

KohDoh Report 2017

Mandom Group CSR & Thoughtful Action Contributing to Comfortable Lifestyles

About the Title "KohDoh Report"

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".



Editorial Policy of the KohDoh Report 2017

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 Mandom Environmental Report in 2003, we have made continual improvements, and worked hard to disclose information and bolster our communication relating to CSR and sustainability. In the previous KohDoh Report 2016, we explained topics such as the systematic CSR approach and promotion system we have launched as the Mandom Group — including establishment of a new CSR Promotion Division (April 2015), declaration of support and respect for the Ten Principles of the UN Global Compact (September 2015), and selection of CSR Material Issues (Ver. 1) (December 2015). We also discussed our directions for CSR activities in the future. Regarding the plant fire accident which occurred at PT Mandom Indonesia Tbk, our consolidated subsidiary in Indonesia, on July 10, 2015, we reported on the cause and situation of the accident, as well as the future measures.

The Mandom Group is celebrating its 90th anniversary, counting from its founding in December 1927. In this KohDoh Report 2017, we present the new Mandom Group philosophy, formulated with an eye toward our upcoming 100th anniversary. Also, based on the Mandom Group's CSR Material Issues (Ver. 2: revised in February 2017) updated and revised to raise the level of CSR promotion and efforts toward sustainability going forward, we present topics such as our CSR activities thus far, long-term goals, the KohDoh plan for the future, and the relationship with Sustainable Development Goals (SDGs) established by the international community for attainment in the year 2030.

Although we incorporate the views of outside experts in our CSR Material Issues, long-term goals, relationship with SDGs and our specific action guidelines to achieve these goals, as well as measurements of the social impact that the above might have, the efforts are still not sufficient. To more appropriately incorporate the expectations and demands of a diverse range of stakeholders into the business activities of the Mandom Group, we will carry out periodic review and progress management, while strengthening communication with all stakeholders, through active disclosure and dissemination of ESG (environmental, social, governance) information and dialogues (discussion and exchange of views). We will thus work hard to build and strengthen co-creative relationships with society.

Special Feature Articles in the KohDoh Report 2017

In the KohDoh Report 2017 we offer the following three items as featured content.

KohDoh Feature 01: Corporate Response to Realize the Paris Agreement and a Carbon-Free Society

On November 4, 2016, the Paris Agreement came into effect. This is a new framework for the international community to address global warming.

The initiatives of the Paris Agreement include measures to address worldwide climate change (warming) and to lower greenhouse gas emissions to essentially zero in the latter half of this century. As a global enterprise, we should understand the essence of these initiatives, and strive to support them throughout the entire value chain, from procurement of ingredients and materials to product planning/development, manufacturing, distribution/sales, and consumer use and disposal.

This year, we invited Miki Baba from Nikkei Business Publications as an outside expert, and have here included information on the voluntary seminar and the dialogue held at our company.

KohDoh Feature 02: How to Correctly Interact with a Diverse Range of People

— LGBT Manners Training —
— Universal Manners Training (Level 3, Level 2)

Two seminars were held based on the theme of "How to Correctly Interact with a Diverse Range of People."

The idea was to deepen knowledge of the LGBT community, and as a company which provides products and services to a diverse range of consumers, acquire the correct understanding and proper approach in order to prevent human rights violations in the workplace, such as harassment, discrimination, or unfair/unjust treatment.

Universal Manners Training was introduced in the KohDoh Report 2016, and it was held on a larger scale this time because many of the employees who participated in Level 3 training last year said they felt that more employees should understand the concepts, and at the same time they wanted to learn more practical skills.

These efforts are not only beneficial to our company alone, but help to foster a social mindset of accepting the diversity necessary to build resilient organizations and communities. That is why we thought it was important to provide the overview of this training here.

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 2011
- Environmental Reporting Guidelines (Fiscal Year 2012 Version), Ministry of the Environment, Japan
- GRI (Global Reporting Initiative) Sustainability Reporting Guidelines Ver. 4 (G4)

The report also presents information on standard items for disclosure under the GRI's G4 Sustainability Reporting Guidelines. (Reporting based on GRI-Standards is scheduled for our KohDoh Report 2018, to be published next year.)

Applicable Period

Japan: April 1, 2016–March 31, 2017
Overseas: Jan. 1, 2016–Dec. 31, 2016
(Both include more recent activities in part)

Scope

The activities of Mandom Corporation and its affiliated companies both inside and outside Japan (see page 4). Activities at Mandom's Fukusaki Factory, office buildings (head office, Tokyo Nihonbashi Building, Aoyama Office, etc.), and each sales site.

Date of Publication

August 2017 (Next issue: August 2018)

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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.

Mandom does business in 11 countries and regions in Asia.

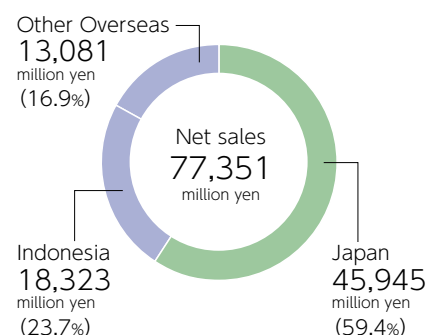
The Mandom Group does business in 11 countries and regions in Asia, including Japan. We carry out business endeavors based on a common group philosophy and policies while aligning local operations to the distinct needs of each market and regional society.

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.

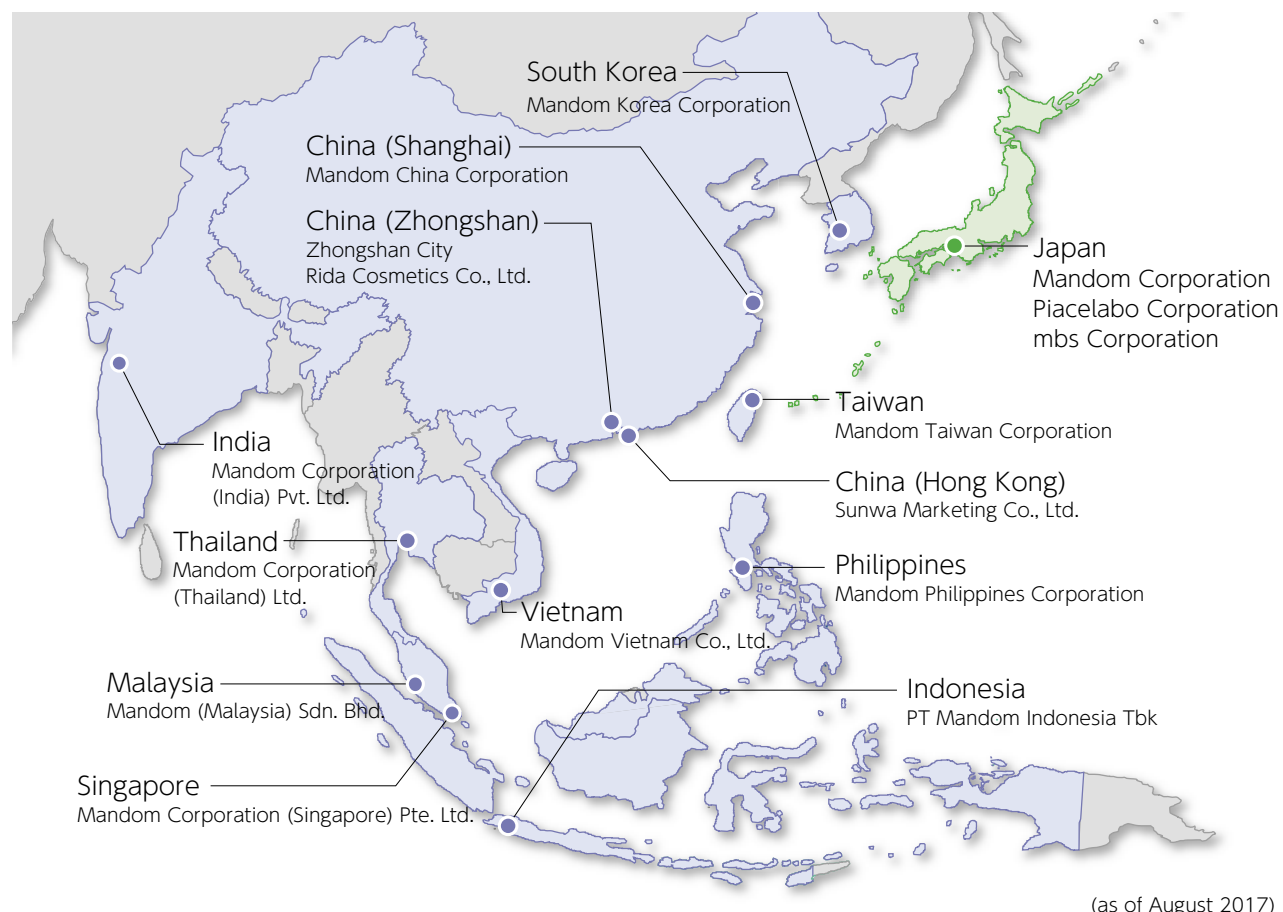
Company Profile (as of March 31, 2017)

- 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** ● 558 (2,662 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



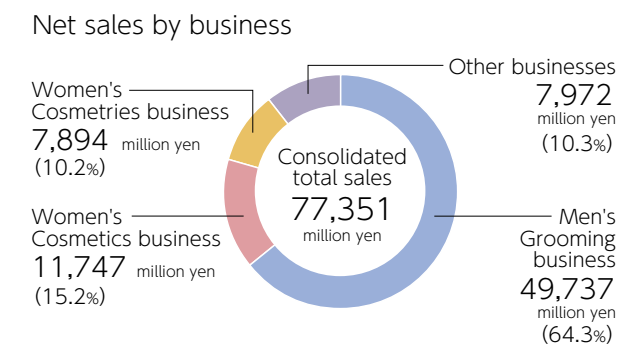
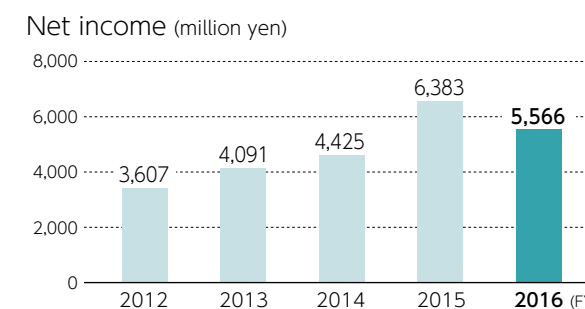
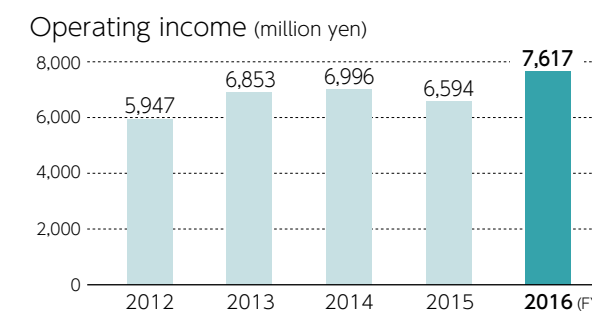
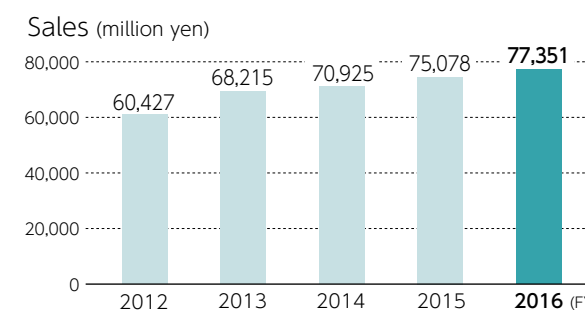
The women's cosmetries business carries a range of products, including hair styling as well as facial and body care products that enhance feminine beauty, centered on the Lúcido-L and Pucelle brands.

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)



On December 23, 2017, Mandom celebrates the 90th anniversary of its founding. We would like to express our heartfelt gratitude for your continued support and patronage.

Over the past 90 years, we have pursued to provide Dedication to Service (Oyakudachi) to our consumers in accordance with the corporate spirit that is handed down from our predecessors. However, we are seeing the world change day by day and growing uncertain what lies ahead. Technology advances exponentially. Changes on a magnitude we used to experience once in a decade at most are now occurring virtually every year. Forecasting the future will become a daunting task if we restrict ourselves by past experience and approach.

Aspiring to become the company wanted and needed by our society by the centennial of our founding and in the years to follow, we have taken this opportunity to update our MISSION, and establish our VISION which represents a focus on a future-oriented approach and embodies our dreams, unrestricted by past experience.

Our MISSION was reborn with the concept of a "human-oriented" company at its core. We have arrived at this concept by revisiting the basics of business operations, exploring and advancing further Mandom's reason for existence that we inherited from our predecessors.

The forces of digitalization and steadily advancing artificial intelligence are universally recognized today. We have responded by adopting the concept of a "human-oriented" company, which places special importance on things that are uniquely human. This means having the compassion to imagine ways of making people happy and creating value that benefits them.

In VISION2027, we verbally defined the company we aspire to become by the milestone year of 2027, the centennial of our establishment. Dreams stir up human

emotions and provide the power to make the impossible possible. We can harness the power of dreams to implement a future-oriented business approach and "backcasting" (as opposed to "forecasting") methods looking backwards from our vision and practice the principle of "Challenge, Change, Innovation" consistently to navigate us to a bright future.

In accordance with the new MISSION and VISION2027, the Mandom Group will continue to provide products and services that place importance on human sensibilities. We will work as a team to become a company wanted and needed by our society in 2027 and beyond.

Global expansion, in step with the people of the world, based on our lived experience in Asia

Mandom achieved broad development of its business in Asia from an early stage, and in this region of truly diverse histories, religions, and cultures, we have learned the importance of developing business based on respect and maximal understanding of those perspectives. In the future, as overseas business becomes increasingly important, our social responsibility will be even greater, and we will have to respond to the needs of even more consumers, across borders and generations. Expected quantities and qualities have changed at a rapid clip and I feel we must create a system capable of responding to that.

