speak to employees and pray with them for the victims. We also offered prayers together every Friday after the weekly congregational prayer. On October 1st, the CEO of Mandom Corporation, Motonobu Nishimura, visited Indonesia and brought "senbazuru" (strings

of folded paper cranes) made by employees of the Mandom Group in Japan. He visited the hospitals, and met with families and victims. It was a great relief, and the victims and their families were deeply moved. They expressed their gratitude for the visit and the senbazuru. On October 19th, the company held a 100th day ceremony, attended by around 1,200 employees.



The ustaz delivers a sermon at the 40th day ceremony



Employees in attendance at the 40th day ceremony



President Makmun Arsyad prays alongside employees at the 100th day ceremony



Roughly 1,200 employees took part in the 100th day ceremony



Colleagues leave an offering of flowers

Financial Support and Recovery Program for Victims and Families

Many of the victims who passed away were married with dependents. To support those families, the company established a foundation funded with donations from Mandom Corporation Japan, Mandom Indonesia, and employees of the Mandom Group (including Mandom Indonesia). For the victims who passed away or suffered a permanent disability, we have provided condolence compensation, a chance for brothers, sisters and children of the deceased meeting company requirements to work at Mandom Indonesia, and scholarships for children until they reach 21 years of age. The company bears all medical expenses of survivors and provides funds for cosmetic surgery. The company is also paying their monthly salary in full during the recovery period until they can get back to work. These types of compensation

are in addition to the workers' compensation insurance they receive from the insurance company. Almost all survivors have requested to be allowed to return to work again. To prepare them, the company initiated a recovery program. This program includes psychological counseling, revisiting the work area, and work exercises. The counseling and revisit program has been running smoothly for a few months and work exercises in the actual workplace are scheduled to start immediately when conditions are ready.

(Note)
Laws and regulations concerning labor practices differ between Indonesia and Japan, however, Mandom Indonesia views conforming to local requirements as the bare minimum for compliance and makes a principle of maintaining standards that go above and beyond local legal obligations.

In Conclusion

The accident was a tragedy. In total we lost 28 colleagues. But throughout that difficult time, all of the employees of Mandom Indonesia were bound together as a family. Our colleagues in the Mandom Group overseas also showed us deep sympathy for the loss, just like family. We help and support each other regardless of boundaries between departments, companies, and even national borders, just like

a big family. Through this accident we were reminded again about the constant necessity of safety. It made us reflect upon ourselves and emphasize "Safety First" in every aspect of our policies and business operations to make sure that this accident will be the last and no such event will ever happen again in the future.

Establishment of Mandom Group Safety and Reliability Day

As reported in our news release on May 11, 2016, we are making efforts to prevent any recurrence in the future, by referring to the final report of the Accident Investigation and Response Committee made up of third parties, including suggestions for measures to prevent recurrence of the cause identified through analysis by the committee. Based on the idea of putting safety first, we are working to prevent recurrence in all our projects and at all of our manufacturing sites, but in order to take this accident as a major lesson and prevent any fading of its memory, we have established July 10 of every year as the Safety and Reliability Day of the Mandom Group. On this day, we will offer our wishes in memoriam of the victims of the accident, and diligently review safety and reliability throughout our group. It is not just machinery at manufacturing sites or workplaces

handling hazardous materials that may pose a risk to safety and reliability. Safety problems may be present even at non-manufacturing workplaces such as offices or sales facilities. Therefore, on Safety and Reliability Day, all of our employees will observe a moment of silence, and during that week, each workplace will consider and discuss risks to safety and reliability. The content of these activities will be planned by the Total Risk Management Committee, and then applied to organizations relating to each issue or countermeasure. We take the gravity of this accident very seriously, and to ensure that no such accident occurs in the future, the Mandom Group is working continually as team to ensure safe and secure business activities.

Understanding Universal Manners

" What is necessary for interacting with people from all walks of life? "

●Date held: April 27, 2016 ●Venue: Mandom Corporation's Head Office



What are "Universal Manners"?

With the assistance of the Japan Universal Manners Association and Mirairo Inc., we held a seminar and discussion on Universal Manners.

"Universal Manners" is a form of consideration that involves thinking from someone else's perspective and acting based on a proper understanding of their situation. It is both a mental and physical approach to interacting with people from all walks of life.

In the process of doing business we have interactions with all kinds of stakeholders, including people who are elderly or who have a disability, people pushing a baby stroller,

pregnant women, and individuals from different countries. We believe that learning and utilizing Universal Manners is a highly meaningful endeavor for both promoting and sustaining diversity.

See Also ●Japan Universal Manners Association Official Website
<http://universal-manners.or.jp/>
●Mirairo Inc. Official Website
<http://www.mirairo.co.jp/>

How the CSR Material Issues for the Mandom Group Relate to the Ten Principles of the UN Global Compact

In December 2015 the Mandom Group established the CSR Material Issues with 14 initial items and began initiatives based on these issues.

For initiatives with regard to three of these 14 issues, we requested the assistance of the Japan Universal Manners Association (Mirairo Inc.).

Relevant CSR Material Issues of the Mandom Group (first edition)	[No.03] Human Rights : Continuous investment in education on human rights [No.05] Labor Practices : Achieving employee satisfaction (ES) and diversity [No.13] Community Involvement and Development : Detecting and contributing to new social paradigms
--	--

We consider Universal Manners to be a necessary mental and physical approach for putting into practice the following principles related to human rights and labor among the Ten

Principles of the UN Global Compact, which the Mandom Group declared its commitment to in September 2015.

Relevant Principles of the UN Global Compact	[Principle 1] Human Rights : Businesses should support and respect the protection of internationally proclaimed human rights. [Principle 2] Human Rights : Make sure that they are not complicit in human rights abuses. [Principle 6] Labor : The elimination of discrimination in respect of employment and occupation.
--	--



Lecturer : Hiromi Kishida
Lecturer, Japan Universal Manners Association
Lecturer, Mirairo Inc.

Born in Osaka Prefecture. While raising her daughter and son, the latter with a mental disability, her husband died suddenly of heart attack in 2005. In 2008 she herself became paralyzed from the waist down due to an aortic dissection. In 2011 she joined Mirairo Inc. and began to offer consulting on Universal Design from the unique perspective of "changing barriers into value." She is also active as a Universal Manners trainer, giving over 150 lectures a year on how to interact with the elderly and people with disabilities.



Session 1 Learning the Basics of Universal Manners

The training session was led by Hiromi Kishida of the Japan Universal Manners Association. Ms. Kishida gave a basic introduction to Universal Manners and presented the same content as in the lectures she gives nationwide to teach people the basics of how to approach and talk to the elderly and people with disabilities. The lecture content was the same material that people study to pass the Universal Manners Test (Level 3). A total of 36 people attended the session, including the director in charge of the CSR Promotion Division, Tatsuyoshi Kitamura. Although we cannot go into more detail here, the participants felt that Ms. Kishida's talk was easy to understand and they listened with full attention;

at the end, all participants received a Level 3 Universal Manners certificate.

After the seminar, many of the individuals who had attended indicated an interest in taking the next level of training course (Level 2), which teaches practical support methods in more detail. Many commented that Universal Manners should be more widely taught at the company through such sessions as part of promoting true diversity.

See Also ●Universal Manners Test Official Website
<http://www.universal-manners.jp/>

Session 2 Discussion

Following her lecture on Universal Manners, Lecturer Hiromi Kishida led a discussion on the topic, "What is Necessary to Meet Diversity?" Opinions were exchanged vigorously on a variety of topics during the discussion, such as what kind of consideration is needed in a workplace shared with diverse

types of people, including those with disabilities, seniors, pregnant women, and people from other countries, and the stance that the company should take when dealing with members of the public. Also covered were such topics as accessible design, Universal Design, and mental health.

Main Concepts Taught and Advice Given by Hiromi Kishida

●Barriers Are in the Environment, Not in People

As long as we prepare the environment, people will not experience barriers. Also, the same environment can present barriers to some and not to others, and disabilities may express themselves in a variety of ways, so everyone must understand that different people have different needs.

able to play in the company and the responsibilities they are given as an opportunity. Bosses and senior employees should be providing them with a role to fulfill that is suited to their particular strengths and unique characteristics.

We must have an appropriate understanding of what a person can do well and what they cannot do, and set goals in consultation with the person. That is the basis for creating a good work environment. Just because a person might have a disability should not change these basics. Excessive concern is not necessary, but basic consideration is.

●Give Natural Consideration

As soon as you realize something, take immediate action. If a person is having trouble with something in your environment, as soon as you realize it, ask them without indifference or excessive concern, "Is there something I can help you with?" This is the basis of Universal Manners. Such consideration must extend throughout the company, cultivating a workplace culture that empowers people to naturally say, "Is there something I can help you with?" whenever they realize it is possible to help a person who needs a little help.

●Creating an Open Atmosphere and Promoting Good Mental Health

Firstly, change must start higher up in the company with bosses and senior employees. Creating an atmosphere that encourages employees to consult with their superiors in the organization begins with those superiors talking to everyone with a smile. It is also important to set up chances to communicate about things unrelated to work. Regardless of one's abilities or disabilities, every person wants to have others recognize what they have accomplished. It is vital to express appreciation in a natural way, even as simply as saying, "We need you."

●Set Up Roles and Targets Based on Individuals' Strengths and Special Characteristics

Regarding the hiring of people with disabilities, it is only natural that those who have a disability see the role they are

Follow-up Comments After Discussion



Manager, General Administration Div.
Yoshihiro Watanabe

I was reminded once more that there are many things that one does not see in one's daily life without making a conscious choice to see them, even when coming into regular contact with those things. One of the important functions of the General Administration Division is to manage and maintain the head office building to provide a safe, comfortable environment not only for employees but also for customers and others who come to visit the company. I wish to apply the knowledge I gained from the session in carrying out building maintenance so that everyone who visits the company feels that we are a company that really takes care of people in the right way.



Manager, Human Resources Div.
Yoshitomo Watanabe

I was able to learn how to interact not only with elderly people and people with disabilities, but also with different types of people who are anxious in some way about participating in society. To dispel such anxiety we need to "prepare the environment" for them or find ways to be considerate from different perspectives. From the position of the Human Resources Division, we aim to enable a variety of working styles and build the type of workplace environment in which many different kinds of people can be assigned to work safely and without anxiety, including people with disabilities, seniors, pregnant women, and people of foreign nationality.



Manager, Fukusaki Factory
Masanori Kobayashi

Hearing things like "It's okay to start by asking, 'Can I help you with anything?'" and "You don't need to try to be perfect" lightened my expectations of myself, as I tend to get very cerebral about correct conventions of behavior. I am always looking for ways to improve the hospitality that we extend to visitors to the Fukusaki Factory as part of the function of our department. This lecture provided a solid grounding for doing that, helping to overcome vague generalities in terms of considerate action.



Human Resources Div.
Masayuki Takai

I came to recognize once again the great importance of seeing things from another person's perspective and taking action based on proper understanding. Many times, when I saw people with disabilities or seniors I didn't know what to say or do because I had only some vague notion that there was something I had to do or should do. Then I learned that, first, the important thing is to say to the person, "Is there something I can help you with?" Also, I realized anew that this is what it means to see things from someone else's point of view.



Manager, Human Resources Div.
Keiko Nishiura

Barriers come in all shapes and sizes, and up until now I lacked confidence on how to interact with people with disabilities—I felt a great deal of anxiety. Studying Universal Manners has been a valuable experience, and now I feel that I have overcome my confusion to some degree. People learn from experience, so in a field where one has little experience, it is necessary to learn from an expert. As head of the Diversity Promotion Office, I want to put my energy into the area of hiring people with disabilities.



Fukusaki Factory
Chie Matsuoka

Through this lecture I became aware for the first time that our factory toilet has the Ostomate Mark for people with special needs. I want to share the information I received with others in my section, with other workers in the factory, and with my family to think more about these things together. I aim to always keep in mind the thought, "What can I do now?" and not forget to be caring and aware of the needs of others. I want to create a better workplace and factory that is able to work with people from all walks of life in the right way.



Human Resources Div.
Shen Nanxiang

On the topic of diversity and inclusion I got many ideas on how to promote the hiring and active participation of people with disabilities, so it was a very meaningful experience for me. I want to take action based not on what I think an individual can or cannot do, but on what I can do for them. Also I think that throughout the company we need to maintain the awareness that "barriers are found not in people but in things and the environment" and work to create an open atmosphere in the workplace and build an environment that is easy for all to work in.



