

Strengths and initiatives to help

“Realizing mutual growth of employees and the company”

Strengths of Mandom 6

Highly-Engaged Employees

Believing the instillation of our corporate philosophy in all employees and its implementation to be a matter of the highest priority in order to realize “VISION2027,” our vision for 2027 when we commemorate the 100th anniversary of our founding, in 2017, the first year of our “MP-12” 12th Middle-Range Planning, we conducted a series of initiatives to instill that philosophy among all Group employees with the considerable speed of just six months’ time. We started by holding discussions among officers through gatherings, then instilled our corporate philosophy among department heads positioned as “evangelists,” and finally instilled it from the various department heads to their respective department staff through holding workshops.

Every year since 2018, for the purpose of following up on the degree of awareness among employees, we have continued to conduct employee surveys, provide feedback results, and hold workshops in each department to address their respective issues based on that feedback.

FY2022 survey results and Group response

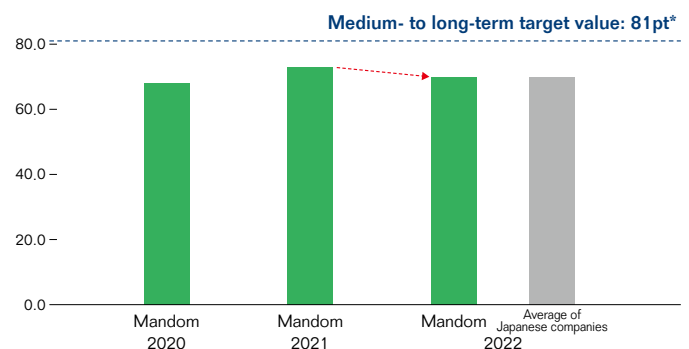
1 Sustainable engagement

Unfortunately, our “sustainable engagement” score fell by three points over last year.

This is presumably due to anxiety about the company, which has struggled for the past two years, and a decline in satisfaction. We believe that initiatives and measures are needed to dispel these concerns.

Engagement scores were slightly lower than last year and comparable to the Japanese standard. We will aim for the level of global consumer goods manufacturers as a medium- to long-term target value through the resolution of issues, including surveys.

Sustainable engagement score



* Set based on global manufacturing industry standard value

► Points that showed improvement compared to FY 2021

Authority/discretion

The score increased with respect to the delegation of authority necessary to promote operations and the provision of challenging and fascinating work opportunities. The three years through FY2023 (fiscal year ending March 31, 2024) are positioned as a “period of transformation and challenges” in the 13th Middle-Range Planning “MP-13,” and we assess that this has gradually begun to instill throughout the company.

In April 2023, we implemented organizational restructuring, including flattening of the organization and consolidation and elimination of departments, with the aim of delegating authority, speeding up decision-making, and strengthening collaboration among departments. We will continue to create an environment in which employees can demonstrate their abilities to the fullest extent.

► Points that did not show improvement compared to FY 2021

Well-being

The development of new products to strengthen the brand led to long working hours in some departments, resulting in a lower score with respect to consideration for employee health. We are promoting health management and believe that employees must be healthy both physically and mentally as a prerequisite for their rewarding and lively activities. We have begun efforts to rectify this situation.

► Points of superiority in benchmark comparisons

Goals/targets

This is presumably due to our high level of understanding of the strategies of each affiliated department and the significance of each employee’s work, and the fact that Dedication to Service (Oyakudachi), the foundation of our philosophy, is instilled in employees on a daily basis. In the future, we intend to create value by synchronizing management strategy and organizational strategy more closely, with the department heads as key persons.

► Points of inferiority in benchmark comparisons

Leadership

Employees are becoming increasingly anxious about the company and management’s strategies, decision-making, and response to change amid struggling business performance arising from the COVID-19 pandemic. We believe that more careful and continuous communication is necessary.

In addition to the “distribution of video messages from Supervisory Executive Officers to employees” and “dialogue sessions between the President and employees,” which we have implemented until now, we have been conducting training for department heads since FY2023 with the aim of behavioral change to realize transformation. We believe that department heads have the role of organically linking management with members of each organization. We aim to create an environment and structure in which management and employees can promote business in unison by realizing a system in which management strategy and management’s ideas can be felt more closely through the department heads.