Also, we must do more than just provide products and services because the perspective of employment is also an important social responsibility overseas. I believe it is extremely important to provide a setting where people can grow as human beings through their work in the Mandom Group.

Going forward, we want to continue striving, together with consumers all over the world, to be a company which contributes to sustainable development in each region, not simply by selling merchandise, but in various ways through our business activities.

Social responsibility as a corporate citizen, an approach we have valued since our founding

Through our progress over 90 years, we have learned that a business focused only on the economic aspect will not endure, and we have aimed to be a business with a good balance of social concern as a corporate citizen. As a company, we must have the dynamism to survive each era, but we must also value the human perspective of living in society together with consumers. That is, "We must always be honest with society and exercise prudence." In particular, for those like us who provide happiness through products, this is

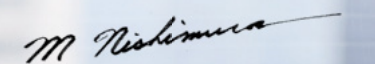
an aspiration that must never change.

Through initiatives such as ESG investment, we are moving into an era where all investors expect and require commitment to the environment, society, and governance, and in corporate management, CSR activities are becoming ever more important. In our CSR Promotion Committee, we have reconfirmed that, through our business activities, we will bear the social costs of solving social and environmental problems, and generate earnings within that context.

Looking ahead, we will continue striving, together with consumers and through our business activities, to achieve corporate growth and realize a society where all people, including our employees, can transcend factors such as nationality and age and continue their activities within the diversity of Asia.

Your continued understanding and support will be greatly appreciated.

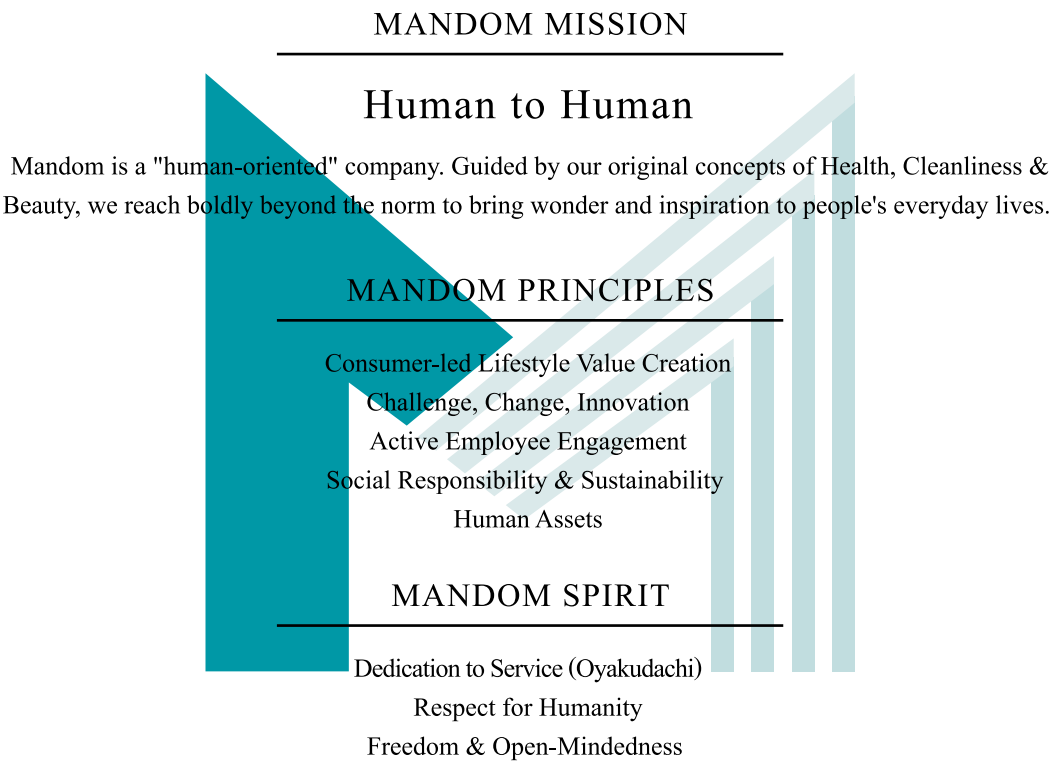
Motonobu Nishimura
President Executive Officer & Director



Evolving into a valuable partner in our society



MISSION Framework



MANDOM PRINCIPLES

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

Consumer-led Lifestyle Value Creation

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

Challenge, Change, Innovation

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

Active Employee Engagement

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

Social Responsibility & Sustainability

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

Human Assets

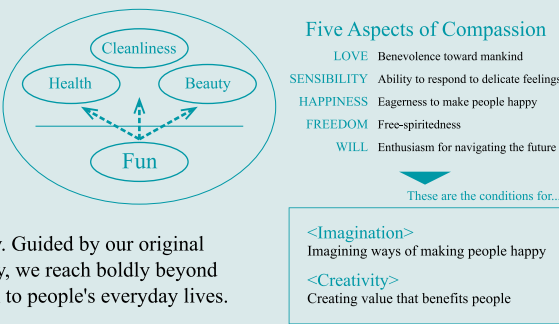
We regard our colleagues as "Human Assets" and work with them to shape the Company's future in a relationship of mutual respect. As business people, we think and act ingeniously to make meaningful contributions to society.

MANDOM MISSION

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

MISSION Slogan Human to Human

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



Health, Cleanliness & Beauty (our domain)

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

Reaching boldly beyond the norm (our style)

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

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

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

"Human-oriented" (our stance)

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

MANDOM SPIRIT

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

Dedication to Service (Oyakudachi)

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

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

Respect for Humanity

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

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

Freedom & Open-Mindedness

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

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

The Mandom Group's Approach to CSR and Our Contributions to Achieving Sustainable Development of Society

Framework for a global society and Mandom Group CSR

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

In the Mandom Group, one of the themes of our declared initiatives from fiscal 2015 was similarly to strengthen our CSR promotion system. In April 2015, we set up the CSR Promotion

Division, a corporate department dedicated to this task.

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

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

The Ten Principles of the UN Global Compact

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



Mandom Group CSR Promotion System

With the aim of strengthening our CSR promotion system, we set up the CSR Promotion Committee chaired by the President Executive Officer. The committee ensures a consistent approach to CSR promotion across the Mandom Group,

reinforces CSR activities, and monitors the progress of CSR material issues, liaising with relevant departments through five related committees and councils as well as other bodies.



Our Approach to CSR and CSR guidelines

In developing our approach to CSR, we referred to the Mandom Group's corporate philosophy 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.

The Future We Want



External Site

- ▶ UNGC: UN Global Compact (GCNJ): UNDP SDGs (Sustainable Development Goals)
- ▶ SDGs: Sustainable Development Goals

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.

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.

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.

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.

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.

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.

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 Mandom Group's Approach to CSR and Our Contributions to Achieving Sustainable Development of Society

CSR Material Issues and Mandom Group's Value Chain

In selecting the first CSR Material Issues for the Mandom Group in November 2015, we examined and clarified the relationship between CSR Material Issues and each stage of the Mandom Group's business activities (value chain). Also, in February 2017, we held a meeting of the CSR Promotion Committee to confirm the progress made thus far regarding CSR Material Issues, revise Version 2, and verify the approach for setting a goal with a long-term perspective for

each issue. Fiscal 2017 marks the 90th anniversary of the Mandom Group since its predecessor, the Kintsuru Perfume Corporation, was founded 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.

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 business activities. 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.

 Mandom Official Website

[CSR Information](#)

[Stakeholder Dialogue](#)

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																	
KohDoh: "Thoughtful action"		 Procurement of materials and ingredients (including materials for sales promotion)	 In-house activities in areas such as production, development, and resources	 Distribution, marketing, sales, etc. Internal and partners Intermediary distribution, retail outlets, etc.		 Consumer use and disposal	Investors	Suppliers (procurement, purchasing)	★Items for Proactive Engagement Employees	Business partners and customers	Public bodies (government, regulatory agencies, etc.)	* Community includes educational and academic research organizations, NGOs/NPOs, etc. Community* (private sector organizations, etc.)	Consumers	Regional societies	Global environment				
	Issue No.01	Building a risk management system and continuous improvement												★					
	Build a group-wide risk management system																		
	Issue No.02	Promoting corporate philosophy/culture and compliance												★					
	Build the Mandom Group's corporate philosophy from a global perspective and promote its understanding and spread																		
	Issue No.03	Continuous investment in education on human rights																	
	Promote human rights education to build an inclusive society																		
	Issue No.04	Improving health and safety in the workplace																	
	The Most Important Material Issues : Elucidate the cause of the fire at the plant in Indonesia, prevent any recurrence, and provide relief to the victims and bereaved families																		
	Issue No.05	Achieving employee satisfaction (ES) and diversity																	
	Promote Decent Work practices, work-life balance and diversity																		
	Issue No.06	Environmental considerations in products and services												★					
	Take environmental measures for products and build an evaluation system																		
	Issue No.07	Promoting measures toward a carbon-free society												★					
	Carry out measures at all sites to reduce greenhouse gas emissions																		
	Issue No.08	Protecting biodiversity												★					
	Give environmental consideration for biodiversity throughout the product life cycle (includes sales bases and offices in Japan)																		
	Issue No.09	Promoting a recycling-oriented society												★					
	Achieve and maintain zero emissions by fully recycling industrial waste (includes sales bases and offices in Japan)																		
	Issue No.10	Building and implementing CSR procurement												★					
Build a CSR procurement system based on three aspects—human rights, the environment, and fair business practices																			
	Issue No.11	Taking responsibility for quality and the health and safety of consumers												★					
	Effective administration and continuous improvement of a quality management system																		
	Issue No.12	Creating new shared values with consumers												★					
	Promote a product planning system that takes into consideration the communications system, convenience and safety																		
	Issue No.13	Detecting and contributing to new social paradigms												★					
	Contribute to international frameworks such as the UN Global Compact and Sustainable Development Goals (SDGs)																		
	Issue No.14	Co-creating value with society												★					
	Promote the co-creation of value with research institutions and NGOs/NPOs																		

Involvement with Our Stakeholders

Strong

Medium

Weak

★Items for Proactive Engagement

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

* Community includes educational and academic research organizations, NGOs/NPOs, etc.

The Mandom Group's Approach to CSR and Our Contributions to Achieving Sustainable Development of Society

■Review and Continuous Re-examination of CSR Material Issues

Regarding the 14 themes in our CSR Material Issues (Ver. 2), we have started progress management based on long-term goals and an action plan we established for the first time, but the specific content and processes are still not 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. Furthermore, there are issues in terms of pursuing our own goals and "backcasting" from our ideal vision of the future, and this process is still ongoing.

Going forward, we plan to gather the opinions of more stakeholders and experts to find a higher level of CSR Material Issues. At the same time, we will work hard to continuously re-examine our long-term goals and action plan, and strengthen our progress management system.

 Mandom Official Website
 ▶ CSR Information ● KohDoh Report 2016 (Back numbers)
 > KohDoh Report 2016 (P.06-07)
 Message from the President

Selection of CSR Material Issues and Processes Leading to Resolution

STEP.1

▼ Effort to increase internal awareness of basic knowledge related to CSR and sustainability, measures being taken in the global community, etc.

STEP.2

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

STEP.3

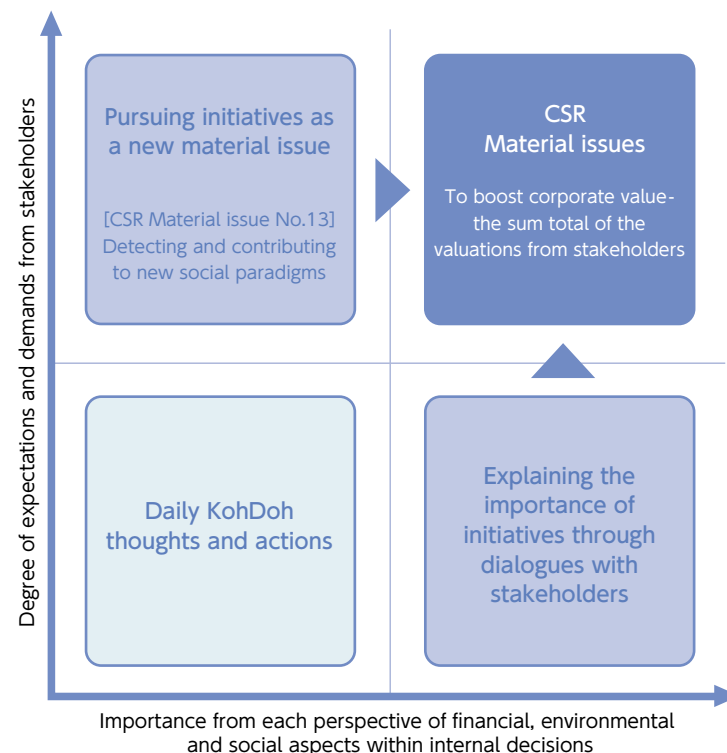
▼ Active implementation of dialogues (discussion and exchange of views) with outside experts and a diverse range of stakeholders

STEP.4

▼ Reviews by the CSR Promotion Committee, re-examination of our themes and action plan, and decision-making by the Board of Directors

STEP.5

Establishing an action plan (with goals, KPIs, etc.) and carrying out PDCA (effective, continuous cycle of the above steps)



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

As we have previously reported, a fire occurred at our consolidated subsidiary in Indonesia, PT Mandom Indonesia Tbk (MID), on July 10, 2015, causing loss of life and injury. Regarding Issue No. 4—Improving Health and Safety in the Workplace—of the CSR Material Issues of the Mandom Group, 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.