Technical Development Center
Etsuji Shiomi

The lecture made me realize that there are many small things creating barriers in our immediate environment. It taught me that the first step is to have natural consideration for others and to say a few words to a person. Through the discussion I was able to deepen my awareness of the diversity around me. I am convinced that we can build a sustainable society that appreciates diversity through both Universal Design and Universal Manners, which respectively represent the "hard" and "soft" aspects of this awareness.



CSR Promotion Div.
Tsukasa Nishiyama

Since the CSR Material Issues for Mandom were established in December 2015, I have given much thought to one of the core themes that represent Mandom's CSR efforts—human rights; even the name of the company comes from the words "human" and "freedom".

We planned this recent event in the knowledge that it is necessary to first understand and practice Universal Manners if we are to properly understand how people both inside and outside the company perceive barriers, and if we are to create an organization that does not shy away from diversity and gives proper consideration to people from all walks of life.

With regard to the employment of people with disabilities, for example, even though the company more than meets national hiring requirements and has all of the infrastructure elements in place in terms of organizational systems and facilities, we are still in the process of learning how to properly understand and approach people with different types of disabilities in our various workplaces on a personal level. If we are unable to give them meaningful work, our initiatives in this area will not be sustainable.

I hope that by practicing Universal Manners we are able to improve these "soft" aspects of the work environment (i.e. a sense of heart) in even the smallest ways to promote true diversity.

I wish to express my sincere gratitude to Ms. Kishida as the lecturer, and to Hiraku Ishikawa, director at Mirairo, for their cooperation in making this initiative a success.

After the Lecture



Lecturer, Japan Universal Manners Association
Lecturer, Mirairo Inc.
Hiromi Kishida

I am very impressed with the thorough way in which each and every employee at Mandom engages in supplying products and services based on the company's mission of aiming to provide a comfortable lifestyle supported by health and beauty.

In the lecture, I introduced to people the way of thinking that we call "Universal Manners."

In the world in which we live today we see all kinds of people on the streets—elderly people, people with disabilities, people pushing baby strollers, and people from other countries. To talk with other people and communicate with them we need to start by understanding what is special about them and how they might be feeling. With an understanding of people's unique characteristics we can provide an appropriate level of support on a case-by-case basis.

The way I see it, to view things from someone else's perspective and take action on that basis requires no special knowledge, only a little consideration from the heart. The attitude and action people take toward diverse types of people are what we call "Universal Manners."

In the stakeholder dialogue just held, we had Mandom employees consider various situations and imagine what kind of approach would be necessary to meet diversity. When asked what situations they faced in actuality in their departments, I got the impression that concerns stemmed precisely from how much they valued communication with their customers.

Many said they were afraid that they paid excessive attention when interacting with customers with disabilities or the elderly. I was able to convey to them the importance of starting to communicate by asking, "Is there anything I can help you with?"

I would be very happy if the participants in the lecture were to remember and apply what they learned, both when greeting customers of all kinds and when communicating with fellow employees. May everyone remember how important it is, above all else, to step forward and say with kindness, "Is there anything I can help you with?"



Stakeholder Dialogue Participants



- Japan Universal Manners Association (Mirairo Inc.)
Hiromi Kishida (Lecturer)
- Mandom Corporation
Tatsuyoshi Kitamura (Director in Charge of CSR Promotion Div./
Director, Senior Managing Executive Officer)
- Nobuki Fujiwara** (Observer/General Manager, CSR Promotion Div.)
- Yoshihiro Watanabe** (Manager, General Administration Div.)
- Yoshitomo Watanabe** (Manager, Human Resources Div.)
- Masayuki Takai** (Human Resources Div.)
- Keiko Nishiura** (Manager, Human Resources Div.)
- Shen Nanxiang** (Human Resources Div.)
- Etsuji Shiomi** (Technical Development Center)
- Masanori Kobayashi** (Manager, Fukusaki Factory)
- Chie Matsuoka** (Fukusaki Factory)
- Noriko Shimizu** (CSR Promotion Div.)
- Tsukasa Nishiyama** (Facilitator/CSR Promotion Div.)

Considering Consumer Issues

" Creating lifestyle value with consumers, for consumers "

●Date held: May 23, 2016 ●Venue: Mandom Corporation's Head Office

With the help of Professor Kazuya Kuramoto of the Graduate School of Business, Doshisha University, a seminar and dialogue (i.e. discussion and exchange of opinions) were held on consumer issues, a highly relevant topic, which we report on here.



Relationship to the CSR Material Issues of the Mandom Group

In December 2015 the Mandom Group established the "CSR Material Issues" (14 items in the initial version) for the first time and began initiatives based on these issues; this event is related to the following four issues.

Relevant CSR Material Issues of the Mandom Group (first edition)	<p>[No.02] Organizational Governance : Promoting corporate philosophy/culture and compliance</p> <p>[No.11] Consumer Issues : Taking responsibility for quality and the health and safety of consumers</p> <p>[No.12] Consumer Issues : Creating new shared values with consumers</p> <p>[No.13] Community Involvement and Development : Detecting and contributing to new social paradigms</p>
--	---

The Mandom Group declared its commitment to the Ten Principles of the UN Global Compact in September 2015. One of the initiatives of the UN Global Compact is a set of global issues and goals with specific targets to achieve by 2030, known as the Sustainable Development Goals (SDGs). Of these 17 goals, consumer issues fall under SDG #12, "Ensure Sustainable Consumption and Production Patterns." This is one topic that the Mandom Group needs to consider from a global perspective.



Lecturer : Kazuya Kuramoto

- Professor, Graduate School of Business, Doshisha University
- Director, The Society for the Consumers of Kansai
- Head of Kansai Telecasting's Ombuds Kan-Tele Committee
- Lecturer, School of Economics, Kwansei Gakuin University
- Special Advisor, National Consumer Affairs Center of Japan; Committee Member, Conflict Resolution Committee
- Committee Head, Social Responsibility Assessment Committee, Osaka Izumi Co-operative Society

Graduated from Kwansei Gakuin University, School of Law and Politics, Department of Political Science. Worked for 33 years at Mizuno Corporation. Past positions include: General Manager Responsible for Quality Assurance at Mizuno, President of Mizuno Avail Corporation, Director of the Association of Consumer Affairs Professionals (ACAP), successive service as committee member for the Cabinet Office and Ministry of Economy, Trade and Industry, amongst other positions. After working as an associate professor at the Kobe University Graduate School of Business Administration, in 2013 he accepted a position as professor at the Graduate School of Business, Doshisha University.

Session 1 Learning the Basics

In Session 1, Senior Managing Executive Officer Tatsuyoshi Kitamura was joined by 24 employees from a range of divisions including production, development, sales, and resources, to listen to the lecture by Professor Kazuya Kuramoto.

At the start of the talk, Prof. Kuramoto covered the history of and trends in corporate misconduct among Japanese companies. He explained how so many companies that engage in wrongdoing forget or ignore the true customers that support their business (i.e. consumers), and engage in

repeated indiscretions, citing "business judgment."

He went on to explain the history of consumer issues, how companies have typically dealt with consumers, and the principles and approaches that need to be understood when dealing with an issue that has arisen. His explanations included specific actual examples with questions mixed in to stimulate thought, such as, "What would you do if you were faced with such an exigent circumstance?" He boiled down the key points regarding consumer issues today to the following three ideas.

Consumer Issues Are...

- Moving beyond issues related strictly to the lives of consumers and extending to issues involving market economies and economic systems, regarded inclusively in the expression "from the standpoint of consumers."
- Lifestyle issues and social issues that we aim to resolve based on an awareness that we, too, are consumers.
- Issues discovered through social issues and consumer movements that are rooted in the structure of modern society, in which every person is a consumer.

The latter half of the lecture covered the mission of the corporation, consumer safety, and corporate growth and consumer trust in modern society—based on consumer rights espoused by the global community as well as the legal system, including Japan's Basic Consumer Act and

Misrepresentation Act. The participants reaffirmed the excellence in the tradition of "Japan Quality" and in the spirit of acting in ways that are good for the seller, the buyer, and society, which is the starting point for CSR in Japan.

Session 2 Discussion

In Session 2, Prof. Kuramoto led a discussion among participants that prompted them to think about consumer issues and the mission of the company from various perspectives. It gave people the chance to talk about any anxieties or concerns they felt in the course of carrying out their job, regarding which Prof. Kuramoto gave his comments and advice.

Through this discussion the participants came to see that we must always make judgments from the viewpoint of the consumer, and that we are consumers ourselves as well as company employees. Many realized how difficult it is, when

faced with exigent circumstances, to make a decision that is required on the spot. They wondered if they would be able to make the right decision.

Participants were also reminded of how necessary it is to continually improve our technologies and pursue development so that we can continue to provide safe, high-quality products and services at low cost and raise the triple bottom line (financial, social and environmental). They saw how efforts in that direction help the company to grow and build consumer trust, leading as well to the formation of a sustainable society.

Follow-up Comments After Discussion



Manager, Technical Development Center
Hitoshi Misaki

Working in product development, we feel a great responsibility to create useful products within the larger framework of quality, the environment, and society. Thinking beyond merely legal compliance, we try to keep in mind things like society's many different needs, generating value, efforts that lead to the creation of new markets, and the mutual development of the company and society, as we strive to do what is good for the seller, the buyer, and society in the spirit of KohDoh.



Technical Development Center
Megumi Kakito

Securing profits does not have to be a tradeoff with pursuing quality design to satisfy customers or the larger responsibilities of the company. I was able to see how each can be advanced in balance with the other. As someone working in a division at the heart of product development, it was invigorating to hear especially how it is necessary to balance cost and quality (e.g. functions, safety) using our strengths in technology and development.



CSR Promotion Div.
Tsukasa Nishiyama

In order to learn what is needed to consistently employ KohDoh based on our value of "creating lifestyle value with consumers, for consumers" we enlisted the assistance of Prof. Kuramoto, who we have previously worked alongside in initiatives relating to the Association of Consumer Affairs Professionals (ACAP).

See Also ● Association of Consumer Affairs Professionals (ACAP) Official website
<http://www.acap.or.jp/>

Consumer issues span a wide range of issues, with different positions taken by the supply side (i.e. companies) and demand side (i.e. consumers). Such issues are affected by the economic situation of a country, and are often influenced by differences in viewpoints and ways of thinking based on different lifestyles. It is therefore a difficult topic to address fully, but certain issues are common to all countries and people no matter where they stand—assuring safety, the quest for high quality and low costs, and ensuring sustainable consumption and production. In the discussion, Prof. Kuramoto gave easy-to-understand explanations and comments to participants who asked questions or sought advice, providing good advice based on his own experience. The event helped all participants to gain a deeper understanding of consumer issues.

Going forward, we plan to shore up our CSR promotion system with mechanisms for utilizing feedback from customers and for more sensitively picking up on the expectations and needs of a wide range of diverse stakeholders. On behalf of all participants I wish to extend our sincere appreciation for this opportunity.



Head of General Manufacturing and Sales/
General Manager, CSR Promotion Div.
Nobuki Fujiwara

Mandom has implemented a quality management system (QMS) based on various guidelines for processes ranging from planning to design and development, production, distribution, publicity, sales, and customer support. These guidelines include the Good Quality Practices and Good Vigilance Practices stipulated by Japan's Ministry of Health, Labour and Welfare, and the Good Manufacturing Practices for Cosmetics that have been drawn up as voluntary industry standards. Through the discussion, however, I was made aware once more of the strong importance in all QMS processes to face quality issues from the viewpoint of the consumer at all times and to take quick action. Looking ahead, we will work to improve our QMS, along with improving our individual capabilities and the organizational culture in order to create new shared values with consumers.



Product Assurance Div.
Hisashi Kawashima

The sessions made me ask myself such fundamental questions as "Are we honestly listening to consumers and what they want?" "Are we putting cost first and neglecting safety?" and "Have we lost our self-awareness as consumers?" I learned that consumer issues are not just issues related to consumer lifestyles, but involve various problems that we need to resolve based on an awareness of ourselves as consumers. I felt that consumer issues are truly an important factor in the running of a business.