2 Initiatives to improve engagement

Dialogue sessions between the President and employees

President Nishimura held dialogue sessions with employees that continued from FY2021 with the objective of direct communication that leads to mutual understanding and instillation of policies.

Purpose

- Realizations of things that should be addressed during period of “transformation/ challenge,” and instillation of understanding of Mandom’s medium- to long-term direction
- Regular sharing of awareness of issues, mutual understanding of each other’s personalities
- Formation of sound and solid organizational climate and workplace

Session schedule

September 2022–January 2023 Total of 44 sessions

Number of participants

Mandom Corporation employees between their teens and 30s 238 employees in total (Participants in the previous year 247 employees/Total participants 485 employees)



Each dialogue session was held with three to eight employees. All of them were conducted face to face in principle. Group-wide shared themes and individual themes for employees in their teens and 20s, those in their 30s, and new managers were configured as preliminary challenges, with each employee asked to prepare prior to engaging in the dialogue.

The most recent sessions, whose participants were mostly young employees, yielded some important feedback such as “Internal communication and teamwork is becoming diluted,” “There are few regular opportunities to be ‘praised’ or sense a ‘Dedication to Service (Oyakudachi)’ in the course of performing duties,” “It’s difficult to understand superior policies, as they are not being sufficiently conveyed,” and “Overtime work at a level that affects work-life balance is becoming the norm.” With President Nishimura also sincerely accepting this feedback himself, we have already begun initiatives to solve these issues.

Meanwhile, numerous positive opinions were received regarding the implementation of the dialogue sessions, such as “Rather than giving a cut-and-dried response to individual employee concerns, the President carefully addressed them, which pleased me,” “I feel at ease now knowing that the President has a sense of the same kind of challenges that I sense on the frontlines,” and “There were numerous realizations through dialogue with fellow employees in the same age group, which led to improved motivation.”

These dialogue sessions are positioned as a meaningful opportunity for employees to understand and share how the company and its top management recognize the current situation and what direction they are aiming to take. We plan to hold dialogue sessions between the president and approximately 200 employees who have not yet participated in the session in FY2023.

Department head training

We already mentioned that department heads are “evangelists” for our corporate philosophy. They are the bridge between our management team and employees in our corporate organization, and are the key persons who lead the transformation and challenges in their respective organizations. Given that, we established new department head training as a forum for the Company to communicate its expectations for department heads and encourage them to change their behavior in preparation for future transformation and challenges.

Designed with a number of vertical and horizontal contact points in mind, including those between fellow department heads, department heads and subordinates, and department heads and our management team, this training is conducted at the Osaka Head Office in a face-to-face format.

We plan to implement the training in series over the next year, from acquiring the mindset of a department head and the knowledge and skills to lead the organization and its people, to developing and implementing strategies for transformation and challenges through these efforts.



Materiality: “Realizing mutual growth of employees and the company”

<Feature> The Mandom Group’s Human Capital Management Initiatives

–MHRX (MHRX HR Transformation) enters full-fledged operation–

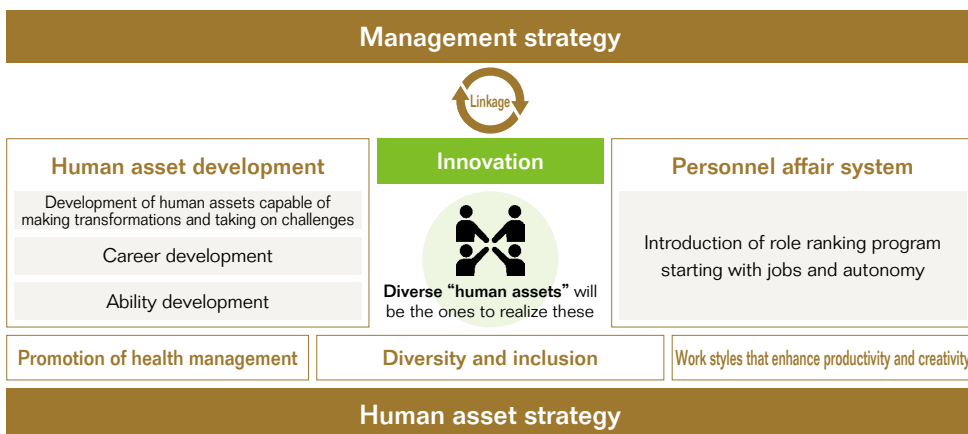
In 2021, the Group formulated its corporate slogan of “BE ANYTHING, BE EVERYTHING.” This is an expression of the form of new “Dedication to Service (Oyakudachi)” that we seek to realize from here on out, that being supporting all consumers to “live their own lives” and sustainably creating a society in which they can achieve this and which is close to their ideals.