●KohDoh Report 2016 (P.16-19) KohDoh Feature 01 : Report The Indonesia Plant Fire and Our Response

 Mandom Official Website
 ▶ Company Profile ● News Release(Japanese only)

- 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)

Progress Situation of CSR Material Issues of the Mandom Group and “KohDoh” Plan for the Future

The Mandom Group's CSR Material Issues, Ver. 1, were selected in December 2015. These were revised to Ver. 2 in February 2017, while referring to the latest trends in the international community and the opinions of experts relating to CSR and sustainability.

Here we report on the relation (connection) between Sustainable Development Goals (SDGs) and CSR material issues of the Mandom Group, as well as the progress situation and overall assessment thus far, the KohDoh plan going forward, the situation regarding setting of long-term goals, and

other related matters.

Going forward we will continue to deepen understanding of the framework and latest trends of international society as a whole, and expectations and requirements of corporations. At the same time we will continually make improvements while actively engaging in dialogue and exchanging views with all of our diverse, wide-ranging stakeholders, and work to promote CSR activities to attain long-term goals and realize co-creation of value with society.

The Relation (connection) between CSR Material Issues and Sustainable Development Goals

After announcing support for the 10 principles in 4 areas advocated by the UN Global Compact in September 2015, we selected our first CSR material issues as the Mandom Group in December 2015, and in FY2016 we began setting goals with a long-term perspective, while soliciting the views of people such as experts from outside the company and considering a “KohDoh” Plan for the future. In these and other ways, we have aimed to promote and energize systematic CSR activities. As we started FY2017, we attempted to formulate still unset goals for the long-term perspective, while developing an overview and taking stock of the activities situation for each theme of our CSR material issues. At the same time we closely examined the relation (connection) between our CSR material issues and the Sustainable Development Goals (SDGs) which are the core of the 2030 Agenda for Sustainable Development

adopted in September 2015.


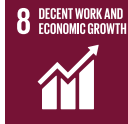







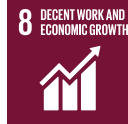





We believe that considering the relation (connection) between the framework of international society and our daily KohDoh will help each employee regard social/environmental issues from a global-scale perspective, promote understanding of the framework of international society which aims for development of a sustainable society, raise awareness of and promote useful action to resolve issues, and aid in development of personnel who work hard to develop a sustainable society.

Note: "KohDoh" literally means, "thinking and working"

















 External Site
 ▶ SDGs : Sustainable Development Goals



●Mandom Group's CSR Material Issues (Ver. 2)

ISO 26000 Core Subjects	Mandom Group's CSR Material Issues (Ver. 2)	Related SDGs themes (SDGs: Sustainable Development Goals)	Main specific activities in FY2016	Overall assessment (including some of the most recent activities)	Setting of long-term goals	Policy for the future and KohDoh plan
 Organizational Governance	No. 1 Theme 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	 	<ul style="list-style-type: none"> At overseas group companies, developed disaster mitigation manuals and emergency contact networks, and carried out disaster drills. Redeveloped rules and manual for the management of confidential information. April: Conducted training on operation of an emergency/crisis task force for 17 employees, including top management staff. August: Conducted training on emergency press conferences for 10 employees, including top management staff. October & November: Provided education on confidential information management to all domestic employees and 22 top management staff from all overseas group companies. 	<ul style="list-style-type: none"> Put in place improved risk management systems, including within group companies, in a planned fashion, but did not go as far as improving BCP. 	—	<ul style="list-style-type: none"> Develop manual for recovery in case factories or information management systems of overseas group companies are struck by disaster.
	No. 2 Theme 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		<ul style="list-style-type: none"> Reviewed a plan for rebuilding the group's corporate philosophy system in projects. Formulated an action plan to provide education to promote complete understanding of the corporate philosophy. 	<ul style="list-style-type: none"> Did not go as far as providing education for all employees to promote a complete understanding of the corporate philosophy. (Began in FY2017) Unveiled and achieved consensus on a new philosophy system for employees at a group management policy announcement in April 2017. 	—	<ul style="list-style-type: none"> Implement instillation and education of the corporate philosophy for all group employees. Add and review provisions of in-house rules and stipulations regarding the prevention of corruption.
 Human Rights	No. 3 Theme 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)	   	<ul style="list-style-type: none"> Began considering the review of provisions of "Respect for Human Rights and Ban on Discriminatory Practices" in the Mandom Group Code of Conduct. With the cooperation of groups outside the company, carried out LGBT manners education for relevant divisions (20 participants). Started CSR Material Issue No. 10: Building and implementing CSR procurement system, which incorporates human rights due diligence. 	<ul style="list-style-type: none"> Achieved in-house consensus regarding the necessity for review of human rights policy and identified the content to be added to the policy, but specifics were to be discussed in FY2017. 	(Under review) (Note) See Issue No. 10 for CSR procurement	<ul style="list-style-type: none"> Review provisions relating to human rights and harassment in in-house rules, etc. (Compliance with Act for Eliminating Discrimination against Persons with Disabilities, establishing LGBT policy, etc.)
 Labor Practices	No. 4 Theme 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	 	<ul style="list-style-type: none"> Disclosed information in May 2016 regarding the factory fire in Indonesia by issuing the final report of the Accident Investigation Committee made up of third-parties. Taking a lesson from the accident in Indonesia, July 10 was declared to be Safety and Reliability Day, an opportunity to think about workplace health and safety. Efforts by the Occupational Health and Safety Committee were expanded in scope, and the committee decided on the action policy in September. 	<ul style="list-style-type: none"> Number of occupational accidents at Fukusaki Factory in FY2016: 1 Percentage of employees who took health checks in FY2016: 97.6% Percentage of employees who took stress checks in FY2016: 76.6% For information on relief for the victims and bereaved families after the fire at the plant in Indonesia, please see KohDoh Feature 01 in the KohDoh Report 2016. 	<ul style="list-style-type: none"> Number of occupational accidents: 0 Percentage taking health checks: 100% Percentage taking stress checks: 100% 	<ul style="list-style-type: none"> Promote taking health checks, mainly for preventive purposes. Carry out stress checks and provide education on mental health.
	No. 5 Theme Achieving employee satisfaction (ES) and diversity Build and continuously improve a labor system with the aim of achieving Decent Work practices and ideal work-life balance, securing diverse human resources, and providing fair and impartial evaluations		<ul style="list-style-type: none"> Analyzed the current situation, identified issues, and formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, which came into effect in April 2016. Disclosed information on the action plan and our achievements on a website operated by the Ministry of Health, Labour and Welfare. Started diversity education for managers. Carried out universal manners training. Bolstered and reviewed the system to support balancing of work and in-home care. Started activities to inform employees using in-house newsletter. Reviewed diversity strategy with an eye toward the 100th anniversary of our founding. 	<ul style="list-style-type: none"> Number of managers who underwent diversity training in FY2016 was 133. In FY2016, training was provided only for the section manager level. Training for top management and division managers was decided to be held in FY2017. For universal manners training, 88 employees took Level 3, and 27 took Level 2. Of these, 29 were managers, which was just under 30% of all managers. Annual overtime hours per person for Mandom alone were as follows. (Only regular employees, excluding managers) ・Men: 180 hours, 44 minutes (80.8% of previous year) ・Women: 80 hours, 10 minutes (65.8% of previous year) ・Total: 156 hours, 16 minutes (78.2% of previous year) Adopted work-from-home system starting in April 2017. 	<ul style="list-style-type: none"> Exceed statutory employment rate for disabled persons every year. (Example: Statutory minimum employment rate was 2.0% in FY2016) Number of employees quitting work for childcare: 0 every year Number of employees quitting work for elderly care: 0 every year Rate of obtaining make-up holidays: 100% Consumption rate of yearly paid holidays: 70% or higher Overtime: Average of less than 5 hours per month per person. Percentage using in-house system for diverse work styles such as work-from-home and flexible working hours: 50% or higher. 	<ul style="list-style-type: none"> [1] Promote a healthy work-life balance and positive action <ul style="list-style-type: none"> Formulate plans to reform work styles. Bolster and promote use of system to eliminate employees quitting work for childcare. Bolster and promote use of system to eliminate employees quitting work for elderly care. Advance efforts to give more opportunities to women. [2] Promote Decent Work <ul style="list-style-type: none"> Provide education to develop managers who can effectively utilize subordinates. Re-examine career course design. [3] Promote diversity and inclusion <ul style="list-style-type: none"> Provide diversity training to the top management and division manager class. Make efforts to promote employment of the disabled. Bolster system for giving more opportunities to employees with foreign nationality. Provide education to prevent violation of human rights and all types of harassment.
 The Environment	No. 6 Theme Environmental considerations in products and services Continuously improve the eco-friendliness of products by building a management system for evaluating environmentally friendly processes and their results in products and services	  	<ul style="list-style-type: none"> Decided in June 2016 to switch to alternate raw material for plastic microbeads in facial cleansers. Began review of in-house criteria for environmentally-friendly products (3R/4R). *3R : Reduce, Reuse, Recycle *4R : Reduce, Reuse, Recycle, Renewable *Renewable : Use of renewable resources 	<ul style="list-style-type: none"> From August 2016, marketed two facial cleansers using environmentally-friendly biodegradable scrubbing agent under the Gatsby brand. Established a policy to switch to alternate raw materials for products handled within the group overseas. 	(Under review)	<ul style="list-style-type: none"> Promote development of environmentally-friendly products (4R). Switch to plant-derived plastic materials. Switch to FSC-certified paper materials. Switch to mechanically recycled PET materials.

●Mandom Group's CSR Material Issues (Ver. 2)

ISO 26000 Core Subjects	Mandom Group's CSR Material Issues (Ver. 2)		Related SDGs themes (SDGs: Sustainable Development Goals)	Main specific activities in FY2016	Overall assessment (including some of the most recent activities)	Setting of long-term goals	Policy for the future and KohDoh plan
The Environment	No.	Course of action for CSR material issue					
	7	Theme Promoting measures toward a carbon-free society Promoting measures to create a carbon-free society based on the Paris Agreement, and efforts to reduce greenhouse gas emissions at all sites	 	<ul style="list-style-type: none"> Continued compliance with Japanese domestic Act on the Rational Use of Energy (reduction every year in energy consumption intensity of at least 1% year-on-year). Switched to energy-saving equipment such as LED lighting and upgraded transformers, and repaired existing energy-saving equipment for better efficiency. Held in-house seminar and dialogue regarding the Paris Agreement (April 27, 2017). 	<ul style="list-style-type: none"> Total energy input in FY2016: 449,303 GJ (change from previous year 105.3%) Domestic sites: 117,212 GJ (change from previous year 100.9%) Overseas sites: 332,091 GJ (change from previous year 106.9%) Total greenhouse gas (CO₂) emissions in FY2016: 30,640 t (change from previous year 104.5%) Domestic sites: 5,672 t (change from previous year 95.3%) Overseas sites: 24,968 t (change from previous year 106.9%) 	<ul style="list-style-type: none"> Reduce total CO₂ emissions for domestic business by 6.5% of more relative to FY2013 levels by 2027. (Goal setting for overseas sites is under review) 	<ul style="list-style-type: none"> Examine adoption of renewable energy. Calculate Scope 3 CO₂ emissions. Formulate and promote long-term vision goals at overseas production bases. (Indonesia, China) Continue and expand energy conservation activities.
	8	Theme Protecting biodiversity Grasp the impact on biodiversity of each product throughout its life cycle and carry out measures to protect biodiversity	 	<ul style="list-style-type: none"> Formulated Biodiversity Conservation Policy, which was added to the Environmental Policies in April 2016. Started considering procurement of biodiversity-friendly, sustainable raw materials. 	<ul style="list-style-type: none"> Set goals for introducing certified palm oil and certified paper, and formulated implementation plans. 	<ul style="list-style-type: none"> Achieve the following by 2027. Switch all palm oil used in our raw materials to certified palm oil. Use certified paper for all paper containers and packaging. 	<ul style="list-style-type: none"> Use RSPO-certified oil for all of the most numerous palm oil-derived raw materials by 2020. (Book & Claim system) Use FSC-certified paper for all cardboard by 2020.
	9	Theme Promoting a recycling-oriented society Achieve and maintain zero emissions by fully recycling industrial waste		<ul style="list-style-type: none"> At the Fukusaki Factory Efforts were made to improve the recycling rate by re-investigating the contents of waste for final disposal. 	<ul style="list-style-type: none"> Fukusaki Factory, Waste recycling rate: 99.7% Fukusaki Factory, Industrial waste recycling rate: 99.9% 	<ul style="list-style-type: none"> Continuously achieve zero emissions. 	<ul style="list-style-type: none"> Reduce amount of content loss (Manufacturing site). Continue confirming that zero emissions are maintained at industrial waste disposal contractors (Office division).
Fair Operating Practices	10	Theme 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)	  	<ul style="list-style-type: none"> In September 2016, we requested cooperation from key primary suppliers in Japan (78 companies) to abide by Supplier CSR Guidelines, and conducted a questionnaire survey. *Applicability: Primary domestic suppliers that produce raw materials and container/packaging materials, as well as those involved in contract production (78 companies). 	<ul style="list-style-type: none"> The result of the questionnaire survey regarding Supplier CSR Guidelines was as follows. Number of primary suppliers who consented to the guidelines: 78 companies (100%) Intention at primary suppliers to request secondary and tertiary suppliers, etc. comply with the guidelines: 68 companies (87.2%) 	<ul style="list-style-type: none"> (Under review) 	<ul style="list-style-type: none"> Expand the scope of applicable suppliers. (to include secondary/tertiary, foreign, suppliers of sales promotion materials, etc.) Respond to issues identified based on the results of the monitoring survey in FY2016. Examine evaluation methods for strengthening monitoring capabilities.
	11	Theme 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	 	<ul style="list-style-type: none"> Provided quality assurance education for product planning division. Lead internal quality auditor developed using qualifying examinations provided by an outside organization. On web pages for all hair dye products, posted information to prevent skin disorders due to hair dyeing or serious worsening of symptoms, as well as precautions for use, based on notification from the Consumer Affairs Agency and the Ministry of Health, Labour and Welfare. 	<ul style="list-style-type: none"> Added one new staff member with qualifications as a chief internal auditor. However, we already have qualified employees who have been away from actual work for a long time, and the audit system will need to be continually reviewed. 	<ul style="list-style-type: none"> Take up the challenge of zero quality complaints. 	<ul style="list-style-type: none"> Continuously improve and strengthen the quality assurance cycle for preventing product recall (strengthen checking function in PDCA).
Consumer Issues	12	Theme 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	 	<ul style="list-style-type: none"> Made the following improvements based on feedback from customers. (1) Changed back side labeling of Gatsby Styling Foam to make it easier to read. (2) For safety reasons, changed the shape of the promotional sticker of Lucido-L Oil Hair Treatment. (3) Changed specifications of product boxes to prevent tampering with hair color products. 	<ul style="list-style-type: none"> Although improvements were made in products and services based on feedback from customers, these did not go as far as creating new shared value with consumers. 	<ul style="list-style-type: none"> (Under review) 	<ul style="list-style-type: none"> Promote the use of universal design for containers, explanatory labeling, and other elements, so all consumers can safely and securely use products.
	13	Theme Detecting and contributing to new social paradigms Look into KohDoh 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)	 	<ul style="list-style-type: none"> In September 2015, signed UN Global Compact, and in September 2016, submitted Mandom's first COP (Communication on Progress) to UNGC Headquarters. Invited experts for seminars and dialogues. Continued to promote thorough understanding of basic knowledge about CSR and sustainability using in-house newsletter. 	<ul style="list-style-type: none"> Held seminars and dialogues based on the following themes. Universal manners training (Level 3, Level 2) LGBT manners Basics of consumer issues The Paris Agreement and efforts to realize carbon-free society Universal design 	<ul style="list-style-type: none"> Carry out seminars and dialogues relating to social and environmental issues at least twice a year. 	<ul style="list-style-type: none"> Actively participate in UN Global Compact (Network Japan) and efforts of other groups outside the company. Continue seminars and dialogues relating to social and environmental issues. Review and implement in-house education programs. (By level: new employees, general employees, management) Strengthen support for international reporting guidelines such as GRI, and bolster and continue strengthening communication system. (Example: Information disclosure compliant with FY2018 GRI-Standards)
Community Involvement and Development	14	Theme Co-creating value with society Build co-creative relationships with research organizations, NGOs, NPOs and others to achieve sustainable social development and begin taking measures (with Japanese Society for Alternatives to Animal Experiments; Graduate School of Pharmaceutical Sciences, Osaka University, etc.)	 	<ul style="list-style-type: none"> Continued efforts in the Joint Research Program with the Graduate School of Pharmaceutical Sciences at Osaka University. Continued Mandom International Research Grants on Alternatives to Animal Experiments. 	<ul style="list-style-type: none"> October 27, 2016, News Release: Announced Discovery by Mandom of human sweat gland stem cells, and successful in-vitro generation of sweat gland-like structure May 10, 2017, News Release: Decided on research themes for 10th Mandom International Research Grants on Alternatives to Animal Experiments 	<ul style="list-style-type: none"> — 	<ul style="list-style-type: none"> Continue efforts with the Graduate School of Pharmaceutical Sciences at Osaka University. Continue efforts with the Japanese Society for Alternatives to Animal Experiments. Pursue new co-creative relationships through efforts to address Issue No. 13.