Manager, Fukusaki Factory
Hiroaki Nishimoto

My work in product quality management involves carrying out inspections based on test specifications and performing process inspections on the production line. My awareness is focused on the products and machinery in front of me, so I rarely think of the consumers who actually purchase the product. I gained a renewed awareness that my judgments tend to be mechanical. I awoke to the fact that I am both an employee in a manufacturing company and a consumer myself, and with this awareness I want to help manufacture safe, high-quality products.



Manager, Product Development Div.
Masanori Sukanuma

We know in our heads that when a problem occurs with a product the one who suffers most in the end is the consumer, but oftentimes we still discuss it from the viewpoint of the company. I came to recognize again the need for maintaining a strong determination to make judgments based on the benefits to the consumer and following through on them to the end. I also agree with the thinking that drills are needed to foster better judgment in exigent circumstances. I would like for Mandom to implement such approaches and work to improve our judgment capabilities through in-house education.



Product Development Div.
Kirika Otani

I think it is necessary not only for those who participated in the discussion but for all employees to share the awareness that maintaining our integrity as a guiding principle is the fastest way to improve results—dealing with things earnestly—even if that may seem a roundabout way. Also, I would like us to continue proposing new value by being sincere and stopping at different points during the development process to check in and see if we are objectively taking into consideration the viewpoint of the consumer.

Stakeholder Dialogue Participants

- Professor, Graduate School of Business, Doshisha University
Kazuya Kuramoto
- Mandom Corporation
Tatsuyoshi Kitamura (Director in Charge of CSR Promotion Div./Director, Senior Managing Executive Officer)
Koichi Watanabe (Observer/Executive Officer and General Manager, Fukusaki Factory)
Kenji Uchiyama (Observer/Executive Officer and General Manager, Advertisement & Sales Promotion Div.)
Kunio Inoue (Observer/General Manager, Product Assurance Div.)
Nobuki Fujiwara (Head of General Manufacturing and Sales/General Manager, CSR Promotion Div.)
Hitoshi Misaki (Manager, Technical Development Center)
Megumi Kakito (Technical Development Center)
Hisashi Kawashima (Product Assurance Div.)
Hiroaki Nishimoto (Manager, Fukusaki Factory)
Gaku Okuda (Manager, Advertisement & Sales Promotion Div.)
Masanori Sukanuma (Manager, Product Development Div.)
Kirika Otani (Product Development Div.)



- Kumiko Hitsumoto** (Manager, No. 2 Marketing Div.)
Minoru Yoneda (Manager, CSR Promotion Div.)
Masaki Tsuboi (CSR Promotion Div.)
Tsukasa Nishiyama (Facilitator/CSR Promotion Div.)



On Corporate Action and Consumers

Professor, The Graduate School of Business, Doshisha University
Kazuya Kuramoto

In recent years we have been witness to a number of cases of corporate misconduct among major firms that have ultimately threatened the continued existence of those firms. Many causes can be identified, but in general they fall into two categories.

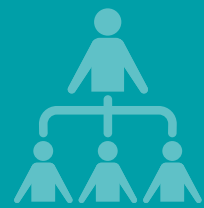
The first cause of problems is the corporate culture. A culture that discourages openness or a system that prevents bad news from reaching top management are examples of a corporate culture that has built up over time and that cannot be changed overnight. For such companies to change in any significant way requires a major change of personnel and can be a painful process. Companies that promote openness between superiors and subordinates have a low risk of getting caught in such a vicious cycle.

The second cause of problems is taking stakeholders too lightly. Particularly for companies that manufacture consumer products, it is necessary to place the highest importance on consumers. How a company incorporates the opinions of consumers into product development and product improvements reveals its stance toward stakeholders. Problems will always arise in terms of cost. A company must train its personnel and build a system whereby judgments can be made quickly to determine which consumer opinions and requests are unsubstantiated and which are useful to incorporate as quickly as possible.

Companies that are able to think about these things and sincerely incorporate them into their operations gain the trust of consumers, and this system of grassroots support leads to the nurturing of consumer citizenship. Positive efforts in this direction include disclosing more information, proactively engaging with consumers and consumer organizations, and contributing to various kinds of consumer education.

Last year the Mandom Group pledged its commitment to the UN Global Compact as it continues to engage in activities such as dialogues with stakeholders. I have high expectations for Mandom to be successful in addressing the issues entailed and become a leading Japanese firm in terms of fulfilling its corporate social responsibility.





Organizational Governance

We strive to maintain and further improve upon the fairness and transparency of our management, in full compliance with all laws and regulations, and will put forth every effort to ensure the safety and benefit of our stakeholders.

Corporate Governance

Corporate Governance

The driving force of the Mandom Group as a company that coevolves and prospers hand-in-hand with Asia and the global community is the realization of Our Philosophy. To this end we have established basic policies on corporate governance that will allow us to achieve sustainable growth together with our stakeholders, who include consumers and communities, through the generation of quality profits by pursuing efficiencies premised on soundness and transparency.

The activities of the Group are overseen by the Audit & Supervisory Board. With legal oversight from our auditors as

the basis for corporate governance, we invite multiple external directors to sit on our board, to reinforce our monitoring and advisory functions. By clarifying responsibilities and delegating authority under a system of supervisory and executional officers in charge of specific operations, we have created a system for the proactive and expeditious execution of operations. Through this system we are proactively taking on the challenges of governance to boost our corporate value.

External Directors and Advisory Panel

Mandom began engaging external directors well before legislation in Japan would require it (external auditors were first adopted in 1986 and external directors in 1995). In the Group's current structure, two of the four auditors are external, while two of the seven directors are external. Their presence reinforces monitoring and advisory functions by bringing an objective shareholder's perspective to business

decision-making and the execution of duties.

Playing an advisory role for the Board of Directors, the Advisory Panel is composed of a Nominating Committee and Compensation Committee, each with external directors comprising more than half of its members to ensure fairness and transparency in the directorship selection process and executive compensation system.

Addressing Japan's Corporate Governance Code

We endorse the spirit of Japan's Corporate Governance Code, which aims to contribute to sustainable growth and the increase of corporate value over the mid- to long-term, and we have been earnestly reviewing the Code's General Principles, Principles, and Supplementary Principles. Based on a resolution from the Board of Directors' meeting in October 2015, we established Mandom's Corporate Governance Guidelines, which include our basic approach to corporate governance and the state of our corporate governance system

while incorporating the principles and areas of coverage listed in the government Code.

Mandom's policies and measures for which the Corporate Governance Code applies and our Corporate Governance Guidelines are presented on the company website.

Web [Mandom Official Website IR Information](#)
 ● [Corporate Governance Guidelines \(Japanese only\)](#)

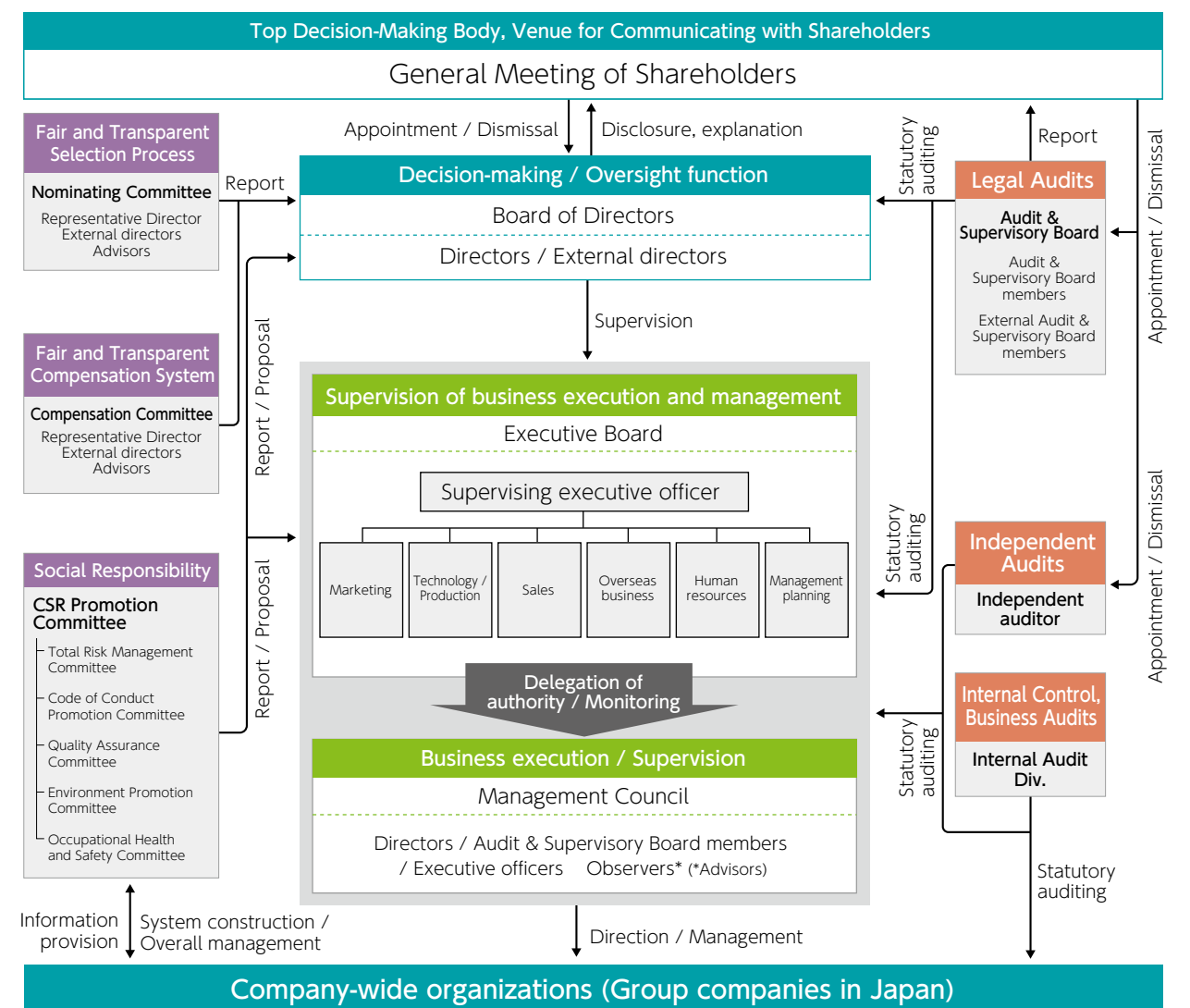
Establishment of Internal Control Systems Relating to Financial Reporting

The Mandom Group considers a key obligation of management to be ensuring the reliability and propriety of financial reporting. So, as a basic policy we have made groupwide efforts to put an appropriate internal control system in place under the president's leadership.

In addition, our Internal Audit Division ensures the trustworthiness and accuracy of our financial reporting. The

division is responsible for establishing and monitoring the management of internal control systems relating to financial reporting and for carrying out internal audits. The division also submits reports as appropriate to the Board of Directors and the Audit & Supervisory Board, which review the reports on an ongoing basis and work to devise structures to implement recommendations for improvement.

Corporate Governance System



Risk Management

Risk Management

The Total Risk Management Committee is the principal vehicle for the Group's total risk management system, based on the enactment of the Total Risk Management Promotion Regulations. This committee prioritizes the management of risks that may materially impact business continuity. Accordingly, the committee promotes the preparation of

manuals and focuses on identifying, analyzing and evaluating signs of the materialization of risks to detect such risks quickly and introduce preventive measures. We also provide guidance and supervision of risk management systems for subsidiaries.

Compliance

Compliance

The Mandom Group's compliance is rooted in Our Philosophy of OYAKUDACHI (Contribute to a comfortable life for consumers) and our Management Philosophy (Be honest with the public). Above all, our view on compliance is not simply that we should obey laws; rather, we believe that to fulfill our

philosophy of contributing to a comfortable life for consumers, we must go beyond the passive attitude of abiding by laws and instead take the active initiative to create in-house rules that are stricter than society's laws so that we can ensure that consumers derive safety and benefits.

Mandom Group Code of Conduct

We formulated the Mandom Group's Code of Conduct in 1999 as part of a compliance program to ensure that all companies, executives, and employees throughout the Mandom Group were putting Our Philosophy into action on an everyday basis. This code of conduct is fundamental to questions that our people should be asking themselves as they go about their work, namely, "Is this a correct judgment?" and "Would this behavior be an embarrassment to myself or the company?"