With a view to that realization, we regularly conduct ourselves so that each and every one of our employees can play an active role as irreplaceable human assets with diverse individuality and strengths (specialization) and practice Dedication to Service (Oyakudachi) by providing new, unprecedented, one-of-a-kind value.

Additionally, amid the heightened uncertainty in our social environment in recent years in particular and the more pronounced transformation of business models through DX, in order for us to enhance our corporate value on an ongoing basis through Dedication to Service (Oyakudachi) for society, it is crucial that we cope with these social changes in a proper way and keep on giving rise to innovation (creating new value) at a greater level than before.

At Mandom, we see “**human assets with diverse individuality and strengths**” as the true largest source of various innovations, and believe aggressive investment in those human assets to be imperative. Our approach to “human assets” in this fashion is also consistently expressed in “Human Assets,” one of the Mandom Principles that constitute the Mandom Group’s code of conduct, and in “Happy individuals make a happy company,” our human resources philosophy.

Based on this idea, in order to realize “Dedication to Service (Oyakudachi)” for society and improved corporate value through innovation **in conjunction with our management strategy**, we have adopted the following five items as our main initiative areas with respect to human assets: ① “**development of human assets**” with diverse individuality and strengths, ② new “**personnel affair system**” that helps those human assets play active roles, promotion of ③ “**health management**” and ④ “**diversity and inclusion,**” and ⑤ practice of “**work styles that enhance productivity and creativity.**” We will proceed to practice the following concrete initiatives.



① Development of human assets with diverse individuality and strengths (human assets development policy)

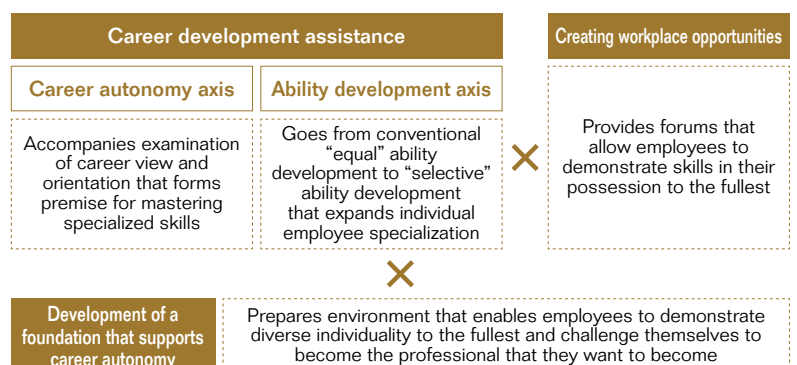
In order for each and every one of our employees to grow as human assets with individuality and strengths (professional human assets), we will need initiatives based on a multilateral standpoint that include fostering a mindset for autonomous career development by employees themselves and the enhancement of specialized skills in each field.

At Mandom, we implement various measures aimed at the development of professional human assets within our organization.

Supporting employees in developing their career paths and abilities

We define human assets who engage in independent career development as “autonomous human assets.” In order for our employees to grow into autonomous human assets based on that definition, we have compiled the three pillars of “career development assistance” made up of the dual axes of career autonomy and ability development, the “creating workplace opportunities” for employees to demonstrate the skills in their possession to the fullest both internally and externally, and the “development of a foundation” to support the previous two pillars into a system chart. Using these pillars as a cornerstone, we establish various forms of education and programs for career and ability development and conduct other related efforts.

Career development support system chart



Implementation of DX education aimed at creating new value

Our belief is that in developing employees' abilities, the development of abilities and skills in the areas of digital and DX is particularly essential elements in future new value creation by Mandom. Having launched the DX Promotion Committee in May 2021, we are currently pursuing the promotion of DX companywide, and are tackling the following two points in order to develop human assets capable of creating new value by Mandom amid that transformation.