Corporate Response to Realize the Paris Agreement and a Carbon-Free Society

— Considering the qualities of a company selected by the future in terms of the trinity of economy, society, and the environment —

On April 27 (Thu.), 2017, we invited Miki Baba, Deputy Editor of Nikkei Business Publications and Editor of Nikkei Ecology to speak on the theme of how global corporations have acted since the Paris Agreement took effect. A dialogue (discussion and exchange of views) was also held with selected employees, primarily members of the Environment Promotion Committee and its subcommittees.



In order to incorporate the expectations and demands of our diverse range of stakeholders into our business activities, we enlist the cooperation of outside experts, researchers, and others from outside the company to hold seminars and dialogues based on the themes of the Mandom Group's CSR Material Issues.

This year's events were held taking into account the following CSR Material Issues of the Mandom Group, international codes of conduct we must respect as a global enterprise, and the international community's framework aimed at sustainable development of society.

— Mandom Group's CSR Material Issues —

- 【Issue No.06】 Environmental considerations in products and services
- 【Issue No.07】 Promoting measures toward a carbon-free society (revised in February 2017 as Ver. 2)
- 【Issue No.13】 Detecting and contributing to new social paradigms

— The Ten Principles of the UN Global Compact —

- 【Principle 7】 Businesses should support a precautionary approach to environmental challenges.
- 【Principle 8】 Businesses should undertake initiatives to promote greater environmental responsibility.
- 【Principle 9】 Businesses should encourage the development and diffusion of environmentally friendly technologies.

— Agenda 2030: Sustainable Development Goals (SDGs) —

- 【Goal 12】 Responsible consumption and production
"Ensure sustainable consumption and production patterns"
- 【Goal 13】 Climate action
"Take urgent action to combat climate change and its impacts"



Background and Purpose

The 21st Session of the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change, held in Paris from November 30 to December 11, 2015. It was here that the parties adopted the Paris Agreement, a new multilateral framework to address climate change. Later, each country completed the ratification process, and the Paris Agreement came into effect on November 4, 2016.

At the CSR Promotion Committee meeting held in February 2017 at Mandom, we confirmed the progress in addressing the CSR Material Issues (Ver. 1, 14 items), carried out a review of themes based on the latest trends in international society (Ver. 2), set long-term goals, and determined the KohDoh plan for the future.

However, in order to effectively promote measures to address the CSR Material Issues as a global corporation, all our employees must grasp the social and environmental issues that surround us all from a global perspective, and at the same time see them as personal matters. To borrow the words of one expert, in order for a company to continue enjoying the support of society while maintaining robust growth over the long term, it is necessary to conceive of, and manifest, the qualities of a company chosen by the future, in terms of the trinity of economics, society, and the

environment. In particular, regarding measures to address climate change, whose core is the Paris Agreement, a wide range of corporate responses are expected and demanded by society, and these measures are garnering interest from investors who emphasize social responsibility, as can be confirmed by the recent growth of ESG investment.

In light of the above, this year we invited Miki Baba of Nikkei Business Publications and held a voluntary seminar and dialogue. Ms. Baba is well informed about the Paris Agreement and corporate initiatives due to her broad reporting activities, work as a member of the Task Force for Overseas Expansion Strategies of the Ministry of Economy, Trade and Industry, and other experience.

[Lecturer] Miki Baba

Deputy Editor of Nikkei Business Publications, and Editor of Nikkei Ecology

As the special correspondent of Nikkei Business Publications, Ms. Baba provided field reporting on the 21st Session of the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change, held in Paris from November 30 to December 11, 2015. During her 15 years as a reporter, Ms. Baba has reported on a variety of companies, and also assisted government and administrative agencies as a member of the Task Force for Overseas Expansion Strategies of the Ministry of Economy, Trade and Industry.



Voluntary Seminar

At Mandom, we hold voluntary seminars on a variety of themes set by employees themselves. This year, to encourage more employees to participate, we held a talk by Ms. Baba using this voluntary seminar occasion, resulting in more than 140 employees participants.

(According to a survey beforehand, out of the 144 applicants, 113 were from the head office, 8 from the Fukusaki Factory, and 23 from the Aoyama Office)



The main cause of warming is emissions of greenhouse gases, particularly CO₂, and to reduce CO₂ emissions, two measures are necessary: reducing use of fossil resources, and properly using forests while also nurturing their growth. Going forward, companies will have to promote three initiatives throughout all of their business activities: (1) energy conservation, (2) use of renewable energy, and (3) reduction in the amount of petroleum, coal, and natural gas used. In particular, Ms. Baba explained that, in the future, for a company like us that is engaged in the manufacturing and sale of cosmetics and other similar daily necessities, reducing petroleum-derived raw materials used in product contents, containers/packaging, distribution materials and promotional materials and striving to communicate the value of eco products to consumers

Main Content

1. What are global warming countermeasures?
2. Global warming countermeasures taken by the world as a whole
3. Action by global corporations
4. Responses required of global corporations
5. Examples of measures required of B to C companies

through the strong channels characteristic to the industry will be very important. This would enable the company and consumers to enhance common awareness hand-in-hand, and Ms. Baba went on to point out that this is likely to actually be one of the most important responsibilities of consumer goods manufacturers from now on.

To promote efforts as a company, she stressed that it is necessary for the management and employees to first determine what sort of company they want to become. Then they must realize their own capabilities, compare the desired corporate image against social needs, and find points to improve. Regarding the significance of Scope 3 efforts, Ms. Baba suggested that the life cycle emissions of the company's own business and products should be visualized, and measures should be examined both company-wide and in each division.

Although we asked Ms. Baba to address extremely difficult topics such as the Paris Agreement and realization of a carbon-free society, she provided a thorough, easy-to-understand explanation, incorporating many outstanding cases and specific efforts by leading companies inside and outside Japan. Thus this was an extremely helpful voluntary seminar.

Dialogue

After the voluntary seminar ended, the selected employees (10 members and 6 observers) indicated below engaged in a dialogue with Ms. Baba as an advisor.

Participants of the dialogue



- Tatsuyoshi Kitamura (Observer/Director, Senior Managing Executive Officer)
- Misao Tsubakihara (Observer/ Executive Officer and General Manager, Technical Development Center)
- Kenji Uchiyama (Observer/ Executive Officer and General Manager, GATSBY Marketing Headquarters)
- Yoshiharu Kumamoto (Observer/Deputy General Manager, Fukusaki Factory)
- Takashi Maekawa (Observer/General Manager, CSR Promotion Div.)
- Minoru Yoneda (Observer/ Manager, CSR Promotion Div.)
- Etsuji Shiomi (Technical Development Center)
- Kazufumi Hasuike (Manager, Product Strategy Div.)
- Hiroshi Yamaguchi (Product Strategy Div.)
- Tokuto Muraji (General Manager, Purchasing Div.)
- Yuko Shiomi (Purchasing Div.)
- Atsushi Kida (General Manager, General Administration Div.)
- Norikatsu Uchida (Fukusaki Factory)
- Takashi Yamazaki (Manager, Technical Development Center)
- Masashi Toyonaga (CSR Promotion Div.)
- Tsukasa Nishiyama (Facilitator/CSR Promotion Div.)

The dialogue followed a format with participating members giving their impressions, comments, questions, or other remarks about the voluntary seminar in the first half, and then Ms. Baba responding with her own comments. The General Administration Division and Fukusaki Factory explained that facility investment and switching to the latest equipment at the head office and the factory, carried out over the last few years, has helped reduce power consumption (Scope 2). Ms. Baba also explained efforts and approaches to further reduce power consumption and fossil fuel usage going forward. Regarding the use of renewable energy (RE) in office buildings, factories, and other facilities, Ms. Baba explained recent efforts toward RE100 by global corporations as real-world examples, and since there are physical limits on equipment investment for solar power generation at our own

company, Ms. Baba's advice was that perhaps it might be realistic to use Green Power Certificates for the time being. After that, the topic turned to Scope 3, e.g., reduction of CO₂ emissions through all business activities and the entire product life cycle (from raw material procurement to product use and disposal after use). At Mandom, we were early to promote refillable products in paper packs or pouches, containers and wrappers which helped us achieve reduction in both environmental impact and cost and modal shifts, but these steps have not gone as far as calculation of CO₂ emissions during use of the product by the consumers and disposal after use, or reduction of CO₂ emissions through the entire value chain. Calculation of Scope 3 is incorporated into the KohDoh plan for the CSR Material



Issues (Ver. 2) revised in February 2017, but in this dialogue, the importance of that effort was confirmed once again by all the participants.

Through this dialogue, we were also able to consider efforts for CO₂ reduction from a broader perspective, and to learn about the importance of providing information to consumers through communication activities. For example, Gatsby Perfect Clear Shampoo is pitched to the consumer through its ability to remove hairdressing products in a single wash. Reduction of water usage helps to reduce CO₂ emissions, and Ms. Baba suggested that striving for ethical consumption and greater environmental awareness throughout the society by supplying consumers with information about eco products that come with three appealing elements; story, incorporated technology, and ease of use, is also an important part of corporate social responsibility.

Finally, the most common opinion or concern expressed by the participants was how to achieve both environmental action and low cost. This is the problem of trade-offs, where if environmental initiatives will raise costs, a decision cannot be made by the person in charge of the work site. According to Ms. Baba, "Even among firms renowned as environmental leaders, it is rare to see efforts that do not make sense in terms of cost, and most environmental initiatives are implemented while also achieving economic advantages such as cost reduction. What is important is to continue deliberating, and steadily do whatever can be done,

while devising techniques to keep costs low. In addition, it is important to not make decisions based only on initial investment cost, and to have long-term perspectives taking into account the reduction of running costs going forward, or expected support from the market and consumers for the eco-friendly aspect of the products."

After the Lecture



Deputy Editor of
Nikkei Business Publications,
and Editor of Nikkei Ecology
Miki Baba

I was overwhelmed by the keenness of the employees who attended the dialogue. Regardless of position, duties, or age group, they loved the company and their own products, and, at the same time, I could sense they were earnestly thinking about how to protect the environment at the local and global levels. I was very impressed. In 2015, the 21st Session of the Conference of the Parties (COP21) was held, and the international community achieved consensus on the Paris Agreement, setting forth measures to address global warming starting from the year 2020. While this agreement is a compilation of global warming countermeasures devised by national and regional governments, private companies in all sorts of industries worldwide are sympathetic to the spirit of the agreement, and have indicated that they will be actively implementing these countermeasures. The U.S. government has announced its withdrawal from the Paris Agreement, but steps taken by the world's companies are not likely to come to a halt. While sharing these international trends with dialogue participants, there was a lively discussion of how we can make a contribution to progress in preventing global warming, in daily manufacturing, and through products delivered into the hands of customers. Many ideas were mentioned for further evolving and deepening their own efforts, such as energy conservation at factories, development of hair cleansing products which can reduce environmental impact by reducing water usage, and making containers and packaging more compact. In addition, many frank, honest concerns and questions were shared regarding implementation of these initiatives. Perhaps none of these are ideas that can be immediately implemented, or issues that can be immediately resolved. Nevertheless, I expect that active discussion and efforts will continue in-house, while addressing global warming as both opportunity and a risk for the growth of Mandom.