The Mandom Group's Code of Conduct has been reviewed and amended in line with formulations and revisions of the framework of Our Philosophy as well as various principles. (Revised in 2002, 2007, 2011 and 2014.)



"Mandom Group Code of Conduct"

Web Mandom Official Website IR Information
Corporate Governance : Mandom Group Code of Conduct

Mandom Group Code of Conduct

I. Compliance with Laws and Social Norms; Ethical Principles and Operations

We, as members of society, shall fully understand the laws, customs and all other social norms of our country and other countries in their meaning and intent; we shall strictly adhere to them with a spirit of compliance and always think and act ethically with a high standard of social awareness and judgment.

II. Mandom Group's Business Principles and Operations

1. Supply of Safe, Reliable and Attractive Products and Services

"Creating Lifestyle Value With Consumers, For Consumers" is our basic motto. We shall provide safe and attractive high-quality products and services that are trusted by our customers.

2. Fair, Clean, and Free Business Transactions

We shall perform active and effective competition, pinned upon business transactions that are fair, clean, free, and in full compliance of the Antitrust law and other relevant legislation.

3. Appropriate Management of Company Assets

We shall fully be aware of the value of the tangible and intangible assets, information, and especially intellectual properties that the Mandom Group possesses, which we shall manage with utmost care. Meanwhile, we shall fully respect the assets and information that belong to others.

4. Overseas Business Activities

In overseas, we respect the history, culture, values, and customs of every country concerned.

III. The Global Environment and Mandom Group

We shall be aware that activities to address environmental issues are essential elements in a company's existence and operations. We shall take our own initiatives in global environmental protection and take positive steps to promote it by preventive measures against global warming, energy efficiency drive and reduction of waste materials.

IV. Society and Mandom Group

We shall endeavor to achieve cooperation and integration with society as a "good corporate citizen". We shall contribute to the progress of society. We shall endeavor to communicate with stakeholders and other members of society, disclose corporate information actively and fairly, listen earnestly to the views and information from stakeholders, and achieve clean management.

V. The People who work for Mandom Group

Mandom Group aims to make "both the individual (each employee) and the company HAPPY" so that we may realize Our Philosophy and put it into action. To this end, we shall maintain a good balance between what the company aims for the employees' sake (company vision) and what the employees aim for the company's sake (human resources vision). We shall create working conditions that are safe and conducive to work and invest in human resources development. By so doing, we shall boost every member's morale and maximize the output of his or her ability.

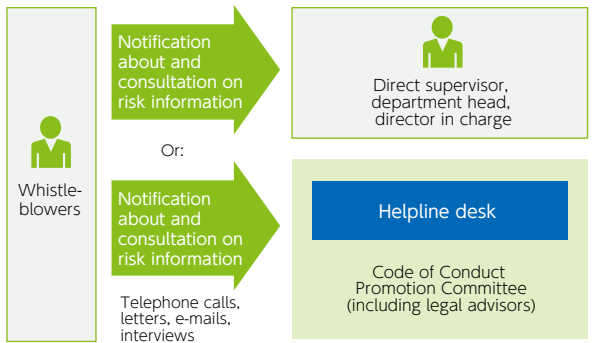
The Helpline System

In December 2002, Mandom Corporation introduced the whistleblower system "Helpline System" for early detection, prevention of occurrence and prevention of recurrence of risks relating to violations of laws and social norms. This is a system receiving reports and consultation from employees when they observe in their workplace any acts that break or are at risk of breaking laws or our Code of Conduct. The Code of Conduct Promotion Committee, which includes external members (corporate legal advisors), serves as the point of contact. The whistleblowers are protected against retaliatory measures or disadvantageous consequences due to their action.

In September 2007, the System was expanded to cover business partners of Mandom Group companies in Japan. Business partners who become aware of directors or employees of Group companies in Japan engaging in acts that are not compliant or are at risk of non-compliance of Mandom Corporation and Group companies or its directors and employees are requested to report these to the Helpline, using the procedure described below. When the report of

such a case is received, the Code of Conduct Promotion Committee will take the lead in investigating the case, identifying the causes, preventing non-compliant acts, prohibiting them, preventing their recurrence and finding resolutions to problems.

Helpline System



Contact Details (for use only by business partners)
•Helpline phone / fax line: +81 (0)6-6767-5170
•Helpline email address : mandom-helpline@mandom.co.jp

Personal Information Protection

Mandom handles a substantial amount of personal information, including information on customers. We have created a Personal Information Protection Management System to ensure that this information is handled correctly and appropriately.

We have created a Personal Information Management Ledger, and each year we conduct a survey to determine the status of information retention and management by all departments. We also perform internal audits in the effort to store and manage personal information appropriately. Furthermore, all

employees undergo training on personal information protection.

Following the decision to set up an in-house system for properly handling personal information in April 2012, Mandom declined to renew its participation in the government-based PrivacyMark system. Since the proper handling of personal information held by a company is a foundation of doing business, to fulfill our corporate social responsibility, Mandom will continue to implement our Personal Information Protection Management System.

Relations with Shareholders and Investors

Promoting Communication with Shareholders and Investors

In addition to the general meeting of shareholders, we hold results briefings and small-scale meetings for institutional investors, publish the Annual Report and a shareholder newsletter, post information to our website, and in other ways work to promote a better understanding of Mandom. On October 5 and 6, 2015 we held our first-ever plant tour for

shareholders. Invitations were sent to all shareholders owning 100 or more shares, and an impartial lottery was conducted for those who responded to allocate slots to the winners. The tour gave shareholders a chance to see the production lines for major products, including the paper line, liquid line, and aerosol line.

Returning Profits to Shareholders

We offer dividends and shareholder benefits as our way of returning profits to shareholders. We believe that offering our products as shareholder benefits helps shareholders gain a better understanding of our company.

Mix of Company products worth ¥5,000 in value, once per year, offered to all shareholders owning 100 shares or more (as of March 31).

	2015	2014	2013	2012	2011
Dividend Payout Ratio (%)	29.3	40.2	40.0	40.2	42.5
Dividend (Interim/Year-End)	80	76	70	62	60

Web Mandom Official Website IR Information
Returning Profits



Human Rights

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

Promoting Human Rights Education

At Mandom we are working to promote human rights awareness through ongoing employee education and will integrate the following "Respect for Human Rights and Ban on Discriminatory Practices" section into the Mandom Group Code of Conduct (2014 revised version).

Reference : Mandom Group Code of Conduct

I. Ban on discriminatory practices

We respect the basic human rights of every person, and no matter the situation will not slander a person or discriminate against them based on such unreasonable factors as race, nationality, religion, ideology, beliefs, gender, age, physical disability, etc.

II. Ban on sexual harassment, power harassment, etc.

We do not condone and will not commit any of the following behaviors, and will respond with strict measures if they occur.

- Conduct of a sexual nature (sexual harassment: sexual remarks, suggestive attitude, physical contact, etc.)
- Harassment at or outside the workplace that involves taking advantage of one's position (power harassment: verbal or psychological abuse, etc.)
- Coercion to attend a drinking party, drink alcohol, finish a drink in one, or drink until heavily intoxicated (alcohol harassment)
- Privacy violation on social media or other nuisance behavior (social harassment)

III. Ban on child labor and forced labor

We absolutely reject labor performed by underage minors (child labor) and improper labor practices that involve the use of coercion, whether physical or mental (forced labor), in any country and under any circumstances.

Promoting Diversity

In April 2015 Mandom established a Diversity Promotion Office to help create a corporate culture of respect for diversity and differences, which involves the utilization of not only female employees but also individuals of various dispositions and abilities, employees of foreign nationality, and others.

Human rights and labor practices are closely related issues. We are trying to build an organizational system that embodies diversity and inclusion in order to retain workers of diverse attributes and value systems, and enable them to reach their full potential.

Recent data that includes figures for women in management positions and the employment of people with disabilities and non-Japanese employees can be found below.



Web Mandom Official Website CSR Information
●Key Data on Personnel and Labor

Continuous investment in education on human rights

Creating an Environment that Facilitates the Participation 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.

Please see below for information on our recent hirings of people with disabilities (and the legally mandated employment rate over time).

FY	2015	2014	2013	2012
Rate of employment of people with disabilities	1.66%	1.91%	1.92%	1.69%

Note : Rate calculated according to the legal employment rate calculation method in Japan.

Seminars in Universal Manners

Further supplementing our efforts with regard to physical facilities, we have been holding seminars on universal manners with the assistance of the Japan Universal Manners Association (Mirairo Inc.) to teach our employees how to approach people of all kinds and show basic manners toward them. The goal is to build a workplace environment with a positive attitude or sense of heart that promotes working enthusiastically together among all types of people—those with disabilities, seniors, non-Japanese, pregnant women, etc.

These seminars complement the physical accessibility measures we have also implemented.



Due Diligence

Aiming to establish a new CSR promotion system for the Mandom Group, a CSR Promotion Committee was set up in 2015 to carry out inter-departmental CSR activities.

The committee is working to gain the cooperation of our suppliers and partners to build a CSR procurement system that addresses issues of human rights, labor practices, the environment, and fair operating practices in the supply

chain — specific topics that belong to the CSR material issues of building and implementing a CSR procurement system.

Web Mandom Official Website CSR Information
●Mandom Group CSR Promotion System
●Fair Operating Practices Building and Implementing a CSR Procurement System

Other Initiatives

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. For more details, please see the special feature (pages 16–19) in this report.





Labor Practices

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

Cultivating Human Resources

Global Human Resources and Our Global Personnel Vision

We have formulated the Mandom Group Vision (Ver. 1.0), which outlines our goals as an Asia-based global corporation. Recognizing that human resources are essential for achieving this vision, we have formulated and are implementing our Global Personnel Vision 2016, which focuses on people as the

key to achieving our objectives. This vision defines global human resources as "people who can help us achieve success in any country." We have training, systems, and other mechanisms in place to cultivate these human resources.

Main Efforts in Personnel Training and Education

We have a variety of training programs in place, based on employee rank and role in the company, that put a strong emphasis on self-directed learning. We also offer employee training that supports career development and provides lifestyle assistance, and work to

foster self-reliant individuals who are able to design their own careers. Additionally, we now offer basic training and compliance education as required for individuals hired mid-career.

●Basic Training

New Employee Training for 3 Years	Following three weeks of induction training, for two days every October, training is given to junior personnel in their first three years with the company. The training allows them to gain and verify skills and acquire the mindset they need as working individuals.
Assessor Training	Training for new assessors (evaluators) is held every April. The aim is to promote an understanding of the basic approach and acquire the skills needed to implement a fair and impartial system of goal management.
New Manager Training	Training is conducted every August for employees new to managerial positions. New managers learn what mindset they need, the role of managers, and about such topics as coaching, mental health, and company regulations.

●Compliance Education

Confidential Information Management Education	Education is provided for all employees once a year, conducted for approximately two hours, division by division. The goal is to improve understanding of the Act on the Protection of Personal Information and related laws and Mandom's regulations with regard to the management of personal information and confidential information.
Company-Wide Education on Mandom Code of Conduct	Education is provided for all employees once a year, conducted for approximately two hours, division by division. The goal is to promote and verify understanding of the Mandom Group's Code of Conduct. Education is also promoted through a monthly in-house email newsletter.

●Global Personnel Training

Overseas Exchange Training	Once a year, staff from overseas subsidiaries get together with Japan-based Mandom staff for a week-long period of exchange that includes touring production sites and visiting markets in different countries.
-----------------------------------	---

●Health and Safety Education, Environmental Protection Education

Discussion-Style Group Education at Fukusaki Factory	Twice a year for approximately six hours, all employees at the Fukusaki Factory participate in group education to deepen their understanding of occupational health and safety, reducing environmental impact, quality, and relevant rules and regulations. Traffic safety education is also incorporated with the cooperation of the Traffic Department of the Fukusaki Police to help prevent accidents among employees who commute to work by car.
---	---

●Lifestyle Support

Career Training (for employees in their 30s, 40s and 50s)	Career training is held for two days once a year for employees in each age category. Participants look back on their career and learn how to draw up a future vision for their career and generate motivation. For people in their 30s the focus is on self-understanding; for people in their 40s it is on career design; and for people in their 50s it is on "a second life."
--	--

●Support for Employee Skill Development

Correspondence Education	Twice a year, half the cost or the entire cost of the course fees subsidized for educational pursuits of Group employees in Japan and Japanese employees on overseas assignment in order to support personal development.
Language Study Support System	Twice a year, subsidies are issued to assist with the costs of taking the TOEIC test, participate in in-house language classes led by outside instructors, study another language, etc.