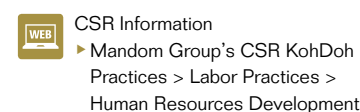
- Select and train next-generation digital leaders
- Implement digital education for all employees that fosters company culture of DX promotion

The recognition of DX initiatives at Mandom and our accompanying promotion system satisfying certification standards based on the Digital Governance Code set forth by the Ministry of Economy, Trade and Industry (DX promotion indices) as well as our information disclosure efforts being adequately conducted to stakeholders, among others, led to Mandom being a certified operator under the Digital Transformation Certification on August 1, 2022.



Initiatives developing and educating human resources

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

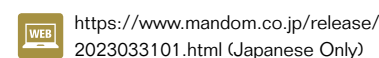


Internal Environment Development Policy

② Introduction of job-type personnel affair program in line with transformation of personnel affair systems

With a view to the creation of an organization and human assets capable of making transformations and taking on challenges in order to realize Dedication to Service (Oyakudachi) through the creation of new value, we initiated reforms of our human resources system starting with jobs and career autonomy ("Mandom HR Transformation," or MHRX for short). As part of those reforms, we introduced a role ranking program based on jobs in April 2023.

Based on these reforms, through clarifying the responsibilities and skills required of each role, we will conduct fair and impartial evaluations and treatment in accordance with the extent of that role to enable our employees to sense worth in their work and, in turn, realize a system that can be tied into the creation of new value.



③ Promotion of health management

Based on the belief that healthy employees enhance the value of the company, Mandom promotes the creation of workplaces where employees can gain job satisfaction and all employees can participate in a comfortable work environment to achieve their own well-being.

As a result of these initiatives, Mandom has been selected under the 2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (large enterprise category) in March 2023.

In June 2023, the Health Management Alliance was established for the purpose of "designing a model for health management, co-creating solutions to make it work, and implementing them in the industry." Mandom will participate as a member of the "Practice Group" that co-creates a health management model and results through the sharing of initiatives of participating companies. Through our participation, we will further promote our health management by studying and implementing various initiatives based on the collective knowledge gained within the Alliance.

At the same time, "rectifying long work hours for certain employees" is a challenge of ours in our efforts to further promote health management at Mandom. At present, average overtime work per month for our employees is 15.5 hours. However, it has come to light that certain employees actually work long hours in excess of 30 per month (calculated with full-time employees including managers at Mandom Corporation (non-consolidated) as the target using average hours per month for the three-year period between FY2020–2022). We believe that by rectifying all long work hours and creating an environment in which our employees can work soundly, we will be able to realize the well-being of our employees themselves as well as the creation of various forms of new value and a further improvement in corporate value through that well-being. With that point in mind, Mandom has adopted a new target of "achieving ten hours or less of overtime work per month on average for all full-time employees (including managers) by FY2027," and will proceed to tackle this target.

Main measures	<ul style="list-style-type: none"> • "Enhancement of health management promotion system" through health guidance by and opportunities to consult with public health nurses • Placement of Health Management Promotion Committee members at each business site • "Promotion of visualization of health management" in which information on health literacy and health is communicated to coincide with opening of internal health management portal site • "Implementation of health seminars" online
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4 Promotion of diversity and inclusion

Based on our idea that “human assets with diverse individuality and strengths” are our true largest source of various innovations, we will place a particular focus on active engagement by “female employees,” “midcareer hires,” and “non-Japanese employees,” and further promote initiatives geared towards diversity and inclusion.

Promotion of active engagement by female employees

It is essential to have diverse perspectives rather than the uniform viewpoints such as “Japanese,” “men,” and “new graduates” in order to provide Dedication to Service (Oyakudachi) to consumers in the midst of diversifying values. We believe that one of these perspectives is that of women, and as such, we have established gradual conduct plans aimed at promoting active engagement by women and realizing a society in which women’s individuality and abilities can be fully manifested, and have promoted initiatives to that end.