After the Voluntary Seminar and Dialogue

Last year too, in the dialogue on consumer issues, many difficulties were mentioned regarding trade-offs between high quality and low cost, but our invited outside expert, Professor Kazuya Kuramoto of the Doshisha University Graduate School, gave us advice on breaking through the barrier of trade-offs, such as continuous improvement in technical/development capabilities, an open corporate culture, cultivating human resources capable of decision-making with top priority on the consumer, proactive engagement with consumer organizations, and contributing to consumer education. Through this year's voluntary seminar and dialogue, we developed an understanding that efforts to pursue story,

incorporated technology and ease of use—the essential elements for eco products that sell well and are rated highly by the market as Ms. Baba advised us—are a key point for ensuring we do not slide into brain freeze due to preconceptions about trade-offs. Going forward, we will continue working hard to promote CSR, in order to realize the trinity of economy, society, and the environment, while pursuing the qualities of a company selected by the future. Finally, we would like to express our sincere gratitude to Ms. Baba of Nikkei Business Publications, and everyone else who helped us with the implementation of this year's voluntary seminar and dialogue.

How to Correctly Interact with a Diverse Range of People

We invite experts from outside the company, and hold seminars and dialogues (discussion and exchange of views) based on the themes of the Mandom Group's CSR Material Issues. This year, we held two seminars to address issues relating to human rights and labor practices: LGBT Manners Training and Universal Manners Training.

— Main Objectives in Terms of CSR —

1. Promotion and realization of the Ten Principles of the UN Global Compact, which aim to foster a corporate culture appropriate for a global corporation
 - [Principle 1]** Businesses should support and respect the protection of internationally proclaimed human rights.
 - [Principle 2]** Businesses should make sure that they are not complicit in human rights abuses.
 - [Principle 6]** Elimination of discrimination in respect of employment and occupation.
2. Contribution to Sustainable Development Goals (SDGs)
 - [Goal 5]** Gender Equality
 - [Goal 8]** Decent Work and Economic Growth
 - [Goal 10]** Reduced Inequalities
3. Promotion of the measures toward solving Mandom Group's CSR Material Issues, aimed at achieving sustainable development and improving corporate value
 - [Issue No.03]** Continuous investment in education on human rights
 - [Issue No.05]** Achieving employee satisfaction (ES) and diversity
 - [Issue No.13]** Detecting and contributing to new social paradigms
4. Fostering a mindset and developing skills enabling us to continually respond to related laws and regulations, and secure diverse human resources



LGBT Manners Training

On October 20 (Thu.), 2016, we enlisted the cooperation of the Japan Universal Manners Association (Mirairo Inc.) and carried out LGBT Manners Training.



[Lecturer] Ayumu Horikawa

Lecturer, Japan Universal Manners Association
Lecturer, Mirairo Inc.



Born with the mind of a man in the body of a woman. After graduating from high school, he joined the Japan Ground Self-Defense Force. Later, he traveled around the world, and started a general support business for LGBT people. He has delivered more than 100 talks and training sessions of diversity education, primarily to educational institutions and administrative agencies, and has a column on gender and sex on the All About website. He is working hard every day to create a society where all people can be true to themselves.

LGBT is a general term, derived from the acronym for Lesbian, Gay, Bisexual (people who prefer the same sex or both sexes) and Transgender (people whose sense of identity doesn't correspond to their birth sex) i.e., people who feel a gender mismatch between their mind and body. According to a survey conducted by the Dentsu Diversity Lab (Dentsu Communication Institute), people classified as belonging to the LGBT community in Japan are reported to constitute about 7.6% of the total population, or 1 out of every 13 people. Through business activities such as the manufacturing and sale of cosmetics, the Mandom Group is engaged in

thoughtful action every day to enable more consumers to use our products in the various nations and regions of the world. To put into practice the Mandom Group's KohDoh principle of "creating lifestyle value with consumers, for consumers," we must respond appropriately to the expectations and demands of a diverse range of consumers. Also, we believe that understanding and consideration for LGBT people is essential in all phases of our business activities, inside and outside the company. This is why we decided to hold this training.

Main Points Learned in This Training



1. Basic knowledge about LGBT and recent trends
2. What are the expectations and demands that LGBT people have for companies?
3. To create a workplace environment that is comfortable for LGBT people regardless of whether they have come out
 - As a company, what response will be needed going forward, in terms of the personnel and labor management system, in-house facilities, etc.?
4. What are the proper manners when interacting with an LGBT person?
 - In the case of a person outside the company (person who has come out, person who has not come out)
 - In the case of an employee within the company (vertical or horizontal relationship, person who has come out or has not come out)
5. Other suggestions by the lecturer, etc.



The participants were Takeshi Mito, Executive Officer and General Manager of the Human Resources Division, and 20 employees selected from the Human Resources Division, General Administration Division, and Customer Relations Division. From the lecturer, Ayumu Horikawa, they learned about topics including basic knowledge on LGBT, the latest trends inside and outside Japan, and key points to consider as an organization and individual. During the training, a number of case studies based on actual

examples were presented in addition to the lecture. This was a valuable first opportunity for the participating employees from various divisions to discuss—across boundaries such as standpoint, sex, and age—how to interact with LGBT people. At the reception held at a different location after the training, participants engaged in lively dialogue and exchange of views with Mr. Horikawa, including questions they were not able to ask due to the limited time at the training.

Universal Manners Training (Level 3, Level 2)

"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 diverse types of people.

Last year, on April 27 (Wed.), 2016, a total of 36 employees underwent Universal Manners Training (Level 3), including Director and Senior Managing Executive Officer Tatsuyoshi

Kitamura. In the questionnaire after the training, participants indicated that they felt that more employees should learn universal manners, and that they themselves would like to take Level 2 training to learn practical support methods as well as acquire more detailed knowledge. Thus, additional Universal Manners Training sessions for Level 2 and 3 were held on December 6 (Tue.), 2016.



Morning Session Universal Manners Level 3

In Universal Manners Level 3, the participants learned from the lecturer, Ms. Hiromi Kishida, the basics of how to approach and talk to diverse types of people including the elderly and people with disabilities. This year, a survey to call for applicants was given beforehand to all employees working at the head office to broaden understanding of universal manners to a greater number of employees, as a result, 52 employees participated on the day.

Over the course of a 75-minute lecture and 45-minute group session, the participants learned many things they did not previously know or had misunderstood, such as the necessary basic knowledge and thinking required to deal with diverse types of people different from themselves, and the manners to be considered when dealing with such people.



External Site

▶ [Universal Manners Test Official Website \(Japanese Only\)](#)



[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 a 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 counseling 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.

Afternoon Session Universal Manners Level 2

In the Universal Manners Training Level 2, 27 employees, primarily those who took the Level 3 training the previous year (April 2016), learned about the specifics and techniques of more practical universal manners.

In the first half of the lecture (70 minutes), participants learned from the lecturer, Jun Haraguchi, who himself has a visual disability. The talk was based on the basic understanding of the elderly and disabled, and covered topics such as the types of disabilities relative to various environments, their current status, and basic approaches on consideration and support for each disability. Disability with respect to the environment varies depending on the situation. There are also differences between people in how disabilities are perceived, and how they provide support. What is important is to go beyond the manual or the preconceptions in supporting physically challenged people. The basic approach is to let them have options by first asking them what their current difficulties or desires are, so that it is them who tell you what support they need in each particular situation. This was confirmed by all the participants while referring to specific examples.

In the second half focusing on practical skills (150 minutes), participants learned the following sort of specific and practical information regarding methods, precautions, and other points on support for each type of disability.

- *How to deal with the elderly by wearing an experience kit
- *How to support wheelchair users
- *How to guide people with visual disabilities, and appropriate methods of communication which do not create unease
- *How to communicate with people who have hearing or language disabilities, etc.



In the questionnaire after the Level 2 training, many participants commented that they realized for the first time, by actually experiencing the unease of having a disability, how the support they had given previously was wrong or even dangerous. Regarding methods of communicating with those who have visual disabilities, some commented that they were able to learn basic techniques useful not only for interacting with the visually impaired, but also in everyday general communication. All in all, this was a very useful experience.

[Lecturer] Jun Haraguchi

Lecturer, Japan Universal Manners Association
Lecturer, Mirairo Inc.



Born in 1988 in Minamiawaji City, Hyogo Prefecture, he has been visually impaired (totally blind) since birth. After attending a school for the blind from elementary through high school, he went on to Otemon Gakuin University. While at the school for the blind, he belonged to a broadcasting club, and advanced to a national competition in broadcasting in the announcer category. He plays blind soccer on a club team, and is also engaged in activities to popularize it, primarily at elementary and junior high schools.



Conclusion Striving to Become Sustainable, Resilient Organizations

In this year's KohDoh Feature 02, we have presented two efforts based on the theme of "How to Correctly Interact with a Diverse Range of People": LGBT Manners Training and Universal Manners Training.

In considering diversity, we believe it is very beneficial to learn by interacting with and supporting diverse types of people, including people with disabilities, the elderly, non-Japanese, and LGBT.

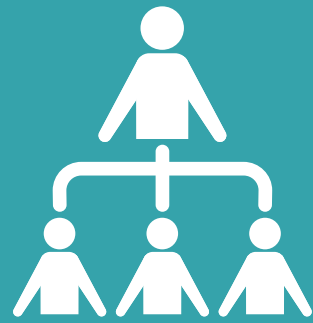
In the group session for Universal Manners Level 3, the members first listed on a sheet of paper as many ways they could think of that they are "different from other people." There were many differences, some bodily features, others in terms of character, way of thinking, values, experience, things they are good at, and weak points.

We believe that having diverse types of people working at the same workplace, and by accepting these differences and

valuing each person as a precious human asset, makes an organization sustainable and resilient (flexibly strong), not uniform or overly individualistic. This year, the participating employees got a keen sense of the significance and value of promoting diversity as a company.

At Mandom, we have just started systematic efforts to make progress based on our CSR Material Issues, but going forward we intend to actively plan opportunities for dialogues with our diverse range of stakeholders, and thereby promote efforts to achieve CSR and sustainability. We look forward to your continued support.

Finally, we would like to express our sincere gratitude and appreciation to Japan Universal Manners Association and Mirairo Inc. for their assistance with this year's training.



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

Our Group's mission is co-existence, mutual growth and mutual creation with society worldwide. To realize Our Philosophy we are dedicated to generating solid profits by pursuing efficiency while ensuring soundness and transparency. In this way, we aim to achieve sustainable and sound growth together with consumers, society and other stakeholders. This spirit informs our fundamental corporate governance policy.

Our corporate governance structure is overseen by the Audit & Supervisory Board. With legal oversight from its members as

the basis for corporate governance, we invite multiple external directors to sit on our board in order to reinforce our monitoring and advisory functions. By clarifying responsibilities and delegating authority under a system of supervisory and executive officers in charge of specific operations, we have created a system for the proactive and expeditious execution of operations. Based on this system, we will pursue effective growth-oriented governance and seek to enhance 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 eight 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.



Mandom Official Website

► IR Information

● Corporate Governance Guidelines (Japanese only)

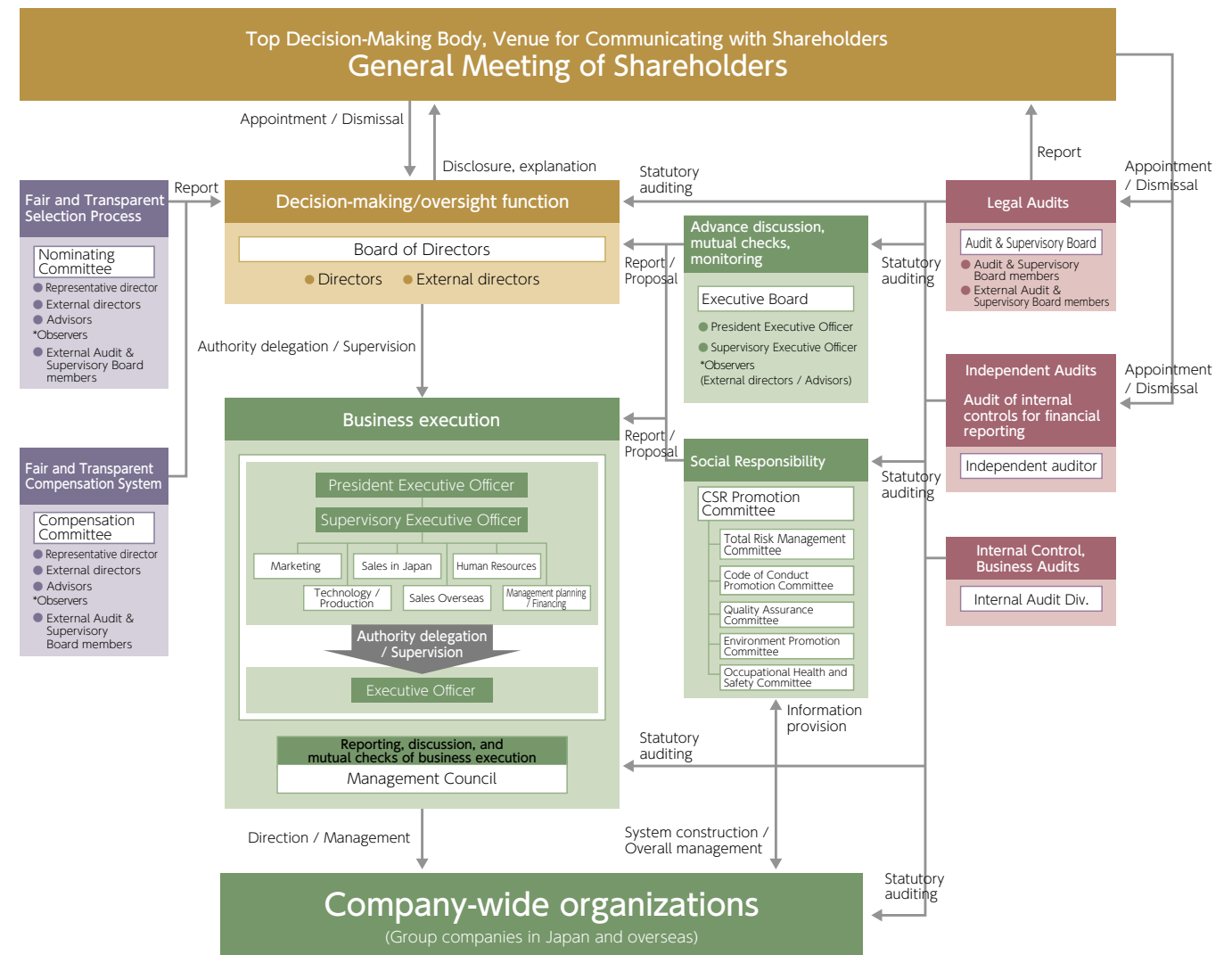
Establishment of Internal Control Systems Relating to Financial Reporting

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 chaired by the Supervisory Executive Officer, who presides over the general affairs department, and 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

Rather than relying on external standards and adopting a passive compliance stance that "as long as we are legally compliant, all is fine," the Mandom Group sets voluntary

standards that exceed legal requirements, taking an independent and proactive stance toward protecting consumer.