Employee Satisfaction (ES), Decent Work and Work-Life Balance

Aiming to Achieve Decent Work

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

Main Efforts in Achieving Decent Work and Work-Life Balance

●Decent Work/Health Care

Employee awareness surveys	Surveys are conducted every year for all employees as a means of gathering information to ascertain issues in the culture of each division and to make improvements. After the survey, the results are examined from every angle at workshops held by the Personnel Division (for the assistant manager level and higher). Efforts are made to spread awareness of the issues and the overall results are conveyed to relevant employees through face-to-face conversations conducted by division heads.
Stress checks	Stress checks have been conducted since FY2011 in collaboration with an Employee Assistance Program (EAP) organization. In FY2015, 617 employees had their stress levels checked (86.9% of all employees). Individuals are informed of the results and anonymous statistics are compiled and analyzed by division and department.
Health checks	Periodic health checks are conducted for all employees and thorough physical examinations are recommended for employees and spouses over the age of 35, with subsidies provided.
Use of industrial physician	An industrial physician makes the rounds at the head office and Fukusaki Factory, joins the Occupational Health and Safety Committee meetings held once a month to improve the workplace and provide health guidance.

●Work-Life Balance

Childcare/Elderly care support system	A support system is in place to enable employees who would otherwise be constrained by childcare or elderly care to continue in their jobs. A consultation desk was set up in-house to improve support for employees with regard to balancing work and elderly care.
Flexible working hours	For full-time regular employees involved in home caregiving, a flextime system (with core working hours) is offered, and for employees in management positions involved in home caregiving, a flextime system (without core working hours) is available.

●Job development and new hiring

Reemployment system	A retiree reemployment system was introduced in FY2006, and is now being updated to comply with changes in the law made in 2013.
----------------------------	--

●Encouragement of social action

Volunteer leave system	Volunteers are solicited to participate in JICA's Japan Overseas Cooperation Volunteers through the private-sector partnership volunteer program. Employees who go on a mission through the program are supported with special leave during that period.
-------------------------------	--

Change! JPN Campaign and Ikumen Project

We are also working to create a workplace culture in Japan that promotes work-life balance and encourages men to be actively engaged in childcare. Toward this end, in fiscal 2015 we began participating in two Japanese government programs and launched tie-in campaigns within the company. The two campaigns are: the Change! JPN Campaign run by the Office for Work-Life Balance of the Cabinet Office and the Ikumen Project run by the Ministry of Health, Labour and Welfare. This campaign calls upon all employees to reduce overtime work and fully adopt the practice of taking a day off in lieu of each national holiday that falls on a Sunday, as well as using all annual paid leave.

The Ikumen Project calls upon all employees to create a workplace culture that makes it easy for men to take childcare leave. As one of Mandom's specialties is men's cosmetics, we feel a particular need to support the concept of "cool dads".



Promoting Work-Life Balance

We have established various systems to enable work-life balance that allows employees to work while raising children and caring for elderly parents, as well as managing change at different stages in their lives.

Since 2009, we have been encouraging three-way meetings between pregnant employees, their supervisors, and the personnel department to remove anxiety about returning to work after the birth of a child.

With regard to support for caregiving, we have a care leave/work arrangement system plus an elderly-care leave system that allows for five extra days off per year. Starting in 2012, we instituted a system of flexible working hours plus a

system that allows the use of pooled, invalidated paid leave for elderly-care leave.

FY	2015	2014	2013	2012
Employees taking childcare leave	8	6	15	16
Employees using childcare work program	8	10	7	8
Employees taking carer's leave	2	2	3	1
Employees using carer work program	2	1	0	0
Employees taking short-term nursing care leave	21	20	18	10

Web

Mandom Official Website CSR Information

Mandom Key Data on Personnel and Labor

Promote Diversity

Promoting Women

In Mandom Group, Active Employee Participation constitutes part of Our Value and "KohDoh" for Self-actualization is defined as one of Our Principles. Based on these concepts, Mandom considers our employees corporate assets

regardless of gender that are vital to our business, and strive continuously to create safe, clean workplaces that give employees the freedom to express themselves.

Active Employee Participation

The corporate name "Mandom", deriving from "Human" and "Freedom", represents the respect for human dignity and a liberal atmosphere. At the core of the Mandom Group is an environment where employees can freely demonstrate their creativity through open and lively discussions. The continuous growth of both the individuals and the entire organization will enhance our value.

"KohDoh" for Self-actualization

A company should provide the platform for self-actualization as well as for the performance of one's duty. Our working environment is ideal for everyone to demonstrate his/her own ability, which will encourage successful self-actualization of each employee and eventually lead to the realization of our corporate mission.

In April 2015 Mandom established Diversity Promotion Office and we are trying to build an organizational system that embodies diversity and inclusion in order to retain workers of diverse attributes and value systems, and enable them to reach their full potential.

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 one of the CSR Material Issues for the Mandom Group (Ver. 1) - "Achieving employee satisfaction (ES) and diversity". In line with the objectives and purposes of the law, Mandom will develop and execute 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, Labor and Welfare below.

Web

Mandom Official Website CSR Information

Mandom Key Data on Personnel and Labor

See Also ● Corporate Database promoting women (Japanese Only)
<http://www.positive-ryouritsu.jp/positivedb/>



Occupational Health and Safety

Mental Health Measure

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

We also bought group long-term disability income indemnity (GLTD) insurance, and in May 2011 set up regulations

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

Mandom Safe Driving Courses

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

on road traffic safety to prevent road accidents. Based on an understanding that we are still insufficiently prepared for risk, we will continue striving to prevent road accidents.

Safety Measure at Head Office Building

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



Firefighting drills at the head office



Lecture on emergency life-saving techniques

Joint Emergency Drills with Himeji City Chuban Fire Department

On November 12, 2015 the Fukusaki Factory held the first joint emergency drills in conjunction with the Himeji City Chuban Fire Department.

Drills included the rescue of a missing individual from the roof by a rescue squad using a ladder truck for high-rise buildings and a demonstration of triage, a way of prioritizing treatment and response depending on the severity of injury to victims. The exercises impressed on all of our employees again the necessity of remaining aware of fire prevention.

After the joint drills, a Mandom fire brigade conducted drills using water fire extinguishers and discharging water from a hose attached to a fire hydrant, and participants learned how important it is to put out a fire before it spreads. In addition, the location and labeling of fire extinguishers and evacuation routes were reevaluated and made common knowledge, and awareness of the importance of checking these things regularly was promoted.

The exercise served to reinvigorate employee awareness of safety and fire prevention. We will continue holding such practical training to prepare people for handling emergency situations.

Procedures for Joint Emergency Drills

1. Alert drill
 2. Evacuation drill
 3. Early-stage fire extinguishing drill
 4. Victim transport drill (on stretcher)
 5. Rescue by Himeji City Chuban Fire Department (ladder truck and rescue squad), setup of "triage post" for sorting victims, providing first aid and putting out fire (spraying with water)
- * Triage post: A location where doctors and paramedics can quickly determine severity of injuries, degree of urgency of treatment, etc.



Fire hose drill



First aid treatment after setup of triage post



Internal Communications

Office Environment

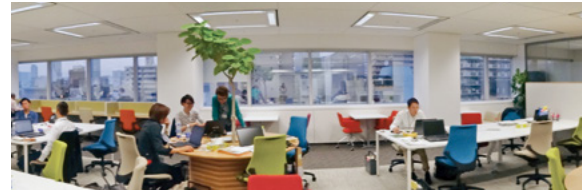
Kinki New Office Promotion Award Received (Nikkei New Office Awards)

Mandom received the New Office Promotion Award in the Kinki Block Category at the 28th Nikkei New Office Awards, and accepted the award at a ceremony held in September 2015, alongside 15 other companies.

Cosponsored by the New Office Promotion Association, a general incorporated association, and Nikkei Inc., with support from METI, the awards have been given out since 1988. The judging committee of academics and experts evaluated over 100 applicants based on the following two criteria.

- That the office space is comfortable and functional, stimulates sensitivity, and elevates creativity.
- That the office concept promotes the use and management of intellectual capital and information, with specific measures implemented to improve effective use.

The newly renovated 7th and 8th floors of our head office building and the meeting space facing the head office building were selected to receive the award.



Head office building 8th floor



Award certificate



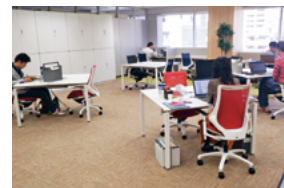
Meeting space facing the head office building

Head Office Building 6th Floor Renovation

Mandom is in the process of renovating the floors of our head office building. Following the renovation of the 7th and 8th floors as well as the meeting space facing the head office building, the 6th floor was completely renovated in September 2015. The floor was turned into a free address (i.e. non-territorial) office space, aiming to stimulate employee interaction to produce new ideas and improve work efficiency.

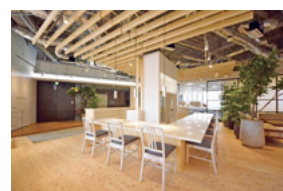


Head office building 6th floor



Aoyama Office Opens

The Aoyama Office opened in October 2015. The concept for this unique office was to have a creative office that would allow the continued generation of ideas that are the first of their kind. A café-style space was incorporated into the office to provide an open-air feel and high functionality. All seats are free address, creating an environment in which it is possible to think and move flexibly while moving from area to area.



Café area



Aoyama Office employees

Publishing of weekly in-house newsletter MP News

Mandom has been publishing its weekly in-house newsletter MP News every week since 1982. As of March 2016, 1,579 issues have been published over a period of 34 years. We want these newsletters to be read by family members of employees as well, so we continue to distribute them in print. The newsletter content covers a wide range of topics, from the monthly morning assembly speeches at the head office to reports on various events, general information required for business and social activities, and reports on employee volunteer activities. The newsletter is a valuable communication tool for sharing information and for weekly enjoyment.



Weekly edition published since 1982



The Environment

We consider the impact that our business activities have on the environment and strive continuously to reduce that impact at every stage from the development of products and services to procurement, production, transportation, sales, and after-use disposal, recycling, etc.

Environmental Philosophy and Promotion System

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

which was revised on May 1, 2006. It was certified to ISO 14001 in November 2000.

In May 2016, we revised our Environmental Philosophy to strengthen efforts with respect to environmental protection throughout the value chain, corporate response to social demands, and systematic performance improvements. We also set environmental policies and are carrying out environmental activities for three priority areas—products, biodiversity conservation, and the Fukusaki Factory.

Environmental Philosophy

We seek to accurately grasp the effects on the environment in our value chain and work with society to move ahead with systematic environmental conservation.

Environmental Policies

●Product Environmental Policy

We consider environmental friendliness to be an important aspect of product value. To help create a more sustainable society and build product value we strive to combine ecological and economic value in our products.

●Biodiversity Conservation Policy

We recognize how much we rely on and receive from the abundance of nature and many living things, so we seek to accurately grasp the effects on biodiversity in our value chain and to lessen and prevent such impact.

●Fukusaki Factory Environmental Policy

We seek to accurately grasp the effects on the environment of the production of cosmetics and quasi-drug products; to help create a more sustainable society we will carry out environmental activities aimed at improving global environmental conservation and relations with the local community.

1. We seek to accurately grasp the effects of our factory operations on the environment, and set, implement, and regularly review environmental targets within our technical and economic capabilities in the effort to continually improve our environmental conservation.
2. In our factory operations we aim to reduce environmental load and help create a more sustainable society through activities that focus on the following areas:
 - a. Saving energy and reducing greenhouse gas (CO₂) emissions
 - b. Working to achieve zero landfill disposal ("Zero Waste Emissions")
 - c. Reducing the volume of industrial waste
 - d. Conserving local environments by preventing wastewater risks
3. We strive to comply with environmental regulations, uphold agreements with the community and stakeholders, and prevent pollution.
4. We strive to make every one of our employees aware of their role in following this environmental policy in their daily actions.

This environmental policy is open to anyone who needs this information inside and outside our group.