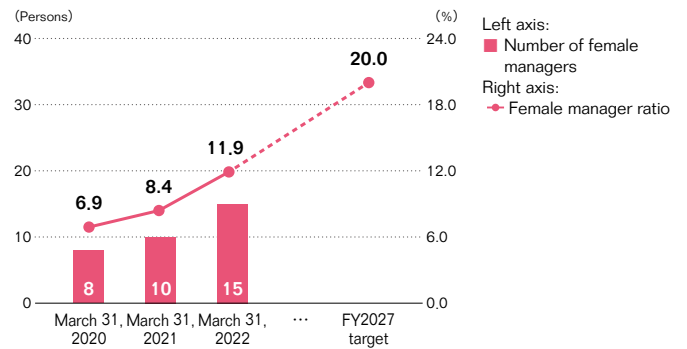
Recognition of the outcomes of such initiatives led to Mandom acquiring the highest rank of three stars for the “Osaka City Leading Company in Women’s Participation” ranking in June 2022 as well as the “Excellence Prize” in the Large-Scale Enterprise Category for 2022’s “Osaka City Leading Company in Women’s Participation” in February 2023.

Additionally, in order to promote further active engagement by our female employees in the future, we have established a new indicator in the form of “**female manager ratio of at least 20% by FY2027.**” To achieve that, we will proceed to implement a number of initiatives that include formulating a managerial position promotion plan for female employees every single year, conducting various forms of training for female employees, and enhancing various forms of education for our management and managers to ready them for active engagement by women.

Example of initiatives

- Proactive promotion of female employees to managerial positions in order to create various innovations by leveraging diverse individuality and strengths
- Personnel reassignments/postings and development involving group bases with a view to active engagement as global human assets
- Participation in career design forums for different industry sectors

Trends in actual female manager ratio and future indicators



Notes: • Results of Mandom Corporation (non-consolidated) as of March 31 of each year
 • The manager ratio was calculated based on the provision of the Act on the Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).
 • Managers include General Managers and Managers. Executive Officers are not included.

5 Practice of work styles that enhance productivity and creativity

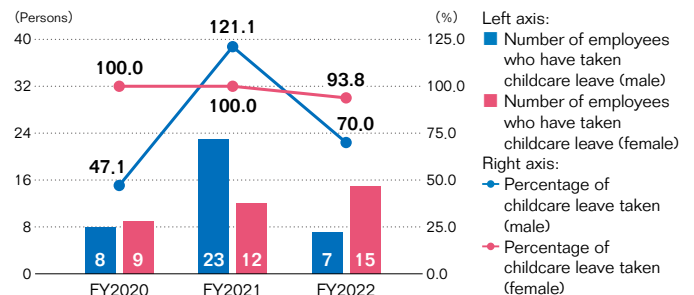
We are promoting work-style reform to improve “productivity per unit,” “growth of individuals and job satisfaction,” and “creativity.” Through this work-style reform, we will realize a work style that increases productivity and creativity while employees demonstrate their individuality and strengths to the fullest without being bound by various constraints.

We are also promoting the proactive taking of childcare leave by employees. As part of our general employer action plan (between April 1, 2020 and March 31, 2023) based on the Act on the Promotion of Women’s Active Engagement in Professional Life, we adopted the goal of achieving 100% of childcare leave taken by both male and female employees. Looking to achieve that goal, we conducted efforts such as having the Human Resources Division make proactive announcements aimed at having eligible employees take childcare leave and requiring three-party interviews between all eligible employees, their superior and the Human Resources Division. The results for each fiscal year during the plan period are as shown in the table on the right. We view this indicator as something we should keep on achieving. Going forward, we will continue to tackle it as we strive to continuously achieve 100% childcare leave taken by both male and female employees.

Example of initiatives

- Abolishment of core time as a general rule as well as “introduction of flexible working hour system” that enables employees to work flexibly during work hours, not just at the start and end of them
- “Introduction of work-from-home system” that covers “family residence” based on balance with caregiving
- Proposing hybrid-style work with fusion between at-office and at-home work by utilizing the above two systems

Trend in percentage of childcare leave taken



Supplementary information
 • Results of Mandom Corporation (non-consolidated) as of March 31 of each year
 • For percentages of childcare leave taken, percentages of childcare leave, etc. taken under Article 71-4, item (i) of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) were calculated based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).
 • For the results of male employees for FY2021, given that certain employees who were eligible to take childcare leave in FY2020 took that leave in FY2021, the number of employees who took childcare leave in FY2021 exceeded the eligible number, yielding a percentage result of over 100%.