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"



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

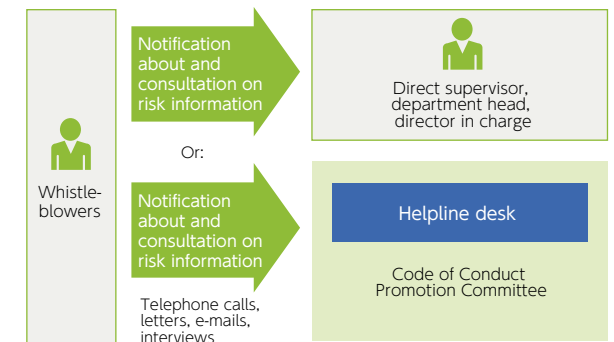
Mandom Group aims to make "both the individual (each employee) and the company HAPPY" so that we may realize Our Philosophy and put it into action. To this end, we shall maintain a good balance between what the company aims for the employees' sake (company vision) and what the employees aim for the company's 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. In order to increase the number of "fan shareholders" who

hold our stocks long-term, together with the aim of even further strengthening the relationship with our shareholders, since FY2015 we have held plant tours for our shareholders. Invitations are sent to all shareholders owning 100 or more shares, and an impartial lottery is conducted to allocate slots to the winners. The tour gives shareholders a chance to see.

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).

	2016	2015	2014	2013	2012
Dividend Payout Ratio (%)	40.3	29.3	40.2	40.0	40.2
Dividend (Interim/Year-End)	96	80	76	70	62



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.

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

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.



Mandom Official Website

► CSR Information

- Mandom Group CSR Promotion System
- Fair Operating Practices Building and Implementing a CSR Procurement System

Creating an Environment Enabling Participation by Diverse Human Resources

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.



Multi-purpose (multi-functional) toilet installed in the Fukusaki Factory

Seminars in Universal Manners

Further supplementing our efforts to implement physical accessibility measures, 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 foster a workplace culture 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.



► For details, see KohDoh Feature 02 (P.26,27)

Continuous investment in education on human rights

We continue to provide human rights education to employees with the aim of fostering human resources suited to a company engaged in global business and helping to build an inclusive society.

In particular, respect for human rights and understanding of diversity—as expressed in our company name, which blends the words "*human*" and "*freedom*",—are indispensable values for the Mandom Group, which is engaged in business in many countries and regions in the world.



► For details, see KohDoh Feature 02 (P.24–27)

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

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

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

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



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



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

Mandom Group HR VISION2027

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

capabilities as Human Assets and provide this diverse talent pool with opportunities for motivation and active engagement. The HR Division shall redesign and develop systems and structures that allow both parties to realize these ideals and provide Dedication to Service (Oyakudachi).

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	Three weeks of induction training is given to junior personnel upon joining the company. Following that, training is provided two days a year for three years to allow them to gain and verify skills and acquire the mindset they need as working individuals.
New Manager Training	Training is conducted every July 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.
Manager training	Training is conducted two days a year for employees in management, and group leaders. The training helps employees to understand company regulations and rules necessary for diversity and management, and strengthens skills for interaction, facilitation, and communication.

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.
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Health and Safety Education, Environmental Protection Education

Discussion-style group education at Fukusaki Factory	One day each, twice a year, 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.
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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."
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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 and Work-Life Balance

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

Decent Work/Health Care

Employee awareness surveys	Surveys of regular employees are conducted basically once every three years 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 FY2016, 814 employees had their stress levels checked (76.6% 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. In FY2016, 1,034 employees underwent a medical examination. (Medical examination rate: 97.6%)
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.
Work-from-home system	In order for each and every one of our diverse range of employees to be able to work comfortably, and to create a meaningful working environment in which they can maximize their potential, since April 2017 we have implemented a work-from-home system. To begin with, those with certain restrictions on their place of work and working time, such as employees raising children or caregiving, are able to take up to 5 days per month from half-day increments.

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.
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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.
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Progress of Improvement in 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.

For information on general employer action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, please see the following website operated by the Ministry of Health, Labour and Welfare.

External Site

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

FY	2016	2015	2014	2013	2012
Employees taking childcare leave	17	8	6	15	16
Employees using childcare work program	6	8	10	7	8
Employees taking carer's leave	3	2	2	3	1
Employees using carer work program	3	2	1	0	0
Employees taking short-term nursing care leave	18	21	20	18	10

Mandom Official Website

▶ CSR Information ● Mandom Key Data on Personnel and Labor



Defined contribution pension system

To support the lives of employees after retirement, the Mandom Group has adopted a defined contribution pension system since November 2003.

In 1985, we introduced a qualified retirement pension system, but due to reform of the public pension system, we revised our retirement allowance system to ensure income from retirement until age 65 (the age when eligibility to receive the national pension begins), to compress and stabilize retirement benefit obligations, and to meet the demands of increasing mobility and diversity amongst employees.

We currently make use of two types of corporate pension systems: a defined benefit plan (DB) and a defined contribution plan (DC). Employees can join these plans voluntarily, and intent to continue is reconfirmed once a year. If an employee has not joined either or both plans, then a

pre-paid retirement allowance is paid as an addition to the biannual bonus. Also, due to the amendment of the Defined Contribution Pension Act in January 2017, it became possible for employees who have not joined a corporate defined contribution plan to join a personal defined contribution plan. For our employees, we hold periodic study sessions to promote understanding of the system and asset management. We also provide support so that they can check their balance and asset status through web services, and carry out other tasks such as checking the performance of and making changes to investment products.



Mandom Official Website

▶ News Release

● November 4, 2003 News Release
"Defined contribution pension system adopted in November" (Japanese only)

Ensuring Diversity / Diversity & Inclusion

In April 2015, Mandom established a 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.

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

Promoting Women's Participation

In April 2016, a Japanese law took effect, which obliges large companies and local and central governments to set numerical targets for hiring and promoting women. Mandom understands that promotion of women is an important theme that draws expectations and demands from a broad range of players in the society. Accordingly, this theme has been reflected in one of the CSR Material Issues for the Mandom Group - "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, Labour and Welfare below.



External Site

▶ Mandom page for general employer action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace (Japanese only)



Hiring of People with Disabilities

We aim to build an organization that encourages diversity and inclusion. As part of this, we are creating workplace environments that allow us to hire more people with disabilities and facilitate their participation. For details, please see KohDoh Feature 02 "How to Correctly Interact with a Diverse Range of People" (P.24-27) and Human Rights "Creating an Environment Enabling Participation by Diverse Human Resources" (P.33).

Please see our website for the latest information on our track

FY	2016	2015	2014	2013	2012
Rate of employment of people with disabilities	1.70%	1.66%	1.91%	1.92%	1.69%

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

record in these areas: promoting participation by women employees, promoting hiring of disabled people, acceptance and utilization of non-Japanese employees, and number of employees making use of our system of reemployment after retirement.



Mandom Official Website

▶ CSR Information

● Mandom Key Data on Personnel and Labor

Occupational Health and Safety

Creating a Healthy and Safe Workplace Environment at Our Factory

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

(OHSAS: Occupation Health & Safety Assessment Series)

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

Going forward we will continue working hard to ensure that operations at Mandom's Fukusaki Factory take into account consumers, society, the environment, and employees. This will be achieved by striving for continuous operation and synergistic effects, and implementing three management

systems: an occupational health and safety management system; an environmental management system (ISO 14001 international standard) which aims to simultaneously achieve management together with reduction in environmental risk and contribution to the environment based on the idea of sustainability; and the Mandom Quality Management System for raising the quality of the company, products, and services, and achieving true customer satisfaction.



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



External Site

▶ Official Website, Japan Management Association Quality Assurance Registration Center

● BS OHSAS 18001,
"What is the "Occupational Health and Safety Management System (OHSMS)?" (Japanese Only)

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 with cooperation by experts on road traffic safety to prevent road accidents.

In FY2016, safe driving courses taught by outside instructors

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

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 building



Lecture on emergency life-saving techniques

Internal Communications

Mandom Group Circuit Training

Every year, Mandom Group holds Circuit Training in which local employees of overseas affiliates and Mandom Group employees in Japan deepen ties through activities such as touring production facilities, visiting business sites, and observing the market in each country.

The main objectives of Circuit Training include: sharing the philosophy and DNA of Mandom Group, fostering a sense of the overall strength and unity of the Group, and understanding the diverse values and characteristics of the countries and regions in which Mandom operates. This helps to build mutual understanding and networks between employees from different countries, as well as improve communication skills in foreign languages.

Through this training, participants are stimulated by firsthand experience of cultures and customs that differ to their own, as well as contrasting global markets and business environments.

In this way, employees are provided with a great opportunity to reexamine their approach to work, any issues they are facing, and their future career plans.



Creating a Comfortable Workplace Environment Geared for Individuality and Easy for Employees to Use

At Mandom, we are creating a comfortable office environment that facilitates work by establishing concepts based on the function and role of each department, such as "an office that can cultivate employees' creative sensibilities" or "an office with a diverse and global image."

Also, in 2014 we renovated the employee cafeteria at the head office with new tables and chairs, layout, tableware, and menu, so the area can also be utilized as a cafe or meeting space. Incidentally, the employee cafeteria conducts regular surveys and takes employee requests into consideration when providing and improving services such as special menu items and seasonal drinks.



Head office building 8th floor



Aoyama Office



Employee cafeteria at head office

Employee social gatherings

Every year we offer "mutual aid association" (employee training) trips that are designed to relieve the fatigue and stress of daily work while deepening friendships among employees. The travel is voluntary and employees can select from various plans, offering both domestic and international destinations.



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 the end of March 2017, 1,629 issues have been published over a period of 35 years.

The newsletter's 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.



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.

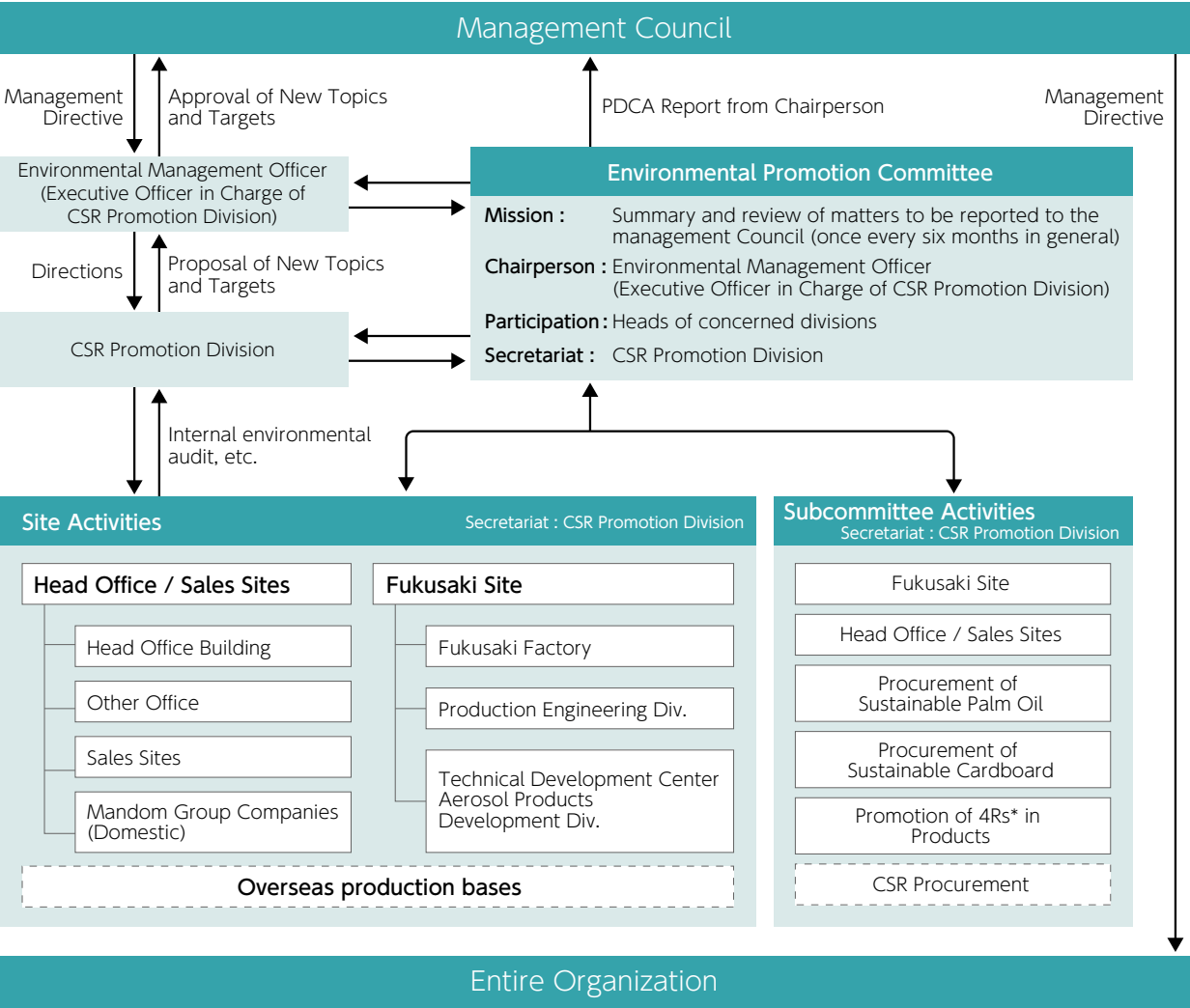
This environmental policy is open to anyone who needs this information inside and outside our group.