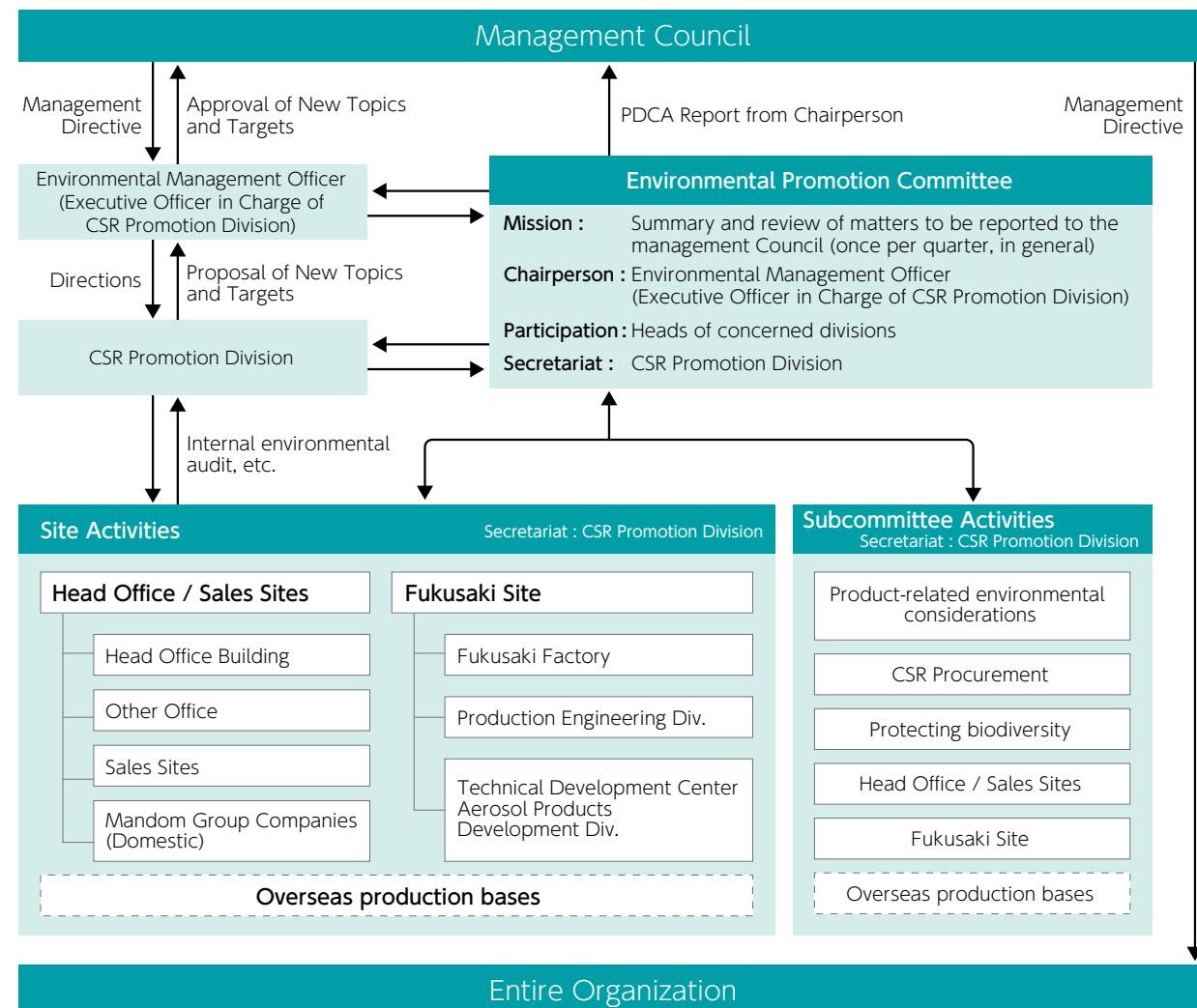
Environmental Promotion System

Mandom considers environmental conservation to be a key issue in our business activities, and we carry out environmental measures based on the Environmental Philosophy and Environmental Policy.

The Fukusaki Factory became ISO 14001-certified in November 2000, and in Mandom's offices (head office

building, Tokyo Nihonbashi Building, sales sites and so on) we have set up environmental management systems based on the ISO standard. We also promote environmental action based on environmental targets using a Plan-Do-Check-Act (PDCA) cycle.

Environmental Promotion System



Environmental Considerations in Products and Services

Inner Box Reduction / Elimination

We have eliminated the inner boxes on many of our paper-related products, new products, and series products. This effort has vastly reduced the amount of paper in use. We are working to eliminate inner boxes while paying attention to quality assurance, productivity, cost reduction, and easing environmental impact.



Promotion of energy conservation

Factory Systems

At the Fukusaki Factory, the power consumption data taken from the power monitoring system is shared at a monthly supervisors' meeting by the plant manager and used in the various sections of the factory to develop energy-saving measures. A switch was made to thermal energy for nighttime power for

the air conditioning and refrigeration system, and an ice thermal storage system was adopted for daytime for the most effective use of power. Power consumption in FY2015 was 7.281 million kWh, up just 0.1% year-on-year (with a 5.5% decrease in per-unit energy consumption).

Office Systems

Our head office building uses demand monitoring to manage electric power consumption in different ways at different times of the day and reduce peak demand-side consumption. Furthermore, we are engaged in an ongoing shift to energy conservation for lighting systems in our head office and other buildings, including the use of LED lighting for Some floors, corridors, Smoking room, footpath guides, and underground parking lots. We are also moving forward with a plan to switch to a high-efficiency multi-transformer system for the

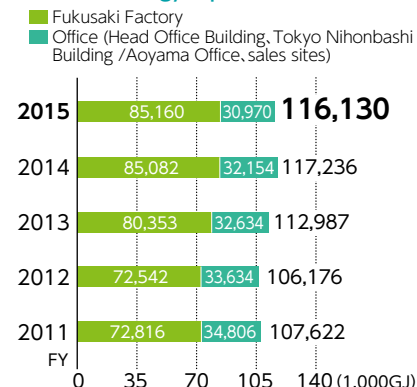
head office building. We take many measures to reduce power consumption in the peak summer and winter seasons from July to September and December to March. We carefully control indoor temperatures, keep some lights off, use computers in energy-saving mode, and turn off or limit use of equipment that draws power. Power consumption in FY2015 was 2.641 million kWh, down 3.9% year-on-year.

Product Distribution

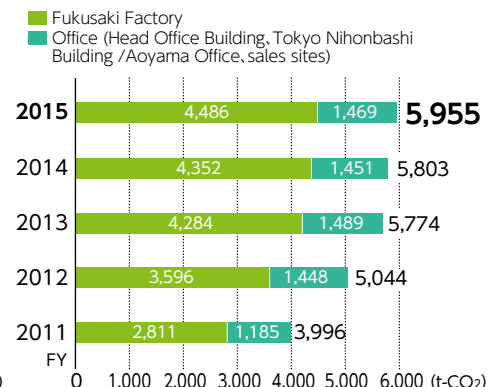
To reduce CO₂ emissions in distribution, we have been streamlining operations and pursuing a modal shift from trucks to freight trains and cargo ships. We started outsourcing operations in October 2004 with the aim of streamlining distribution, using freight trains primarily for transporting

products from Himeji to Kyushu, and cargo ships for transporting products from Maizuru to Hokkaido. In truck transportation we strive to continue achieving close to a 100% load efficiency.

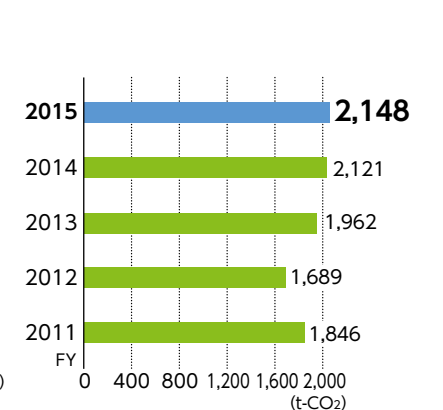
Total Energy input



CO₂ Emissions



CO₂ Emissions in Distribution



*The CO₂ emissions coefficient from electricity use is calculated as the actual emissions factor for each fiscal year per electricity supplier.

Three-year environmental activity topics for subcommittees

- **Product-related environmental considerations :**
Setting product-related environmental criteria and targets for systematic implementation
- **CSR Procurement :**
Drafting Mandom Group Supplier CSR Guidelines and requesting cooperation from suppliers
- **Protecting biodiversity :**
Drafting policy of biodiversity throughout the product life cycle
- **Head Office / Sales Sites :**
Achieving zero waste emissions (recycling) at all sites in Japan
- **Fukusaki Site :**
Drafting and implementing plan to save energy that clarifies the process of achieving targets
- **Overseas production bases :**
Drafting and implementing plan to save energy at overseas production bases



Protecting Biodiversity

Policy on Plastic Microbeads

At present, some facial scrub products made by Mandom contain Plastic Microbeads for the purpose of skin exfoliation. In recent years the issue of plastics released into the oceans and their impact on ecosystems as they move through the food chain has come under scrutiny. In the United States a law was passed in December 2015 to phase in the ban of

Plastic Microbeads in personal care cleansing products. In light of this situation, the Mandom Group has set a policy to stop using Plastic Microbeads in its facial cleansing products by the end of 2017, replacing Plastic Microbeads using a formulation that does not cause such concerns.

Promoting a Recycling-Oriented Society



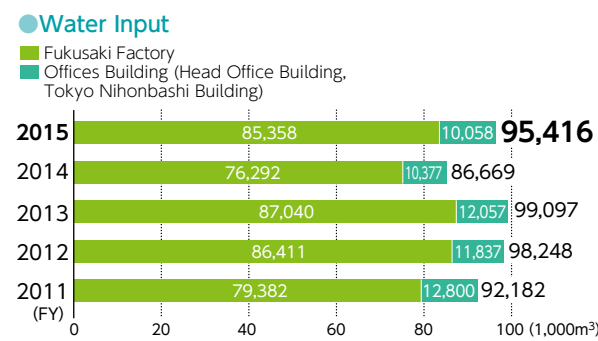
Efficient Water Use

At the Fukusaki Factory we use steam cleaning for the manufacturing tanks and call upon each department to save water. We have also introduced a chiller* to reduce the use of industrial water.

At the head office building we use water-saving equipment that controls water flow and low-flush toilets to reduce water use.

Water consumption in FY2015 increased due to the increase in production volume at Fukusaki Factory to 95,416 m³, a year-on-year increase of 10.1%.

* Chiller: Equipment for maintaining the temperature of many types of industrial equipment by controlling and circulating the temperature of water and heating medium fluid. For the most part it is used in many cases for refrigeration.

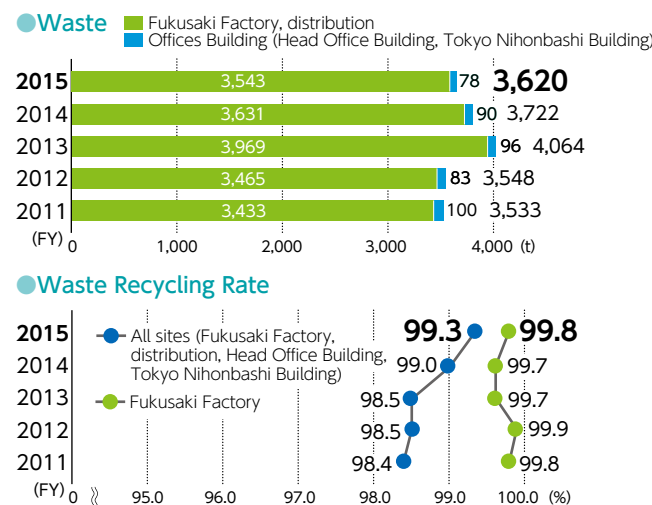


Reducing Waste

Since October 2003 at the Fukusaki Factory we have been maintaining a 99% or higher rate of resource recovery to qualify as "zero waste emissions". In FY2015, this was achieved at all Mandom business sites in Japan.

To encourage waste reduction and recycling at our head office building, we conduct annual 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. In addition, through study meetings and internal e-mails, we encourage thorough use of waste sorting and shredders, as the city of Osaka passed a law in 2013 requiring 100% of paper to be recycled.

Waste emissions from the Fukusaki Factory in FY2015 were 2,370 tons, down 2.3% year-on-year thanks to improvements in production processes and various other efforts.



Preventing Pollution

At the Fukusaki Factory, when the boilers operate for an extended time, there are increased emissions of the air contaminants sulfur oxide (SOx) and nitrogen oxide (NOx). We are therefore taking measures to improve boiler usage efficiency, introducing electric water heaters, etc.

Also, starting in September 2015 wastewater from the

Fukusaki Factory began to be discharged directly into Hyogo Prefecture's Fukusaki municipal sewage system, in effect relaxing effluent standards, but Mandom has continued to set standards higher than agreed values and treats wastewater accordingly.



Fair Operating Practices

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

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 all with whom we are engaged.

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.



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" as a CSR material issue and are engaged in drafting supplier CSR guidelines and gaining the cooperation of suppliers 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 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.



Supplier CSR Guidelines Drafted

Mandom aims for its suppliers to be partners that can assist with sustainable development. Based on this idea, Mandom issued the Supplier CSR Guidelines in August 2016, and the cooperation of suppliers in following these guidelines will be solicited. The guidelines not only require compliance by

primary suppliers, but request that similar efforts be made by secondary suppliers and other upstream suppliers, with the goal of extending compliance throughout the entire supply chain.



Consumer Issues

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

Taking Responsibility for Quality and the Health and Safety of Consumers

Promotion of Quality Assurance System

Quality Assurance and Quality Policy

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.

Web Mandom Official Website CSR Information
 ● Consumer Issues :
 Promotion of Quality Assurance 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. In addition, we have formulated a fundamental quality policy based on the Mandom quality philosophy that calls for truly satisfying customers by

enhancing the quality of the company, products and services through the involvement of all employees. On this basis, we are creating a quality management system that spans all stages — planning, design and development, production and shipping — as we make the ongoing enhancement of customer satisfaction a daily focus.



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



Visual inspection of products



Sensory test of product contents



Analysis of active ingredients of quasi-drugs

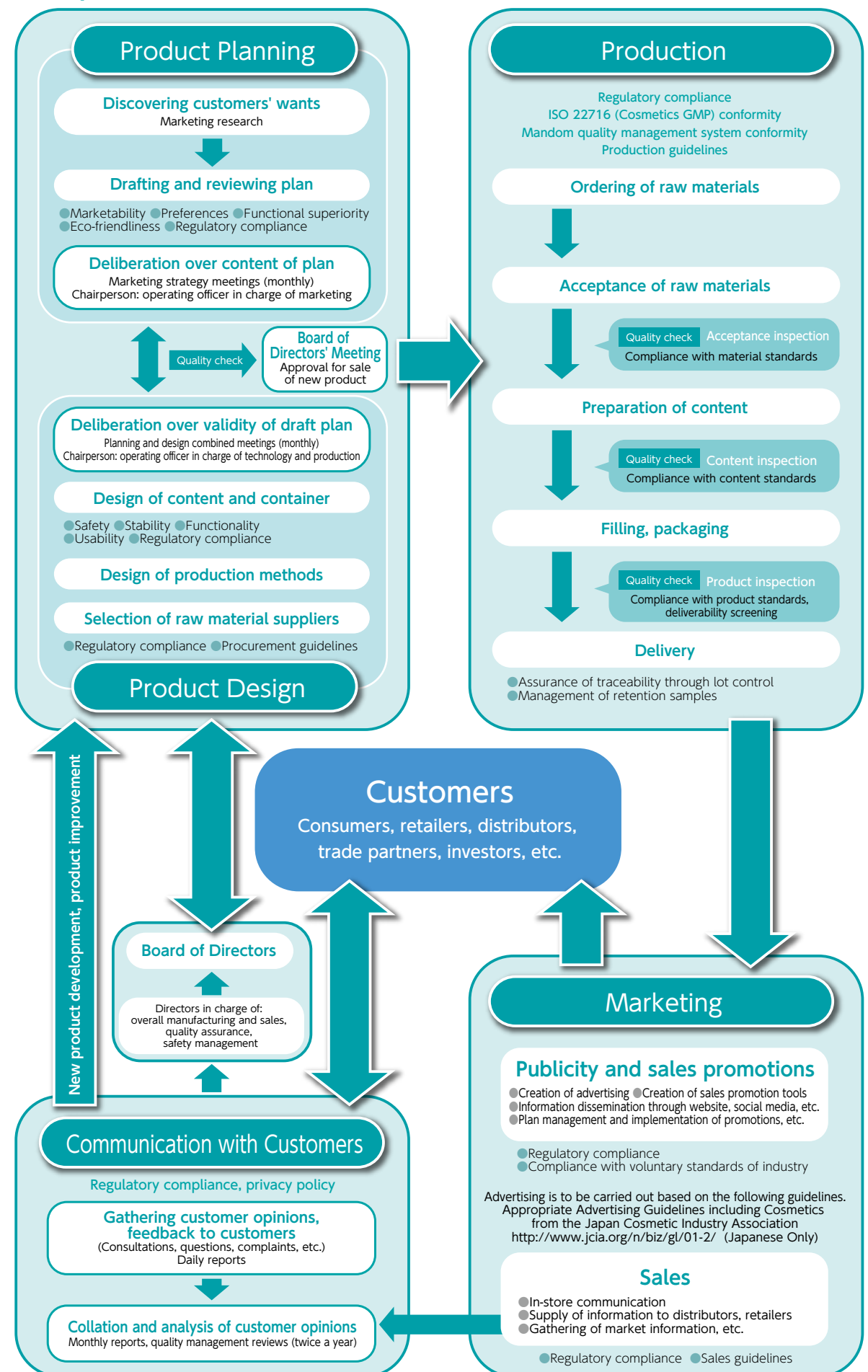


Analysis of active ingredients of quasi-drugs



Functionality inspection of product contents

Mandom Quality Assurance Activities and Implementation of Customer Feedback



Creating new shared values with consumers

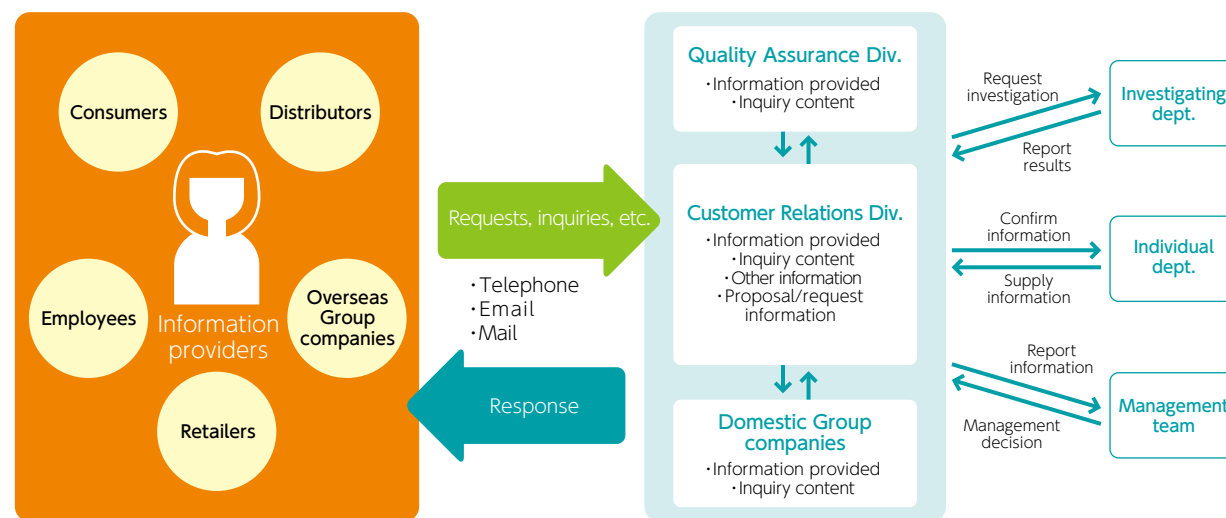
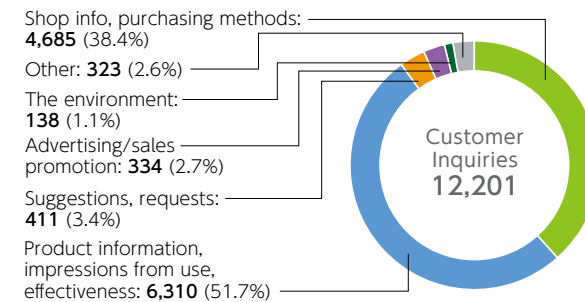
System for Utilizing Customer Feedback

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 a design management committee, quality assurance committee, and customer information meetings, is passed along to top management and relevant departments to be integrated into future product development and improvement.

Customer Inquiries in FY2015



Responding to Customers through the FAQ & Inquiries Section of Our Website

Of all the inquiries we received in FY2015, 4,685 were in regard to "retail stores and how to obtain products." Of these, more than 30% (1,526) were inquiries about discontinued products.

Listing discontinued products in a section of the FAQ on the website is one way to save customers the trouble of making

an inquiry. We do this as part of our ongoing efforts to ensure the provision of information.



Being of Service through Our Smell Care Quiz and Smell Care Seminars

In 2014 Mandom launched its smell management activities, offering an online Smell Care Quiz and Smell Care Seminars to contribute to customer lifestyles by making use of results from men's deodorant research.

In today's mature market for products and services, personal elements such as the company's customer-facing interactions can be considered to be the deciding factor in success or failure. Body odor and smells are rapidly becoming a social

issue, even being picked up by the mass media, as a factor in obstructing good personal relations both inside and outside business contexts.

For individuals, Mandom offers a Smell Care Quiz (e-learning) and for companies, a Smell Care Seminar.



Privacy Policy

We position it as Our Mission at Mandom corporation. (hereafter, "the Company") to aim to provide a comfortable lifestyle supported by health and beauty. The Company supplies products and services aimed at giving form to that mission. The Company believes it is our social responsibility as

well as the basis of our business activities to properly and appropriately handle personal information so that the Company may contribute to the safe and comfortable lifestyles of consumers. The Company hereby adopts and observes the following privacy policy.

Mandom's Privacy Policy

1. Collection, Use and Disclosure of Personal Information

When information is collected, the Company defines as clearly as possible the purpose of its use and handles that personal information appropriately within the terms of consent agreed to.

We do not use personal information for any purpose other than for which it is required. If any necessity arises for the use of personal information beyond its initial purpose of use, the Company shall inform the person concerned about this new purpose prior to use and obtain additional consent.

Furthermore, except when legally obliged, the Company will not disclose or supply personal information to third parties without the prior consent of the person concerned.

2. Legal Compliance

The Company strictly complies with all applicable laws and regulations, governmental guidelines, and our own internal regulations pertaining to the protection of personal information. Additionally, the Company complies with this Privacy Policy and implements a management system to protect personal information.

3. Security Measures

The Company adopts appropriate security measures to prevent any leakage, loss, or damage of personal information. Should any problem occur, the Company will take speedy remedial action.

4. Complaints or Requests Concerning Personal Information

The Company has in place a support team that receives complaints and requests from concerned persons about their own personal information held by the Company. To prevent the leakage of personal information to third parties, the Company first confirms the identity of the person concerned, then deals with the issue quickly and appropriately.

5. Continuous Improvement

To properly manage personal information, the Company appoints an administrator in each division to work under a personal information protection manager to build and maintain the internal system. In addition, the Company has established a privacy management system that adheres to the "Personal information protection management systems—Requirements" (JIS Q 15001: 2006) and works to implement, maintain, and improve the system continuously.

Mandom Adopts Universal Design Packaging

Based on the Japanese Industrial Standards (JIS) and guidelines from the Japan Cosmetic Industry Association, Mandom is promoting the adoption of universal design to enable the safe use of our products by people with impaired sight.

Until recently, only shampoo and conditioner bottles were made with tactile cues on the container that enable users to distinguish between them. In 2014, the JIS provision, "Packaging, Accessible design, General requirements," was revised to incorporate package design on liquid body soap containers. Following these new standards, Mandom began to add straight line tactile cues to our body soap containers to aid in identification.

In November 2015, along with the Japan Cosmetic Industry Association and other companies that have also taken a lead in implementing these standards, Mandom received certificates of appreciation from the Japan Federation of the Blind and the Japan Braille Library.

Products that incorporate universal design for the sight-impaired



Community Involvement and Development

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

The Japanese Society for Alternatives to Animal Experiments

The 28th Annual Meeting of the Japanese Society for Alternatives to Animal Experiments was held in Yokohama on December 10-12, 2015.