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



Three-year Environmental Topics

2017 Subcommittees	Three-Year Targets (2017-2019)
Fukusaki Site	●Draft and implement a CO ₂ emissions reduction and energy savings plan to achieve long-term targets
Head Office / Sales Sites	●Continued recycling of industrial waste (zero emissions) and improvement of recycling rate
Procurement of Sustainable Palm Oil	●Shift to RSPO-certified oil (Book & Claim (B&C)) for all glycerin purchased by the Fukusaki Factory
Procurement of Sustainable Cardboard	●Shift to FSC-certified paper for all cardboard used in product distribution (non-binding target)
Promotion of 4Rs* in Products	●Use of biomass material in all laminated packaging ●Shift to FSC-certified paper for paper containers and packaging (over 50%)
CSR Procurement	●Strengthen supply chain monitoring function and expand scope

*4Rs : Reduce, Reuse, Recycle, Renewable *Renewable : the use of renewable resources

Environmental Considerations in Products and Services

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. On August 29, 2016, we re-launched the two facial cleansing products shown below using environment friendly biodegradable facial scrub.

- GATSBY Facial Wash Perfect Scrub (130g)
- GATSBY Facial Wash Micro Scrub (130g)

Promoting Measures Toward a Carbon-Free Society

 Mandom Official Website
 ▶ CSR Information ● Historical Environmental Data ● Environmental Accounting

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 FY2016 was 7.487 million kWh, up by roughly 2.8% year-on-year (with a 1.3% decrease in specific consumption per unit sales).

Office Systems

Our head office building uses demand monitoring to manage electric power consumption in different ways at different times of the day and reduce peak demand-side consumption. Furthermore, we are engaged in an ongoing shift to LED

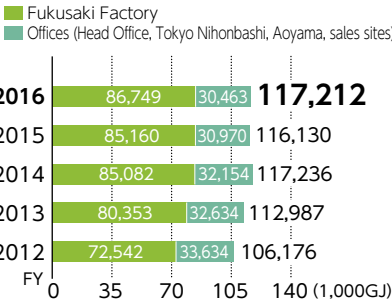
lighting and high-efficiency transformers. As a result, power consumption in FY2016 was 2.572 million kWh, down roughly 2.6% year-on-year.

Product Distribution

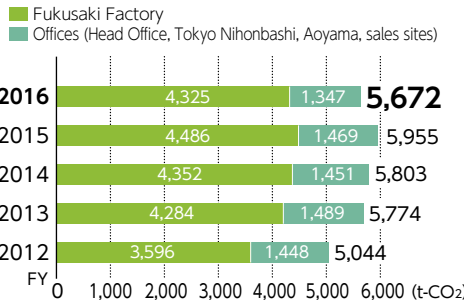
To reduce CO₂ emissions in distribution, we have been streamlining operations and pursuing a modal shift from trucks to freight trains and cargo ships. We started outsourcing operations in October 2004 with the aim of streamlining distribution, using freight trains primarily for transporting products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

transporting products from Maizuru to Hokkaido. In truck transportation, we strive to continue achieving as close to a 100% load efficiency as possible, but CO₂ emissions attributable to distribution in FY2016 were 2,229 tons due to increased shipment volume, a year-on-year increase of 3.8%.

Total Energy input

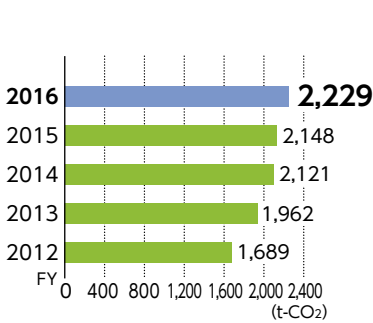


CO₂ Emissions



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

CO₂ Emissions in Distribution





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.

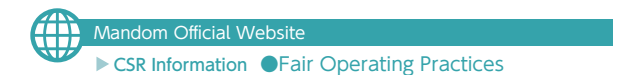
Toward Fair and Transparent Transactions

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 believes that its suppliers are partners that can assist with sustainable development. In September 2016, Mandom gathered the opinions of its suppliers through issuing the Supplier CSR Guidelines formulated at the CSR Procurement Subcommittee.

Our hope going forward is that not only our primary suppliers, but also other upstream suppliers comply by these guidelines, with the goal of extending compliance throughout the entire supply chain.

Protecting Biodiversity

Working Toward the Procurement of Sustainable Raw Materials

Mandom drafted a policy on the protection of biodiversity in April 2016, which was incorporated into the company's environmental policy (see P. 39). Additionally, at the February 2017 CSR Promotion Committee meeting, initial efforts were made to look into the procurement and use of sustainable raw materials, while taking into consideration the protection of biodiversity, as one of the key CSR Material Issues for the Mandom Group.

As part of this effort, a decision was made to aim to achieve the following two long-term goals in stages.

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

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

1* Roundtable on Sustainable Palm Oil 2* Forest Stewardship Council

Promoting a Recycling-Oriented Society

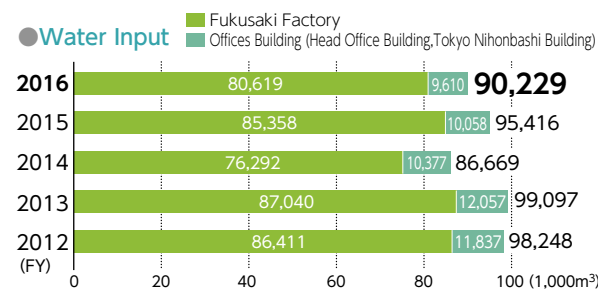


Efficient Water Use

At the Fukusaki Factory, we are working to reduce water use by regularly calling upon each department to save water, and reviewing methods of cleaning production equipment, piping and other facilities.

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

As a result, water consumption in FY2016 was 90,229 m³, a year-on-year decrease of 5.4%.



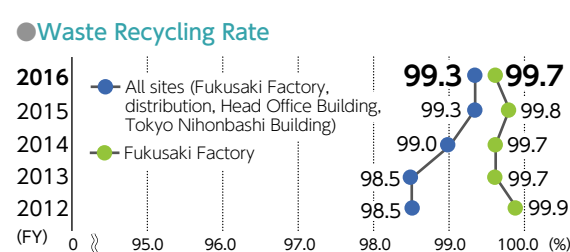
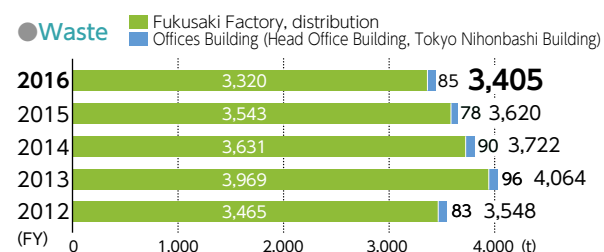
Reducing Waste

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 FY2016, 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.

As a result, waste emissions including general wastes were 3,405 tons in FY2016, a year-on-year decrease of 5.9%.



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.



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

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.



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

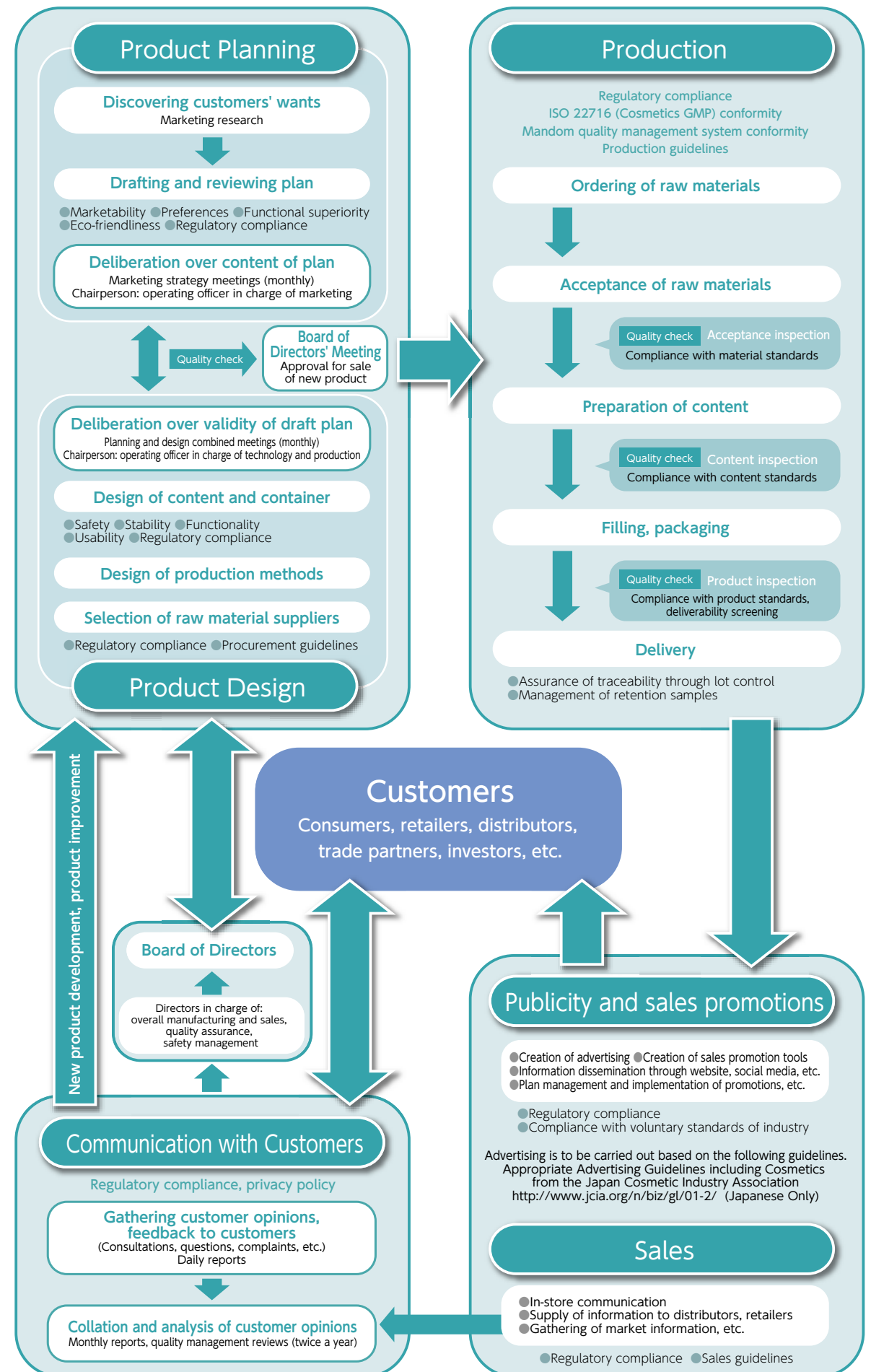


Analysis of active ingredients of quasi-drugs



Functionality inspection of product contents

Mandom Quality Assurance Activities and Implementation of Customer Feedback



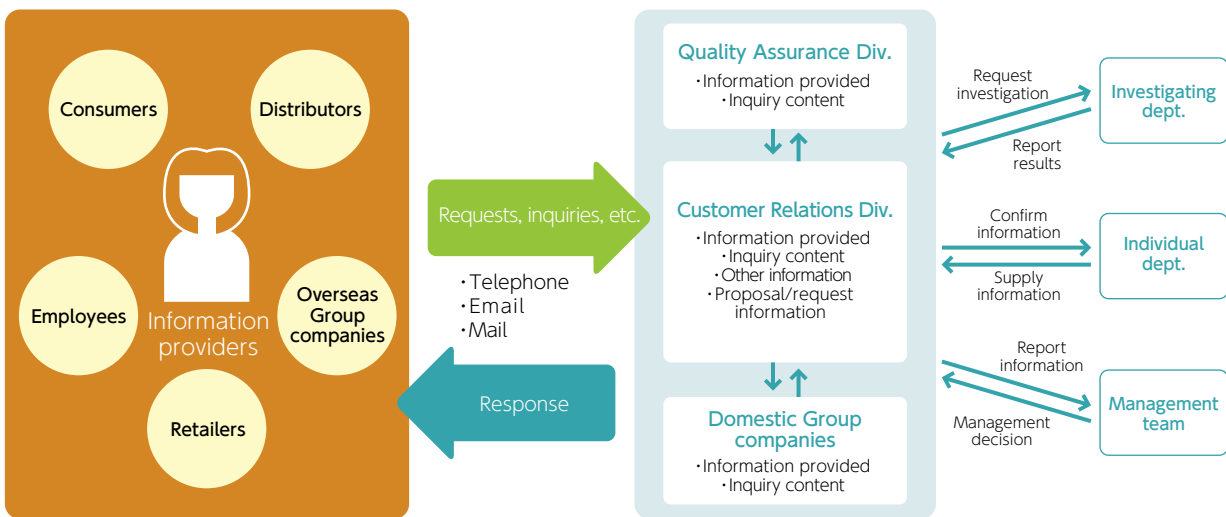
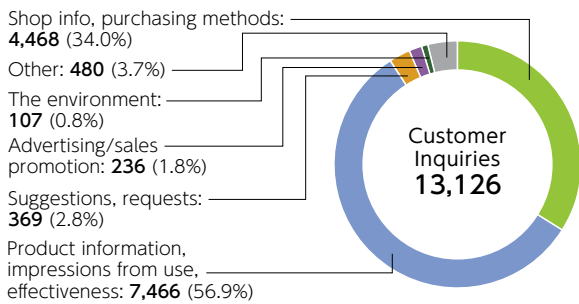
■ Creating new shared values with consumers

■ 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 FY2016



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

Of all the inquiries we received in FY2016, 4,468 were in regard to "shop info, purchasing methods." Of these, about 30% (1,285) 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 and facilitate the development and improvement of products.