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, and as part of this annual meeting, we sponsored a symposium reporting session on the Mandom International Research Grants on Alternative to Animal Experiments, presenting technical information in this manner. Another component of our participation was to gather information that will aid in reviewing new evaluative techniques for adoption.

The symposium session featured completion reports by



researchers for the seventh year of supported research (FY2014), along with specific talks by the researchers working on projects in the eighth year of supported research (FY2015) in their particular fields.



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

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

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

The program has launched with participation from 11 individuals — two Osaka University lecturers, three specially appointed researchers, and one part-time university employee, joined by five Mandom employees. Starting next year, graduate and undergraduate school students from Osaka University and other universities will be accepted into

the program. Further plans are in place to accept young researchers and lecturers from universities in Asia, and other regions.

The joint research program aims to advance research related to cosmetic sciences and contribute to fostering capable researchers and technicians in this field.



the Graduate School of Pharmaceutical Sciences at Osaka University



"The Advanced Cosmetic Science (Mandom) Joint Research Program is the first joint research program at the Graduate School/School of Pharmaceutical Sciences at Osaka University. Pharmaceutical sciences focus on how to maintain people's health. Hosting the joint research program is a great pleasure for us and we anticipate that the addition of this program will aid in developing the ability of the Graduate School and School to serve as a global hub of education in the area of skin research, as well as a research incubator and trainer of scientists with strong proficiencies."

Head of the Graduate School of Pharmaceutical Sciences, Osaka University
Professor **Yasuo Tsutsumi**

Educational Support Activities

Personal Grooming Classes at Special Needs Schools* and Facilities

Since FY2004, Mandom has been holding classes in personal grooming for individuals with intellectual disabilities who are soon to join the workforce, in order to support their self-reliance.

Our approach to these students is to treat them as first-time users of cosmetics. We cover all aspects, starting with how to handle, use, and care for cosmetic items. We also communicate the clear distinctions between clean and tidy appearances expected within various social contexts and "stylish" appearances. "Cleanliness" is a key concept in the classes. Participants are given the hands-on chance to try various cosmetics for washing the face, skin care, fixing bed hair, hair styling, body care, and facial care. The classes also help them realize the fun and pleasure that can be found in using cosmetics.

At first participants are usually apprehensive, but after some time actually trying various cosmetics while listening to the

instructor, their faces lighten up and turn into smiles.

We plan to continue offering such classes in personal grooming to support individuals with intellectual disabilities as they prepare to join the workforce, giving them the chance to experience the joy of changing their appearance using cosmetics and the resulting self-confidence this can offer.

* Special needs schools: Institutions for children with intellectual disabilities that provide education conforming to the nursery, elementary, junior high and high school educational system, and that aim to help students overcome difficulties in learning and living thereby achieving self-reliance.



Employees instructing classes on grooming

Science Experiment Classes for Elementary School Students

Starting in 2007, Mandom has been assisting with science experiment classes at elementary schools in Osaka City aimed at keeping children from becoming averse to science and to provide human resources development to support the future of manufacturing. Every year we send employees to schools in the city to serve as instructors and assistants, leading fifth graders in a "how things dissolve" science experiment. In the introductory class, a game is played to divide Mandom products into two classes — dissolved and not dissolved — teaching the difference between the processes of dissolving and mixing. In the advanced class, an experiment is performed

that has the students dissolve three types of raw materials in a sequence of their choosing to create a cologne. The students experience how these processes are used in developing familiar products.



Mandom employee instructs a class

Students make a cologne

Nishimura International Scholarship Foundation overseas scholarship students visit Fukuaki Factory

The Nishimura International Scholarship Foundation, founded in 1999 by the former president of Mandom, Ikuo Nishimura, gives scholarships to exchange students from countries and regions in East and Southeast Asia.

Once a year, scholarship students visit our factory to deepen their understanding of Japanese industry.



35 scholarship students

Study tour of a production line

Career Support for Students of Osaka Kyoiku University

To provide career education at Osaka Kyoiku University, a national university, an alumna now working in the Basic Technology Development Office of the Technical Development Center gave a talk with the goal of inspiring students to take a fresh look at themselves, using her own

career as an example. After the talk there was so much interest that the students were lining up to ask her questions.



Talk given by an Osaka Kyoiku University alumna now working at Mandom



Overseas Initiatives

BOP Business Development

Mandom Indonesia has been supplying products in smaller packs and smaller sizes as a business development strategy, thereby providing goods at more affordable prices for consumers at the base of the economic pyramid (BOP).

The company is selling and marketing sachets of hair styling products for men such as Gatsby Water Gloss and Treatment Hair Cream, and for women, a Two Way Cake refill that includes a makeup sponge for use as is for the popular makeup brand in Indonesia, PIXY. These products have gained acceptance from a wide range of consumers, including the BOP segment and those living in rural areas.

Such products for the BOP market are being produced in

Indonesia not only for domestic consumption but also for export to the Philippines, Mainland Southeast Asia, and as far away as Southwest Asia and Africa. Such products are useful to local BOP consumers and will also help to expand the local cosmetics market and distribution network.



Offering Practical Business Training in Indonesia with Board of Education Collaboration

Mandom Indonesia is offering practical business training in collaboration with local boards of education at vocational high schools with a marketing specialization in Jakarta and its environs (approx. 20 schools).

Students learn basic business skills and business etiquette through this training. To learn about marketing, they spend several months running a school store, gaining practical experience in everything from product stocking to selling. After the training, Mandom employees are sent to each participating school to discuss with students what they

learned. A contest with an award ceremony and other events are also held.



Other Social Contribution Activities in Indonesia

- Donations to the Foundation Muslim Nusantara
- Mandom EDUcaTrip
- #SejutaMasker Program in cooperation with the National Board for Disaster Management (Badan Nasional Penanggulangan Bencana/BNPB)
- Modeling School at KidZania Jakarta



Other Social Contribution Activities in Japan

Web Mandom Official Website CSR Information
Community Involvement and Development

- Mandom judges Gatsby advertising and communication plan student competition at private universities in Kansai region
- "Herasou (Cut Waste) Shopping"
- The Akan International Crane Center, Kushiro
- Greenery Promotion in Osaka Prefecture
- Wheelchair Athlete Jun Hiromichi

- Supplying Products to Sporting Events
- Osaka Marathon Clean-up Campaign
- Chinju-no-Mori Festa Sponsorship
- Blood Drive at the Head Office
- Job Experience for Junior High School Students
- Mahoroba Pastries Sold On-Site

- Fukusaki Industrial Park Joint Clean-up
- Traffic Guarding at Fukusaki Industrial Park
- Sept. 2015: Donation given to disaster relief fund in the wake of heavy rains in the Kanto and Tohoku regions
- April 2016: Donation given to disaster relief fund and relief supplies sent in the wake of the Kumamoto Earthquake



Based on the content of the KohDoh Report 2016, I provide the following third-party opinion on the activities of Mandom corporation and its domestic and international affiliates.

Professor, College of Business, Department of Business, Rikkyo University
Mika Takaoka

(Positive Areas)

This marks the third time I have asked to provide a third-party opinion for Mandom's KohDoh Report. This report is a good one that clearly reflects the Mandom Group's mission—aiming to provide a comfortable lifestyle supported by health and beauty. Many voices of stakeholders are presented, with a focus on employees both inside and outside of Japan, giving the report a personal tone.

There are two points in particular that I would like to praise. The first is the company's establishment of a CSR Promotion Division in April 2015 (page 10). In September 2015, Mandom also declared its commitment to the UN Global Compact, with its Ten Principles in four domains (page 10). If top management and the company's employees maintain a strong awareness of their social responsibility, CSR can be carried out to an appreciable extent, but to sustain CSR in a stable, ongoing way requires support systems and mechanisms. Readers of the report can see the level of Mandom's commitment to CSR in the efforts the company has made to set up mechanisms that reinforce CSR efforts.

The second positive I wish to point out is Mandom's first identification of key CSR issues for the group in December 2015 (pages 11–15). Additionally, the report clearly lays out its business activities according to the 14 items of the CSR Material Issues, based on the seven core subjects of the ISO 26000 standard. Honestly speaking, I was surprised at how much the level of the report improved in just one year. The Mandom Group does business in 11 countries and regions, and over 40% of its consolidated sales is outside of Japan, making it a truly global corporation. Yet the utilization of the ISO 26000 framework contributed in a significant way to the development of its business activities, including its CSR both inside and outside of Japan. I rate Mandom's earnest stance toward CSR highly.

In Feature 1 (pages 16–19), the report covered the fire that occurred at the group's Indonesia Plant in July 2015, along with the measures in response that have been taken since. According to the report, the cause of the accident was brought to light and measures were taken to prevent a recurrence, while sincere support was extended to the injured employees and their families, and to the families who lost loved ones in the accident. Although it was a tragic accident, the

special feature article on improving occupational health and safety in the workplace dealt with it head-on, disclosed information, and demonstrated a stance of regret and commitment to future safety in the workplace. For these things it gets high marks.

In Feature 2 (pages 20–23), the report covered a lecture on Universal Manners. Besides holding this lecture, in April 2015 Mandom established a Diversity Promotion Office (page 32). These activities give a strong impression of solid progress in the last year at Mandom toward understanding and promoting diversity. For a company to be in harmony with society, and for it to utilize a wide range of talented individuals distinctive in their own way, an understanding and respect for diversity and heterogeneity are vital. I expect that Mandom will continue to pursue such activities in the future, as well.

In fiscal 2015, Mandom also began doing basic research to establish alternative testing methods to replace animal testing and to develop cosmetics through the application of regenerative medicine technology, working with Osaka University's Graduate School and School of Pharmaceutical Sciences. As indicated in the president's message, the rapid change occurring in this day and age means that rather than adopting a reactive approach, it is necessary to take a closer look at the situation one finds oneself facing. Mandom is pursuing a course befitting its unique strengths, seeking businesses that will allow the company to become a stable, dedicated force for good in society in fulfilling people's real needs, and aiming to be a leading company in Asia.

(Areas for Improvement)

Mandom seemed to have a high awareness of global environmental protection, having achieved zero emissions at all of its business sites in Japan and formed a policy to stop using microplastic beads (page 42) in fiscal 2015, while revising its environmental policies in May 2016 (page 39). However, the volume of water used at the Fukusaki Factory increased, along with CO₂ emissions in distribution. It is easy to see the rise in production volume as the cause of the increase, but in the next fiscal year I would like to see improvements made in this regard as far as possible.

To Our Readers



Mandom corporation
Director and Senior Managing
Executive Officer

In charge of Human Resources & General Resources Units, the General Administration Division, the CSR Promotion Division, and the Legal Affairs Division (Director and Chairman, PT Mandom Indonesia Tbk)

Tatsuyoshi Kitamura

We wish to apologize deeply for the suffering and distress caused to so many people involved in the factory fire that occurred in Indonesia on July 10, 2015. We take the graveness of this accident quite seriously and place utmost importance as a CSR issue on the thorough investigation of the cause of the accident, prevention of its recurrence, and provision of relief for the injured employees and their families, and the families of those who lost their lives. The Mandom Group will continue to do everything we can in this regard. Fiscal 2015 marks a turning point in CSR within the Mandom Group. The CSR Promotion Division was established in April; on September 24 we became a signatory to the UN Global Compact; in December we established CSR Material Issues" for the first time; in January

2016 we created a CSR information page on our website; we began adding and arranging information based on ISO 26000 and the GRI (G4) Guidelines; and we set up a system that allows us to disclose the latest CSR information on a more timely basis.

Regarding our CSR Material Issues, at present for the first version we selected 14 items to take action on, and we plan to improve the level of the content continuously with input from people outside the company. We also plan to use "backcasting" from our ideal vision of the future to set targets and establish PDCA systems based on a medium- to long-term perspective.

In a special feature article we reported on the factory accident in Indonesia and the follow-up, but I would like to explain the words in Indonesian that appear in the background of the photo of the memorial service held in Indonesia, "Doa Bersama Keluarga Besar." This phrase means, "Let us pray together as one big family." Next year, the Mandom Group celebrates the 90th anniversary since its founding in December 1927. We will formulate a vision looking to our 100th anniversary and, as a member of one larger worldwide family, pursue and practice CSR to meet the expectations of the global community.