 Mandom Official Website
▶ Top Page ● FAQ & Inquiries (Japanese only)

■ Examples of Utilizing Customer Feedback

At Mandom, we share customer feedback among our management personnel and concerned departments, and use this information for new product development and improvement. The following presents actual examples of

utilizing such feedback from customers to make improvements in areas such as product label content and ease of use.

Case 1	● GATSBY Natural Bleach & Color Series	▶ Changed specifications to prevent tampering with the outer box, and changed the precautions labeling/wording (from February 2017)
	● LUCIDO-L Creamy Milk Hair Color Series	
Case 2	● GATSBY Hair Styling Foam	▶ Back side label changed to be easier to see (from October 2016)
Case 3	● LUCIDO-L Oil Treatment #EX Hair Oil	▶ Changed shape of sales appeal label sticker (from June 2016)

 Mandom Official Website
▶ CSR Information ● Consumer Issues > Communication with Customers

■ For the Correct and Safe Use of Hair Coloring Products

On October 23, 2015 the Consumer Safety Investigation Commission (of the Consumer Affairs Agency) published its "Report on the Causes of Accidents, etc. Based on Article 23, Section 1 of the Consumer Safety Act," with the Minister of Health, Labour and Welfare presenting a recommendation on measures to prevent the onset and exacerbation of skin disorders caused by hair coloring products. The report recommends that manufacturers and distributors take various steps to promote a correct understanding of hair coloring products to prevent the onset and exacerbation of skin disorders caused by hair dyes. The report recommends that information on the risk of allergic reaction to oxidative hair dyes be supplied to consumers and emphasizes the importance of encouraging consumers to take measures to avoid risks, such as conducting a skin allergy test (patch test) prior to use or discontinuing the use of a hair coloring product if any abnormal reaction is detected. Based on the Ministry of Health, Labour and Welfare's

notification to the hair coloring industry and the recommendations of the Consumer Affairs Agency, Mandom has added information in the Frequently Asked Questions section of its website and product information sections of each product in the hair coloring category to properly inform customers how to safely use hair coloring, particularly the importance of conducting a patch test 48 hours prior to using a hair coloring product.

 External Site
▶ Ministry of Health, Labour and Welfare Website
● Skin Damage Owing to Hair Dyes (Japanese Only)
▶ Ministry of Health, Labour and Welfare Notice
● Warning Regarding Use of Hair Dye and Bleaching or Color Removal Agents (Japanese Only)

 Mandom Official Website
▶ Top Page ● FAQ & Inquiries > Hair Color > - Before Use - Product Safety and Patch Test (Japanese Only)

■ 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. It is a very delicate problem, and people are hesitant to raise the issue or provide guidance to the person in question. It's a problem that is hard to solve because it's hard to bring forward. However, in almost all cases a person can handle the problem themselves with correct knowledge and proper care.

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

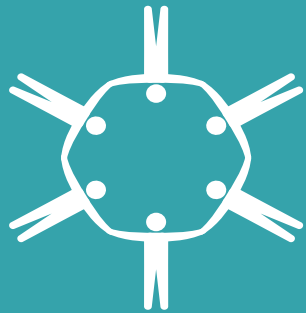


 Mandom Official Website
▶ Top Page ● Research on Men's Smell: Smell Management (Japanese only)

■ Handling of Personal Information

At Mandom, we use personal information to deal appropriately with complaints, inquiries and consultations, and to otherwise interact with the customer. To achieve the purposes for which the information was gathered, we sometimes entrust work to outside contractors, but information is never disclosed to third parties other than outsourcing contractors.

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



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

In recent years, as society's awareness of safety in cosmetics has risen, the need has grown for a wider range of evaluative techniques that will enable the development of safe products. Mandom has declared a policy of no animal experiments. As part of that, we present technical information at meetings held by the Japanese Society for Alternatives to Animal Experiments, and since 2008, we have subsidized research

costs by offering grants every year for selected international research on alternatives to animal experiments.



Mandom Official Website

► CSR Information

● Community Involvement and Development : Approach to alternative to animal experiments



External Site

► The Japanese Society for Alternatives to Animal Experiments

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

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

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

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



Mandom Official Website

► CSR Information

● Community Involvement and Development : Joint Research Program with 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



Efforts Together with the Nishimura International Scholarship Foundation

The Nishimura International Scholarship Foundation was established in 1999 by the former president of Mandom, Ikuo Nishimura. The foundation awards scholarships to exchange students and invited teaching staff from countries and regions in Southwest, Southeast, and East Asia in order to sustain academic learning, education, and research.

In addition to offering scholarships, the foundation provides the students with experiences during their time in Japan, which can serve as future reference on production technologies, environmental measures, and other topics.

These include field trips, summer studies, and a visit every year to tour our Fukusaki Factory.



External Site

► Nishimura International Scholarship Foundation (Japanese only)

Cooperating with the Super Global High School Project of Osaka Prefectural Senri Senior High School

The Ministry of Education, Culture, Sports, Science and Technology has been promoting the Super Global High School (SGH) program at high schools and other institutions since FY2014. The aim is to endow students-through education to contribute to the development of global leaders-with concern and strong awareness about social issues, communication abilities, problem-solving skills, and other international grounding, and thereby develop global leaders who can be active on an international stage.

We believe that cultivating global human resources is the foundation for supporting the sustainable development of society and the sound growth of our business going forward, and therefore we are cooperating with the SGH project "SGH Fall Holiday Business/University Tour and Training" at Osaka Prefectural Senri Senior High School, a designated SGH school. For this training, groups of eight to ten students actually visit and tour companies. Activities include lectures by employees engaged in work, and question-and-answer sessions and advice on the individual research topics of each student.

In FY2016, we featured a lecture on the relationship between

our corporate business activities and the international community's framework for achieving a sustainable society, based on the themes of Mandom's business development in Japan and overseas, and our corporate social responsibility.

We fielded a diverse range of questions from participating students and had lively exchanges of views on topics including human rights, work-life balance, childcare and elderly care systems, promoting the participation of women, interacting overseas with people having different cultures, customs and values. As hosts, we also learned a great deal.



Mandom Official Website

► CSR Information

● Latest CSR Information: Article dated October 18, 2016 (Japanese Only)



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.



* BOP Business : Sustainable business carried out in developing countries that targets the base of the economic pyramid (BOP) — consumers, producers, retailers or combinations thereof. The BOP segment of the populace refers to the lowest level of the income/economic pyramid — people whose annual income is low and purchasing power parity is less than \$3,000. This segment accounts for about 70% of the global population, or 4 billion people.

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 CSR Activities in Indonesia

Our Indonesian consolidated subsidiary PT Mandom Indonesia Tbk (listed on the Jakarta Stock Exchange in September 1993) carries out CSR activities that support human rights, labor, the environment, and corruption prevention.

For details, please see the Mandom Indonesia official website.



Mandom Indonesia Official Website

► CSR Information (English Version)



Other Social Contribution Activities in Japan



Mandom Official Website

► CSR Information ● Community Involvement and Development

- GATSBY CREATIVE AWARDS (Final review meeting and award ceremony in January)
- Mandom judges Gatsby advertising and communication plan student competition at private universities in Kansai region (October)
- Job Experience for Junior High School Students (May, June)
- Sakai-ASEAN Week (October)

- April 2016: Donation given to disaster relief fund and relief supplies sent in the wake of the Kumamoto Earthquake
- Blood Drive at the Head Office (August)
- Concerts at Head Office (July, January)
- Wheelchair Athlete Jun Hiromichi

- The Akan International Crane Center, Kushiro
- Osaka Marathon Clean-up Campaign (October)
- Chinju-no-Mori Festa Sponsorship (June)
- Fukusaki Industrial Park Joint Clean-up (May)
- Traffic Guarding at Fukusaki Industrial Park (September)

Third-Party Opinion

Based on the content of the KohDoh Report 2017, 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 year, Mandom is celebrating the 90th anniversary of its founding, and the company has reviewed its corporate philosophy with an eye on the future. This report is the first based on Mandom Group's new principle that "Mandom is a 'human-oriented' company. Guided by our original concepts of Health, Cleanliness & Beauty, we reach boldly beyond the norm to bring wonder and inspiration to people's everyday lives." A new element, "Social Responsibility & Sustainability," was added to the Mandom Principles renewed together with the corporate philosophy (P. 09). What is crucial for a global corporation is not just creating products which suit the characteristics of each region, but also to have a posture of interacting and coexisting with the stakeholders in each local community, which have diverse values. The Mandom Principles are basic rules to be followed by all employees, and I feel the addition this year of "Social Responsibility & Sustainability" was an extremely beneficial decision for the Mandom Group, whose overseas sales account for more than 40% of the total, to promote CSR through its main business.

The most positive point in this year's report is that information such as the relationship between CSR Material Issues and Sustainable Development Goals (SDGs), the description of activities in fiscal 2016, long-term goals, and directions for action in the future are indicated in ready-reference charts (P. 15–19). In 2015, Mandom established a new CSR Promotion Division, signed the UN Global Compact, and declared its support for the compact's Ten Principles in four areas of focus. At that time, efforts made major progress due to clear specification of CSR Material Issues, but in February 2017, the CSR Material Issues were updated and revised, their relationship with SDGs was indicated, and at the same time long-term goals were set. By doing this, a system has been put in place through which the Mandom Group can run, at the global level, the PDCA cycle, and continually promote CSR. An ambitious stance is also evident in their long-term goals and

plans for future action. For example, in the environmental goals section, a policy is clearly indicated—as a long-term goal relating to protecting biodiversity—of switching completely to the use of RSPO-certified palm oil as a raw material source by 2027, and in the process leading up to that, RSPO-certified oil will be used for all of the most numerous palm oil-derived raw materials by 2020. Furthermore, as a future direction for "promoting measures toward a carbon-free society," it is clearly indicated that the scope of calculation will be broadened from CO₂ directly emitted by the company (Scope 1) and CO₂ indirectly emitted by the company (Scope 2), to CO₂ emitted in the entire value chain (Scope 3). As noted by Ms. Baba in Feature 01 (P. 21), it is crucial to visualize CO₂ emissions as a whole, in part to find points where the entire company and each business site can make improvements. Many companies are hesitant to include Scope 3, partly due to data constraints and other issues, and I highly rate Mandom's stance of always attempting to return to essentials, and step up to challenges when necessary.

Areas for Improvement

Over the last two years, Mandom's CSR activities have evolved rapidly. In the next fiscal year, I expect that Mandom will refine its CSR activities while remaining aware of global standards. For example, in expanding business globally, there is a need to fulfill social responsibility in the entire supply chain, both inside and outside Japan. I believe the scope of suppliers to comply with Supplier CSR Guidelines, which is currently limited to primary domestic suppliers, should be widened to secondary/tertiary suppliers and suppliers overseas. Lastly, although this is disclosed on the Internet rather than this report, the proportion of women in management positions has been flat for the last five years. For a global corporation, ensuring diversity and inclusion is a key issue, and thus I hope Mandom will work hard to improve this point.



To Our Readers

Mandom corporation Director and Senior Managing Executive Officer
Director and Chairman, PT Mandom Indonesia Tbk
Tatsuyoshi Kitamura

Fiscal 2016, like fiscal 2015 was a year of constant new issues, such as the Paris Agreement coming into effect, the need to respond to human rights and labor issues in the supply chain, and growth of ESG investment. Based on these global trends, this year's report describes the connection between the Mandom Group's CSR Material Issues and SDGs, and the voluntary seminar and dialogue held with the cooperation of Ms. Baba from Nikkei Business Publications.

In my work I've been posted in Indonesia, Singapore, and Malaysia, and I've experienced the haze due to field burning on palm plantations and other agricultural areas. When considering this problem, we must not try to solve just the environmental problem with CO₂ emissions and air pollution, but must take into account the fundamental local issues of poverty, and the economics-driven mindset that has been prevalent thus far in those countries. However, these complex problems in the background are not apparent to us who live a normal life in Japan, and cannot be understood correctly.

I believe that almost all social and environmental problems can be solved someday if we understand them correctly, cooperate, and work hard to achieve improvement. However, we should not make decisions on what to do based only on the information we ourselves know. While working with people outside the company, we must gather information from the wider world, and listen to a diverse range of views. In our new corporate philosophy, we uphold our stance of being a "human-oriented company." This philosophy also includes the meaning of being kind to people. To achieve this, we must also be kind to the environment. Through our business activities and daily thoughtful action that aim to make us a human-oriented company, the Mandom Group's ideal, we will continue striving to be of service in realizing a sustainable society, while responding to expectations and demands from the society at large.