

Materiality 3 Realizing Mutual Growth of Employees and the Company

Commitment

By investing in the growth of our employees, we maximize the performance of our “human assets” with their diverse individuality and strengths, thereby expanding the scope of our Dedication to Service (Oyakudachi) to all stakeholders.

Medium to long-term Targets

Themes of Initiatives	Evaluation Metrics	Medium to long-term targets		FY2023 Progress	Example of Initiatives
		Numerical Targets	Target Year		
Creating a culture that encourages employees to take on new challenges	Ratio of “active engagement employees” in a philosophy survey	38% or more	2027	15%	P.54
	Employee engagement	81% or higher per year	Each year	70%	P.55
Active engagement by diverse human resources	Ratio of women in managerial posts	20% or more (MCJ)	2027	12.8%	P.56

By investing in the growth of our employees, we maximize the performance of our “human assets” with their diverse individuality and strengths, thereby expanding the scope of our Dedication to Service (Oyakudachi) to all stakeholders. Based on this HR philosophy, Mandom actively invests in the growth of its employees and aims to “realize mutual growth of employees and the company” by having all employees capitalize on their diverse individuality and strengths to

perform to the best of their ability (individuals’ happiness), which in turn allows the company to grow and enhance their Dedication to Service (Oyakudachi) to society (Company’s happiness) For this reason, the Mandom Group is promoting a variety of human asset initiatives based on this perspective of “mutual growth.”

Strengths of Mandom 6

Highly-Engaged Employees

Initiatives for creating a culture that encourages employees to take on new challenges

In addition to “Human Assets,” our code of conduct also includes “Challenge / Change / Innovation” and “Cohort of Employees,” and the Mandom Group focuses on “Employees who think independently, and act autonomously and proactively” so that group employees are able to contribute to society with Oyakudachi (Dedication to Service). Accordingly, the Mandom Group believes that a comprehensive understanding of the Group’s core philosophy and conduct based on this philosophy contributes to “greater job satisfaction and employee engagement” of each and every employee.

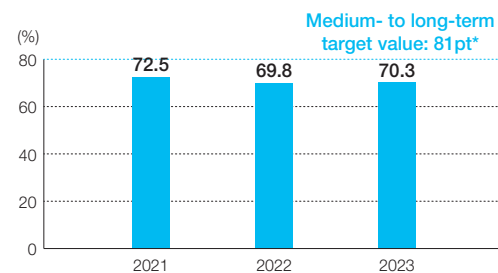
Based on this idea, we conduct the Mandom survey every year as part of efforts toward “Sharing and practicing our corporate philosophy and human resources philosophy” of our human capital management, and respond to the various issues that are evident in the results with the aim of fostering a greater understanding of and promoting empathy with the corporate philosophy amongst employees, and also boosting engagement further.

FY2023 Mandom survey results and Group response

(1) Sustainable engagement

The resulting score for “sustainable engagement” throughout the entire Mandom Group remained unchanged from the previous year. Given the immense changes occur throughout the social environment, we believe that the concerns that employees have about the recovery in performance still lacking is the reason why the employee engagement score remains flat and has failed to show any increase. We will be putting forward a range of initiatives and policies to alleviate any of these concerns.

Sustainable engagement score



* Set based on global manufacturing industry standard value

● Points that showed improvement compared to FY 2023

Innovation

We took the results of the FY2022 survey on board and run a new department head training from FY2023. The level of satisfaction amongst participants of the FY2023 department head training was extremely high, and we believe the purpose of the training, “facilitating behavioral changes amongst department heads toward change and challenges,” was achieved. Given that this score has also increased at the manager level, the results show that the change in the mindset and conduct of department heads through this training has had a positive impact on the manager level. We also began the job-type personnel affair system from FY2023, and the appointment of management personnel based on assigning the right skill set to the right place regardless of age or years of experience contributed to an increase in this score.

● Points of superiority in benchmark comparisons

Goals/targets

Following on from the survey results of the previous fiscal year, we believe there is a high level of understanding regarding the strategy of the department the employees belong to and the significance of their own work, with the Oyakudachi (Dedication to Service) spirit instilled in employees on a daily basis.

We will continue to build on management education for department heads and managers in order to better synchronize their own management strategies with the strategies of their own organizations, thereby providing Oyakudachi (Dedication to Service) to society through the creation of new value.

(2) Initiatives to improve engagement

Structural reform to improve profitability

The management issue that we should be focusing on in the current Japan Business is “Profitability Improvement,” where we need to review our business model in a fundamental manner and implement structural reforms to improve profitability, in order to accurately respond to changes in the external environment and continue providing Oyakudachi (Dedication to Service). In light of this, we launched this structural reform project in February 2024 to promote initiatives from various perspectives toward improving profitability.

This project also places the “development of human assets” at the center of this reform. This is to ensure that the various skills and know-how are molded into organizational knowledge through human resources development, and that profitability improvement remains a continuous effort rather than a one-off event. In addition to the basic skills needed to raise the base level of the organization, we will focus on the

▲ Points that did show improvement compared to FY 2023

Performance management

With the introduction of the job-type personnel affair system in FY2023, we also reviewed compensation and benefits from a zero-base, taking into account the initial objectives of each system. This will reform the system from one that is highly dependent on individual factors to one that ensures fair and equitable treatment based on the job (role).

We will continue to enhance dissemination of information for fostering an understanding of the new personnel affair system, and continue to question the ideal state of the compensation and benefits system in line with changes in society and values, such that fair and equitable treatment can be achieved.

▲ Points of inferiority in benchmark comparisons

Leadership

We believe that the concerns that employees have expressed stem from an environment where business performance has not fully recovered in the wake of COVID-19, in addition to the decline in real wages as a result of rising prices.

Naturally we need to maintain careful communication with employees, but we also believe that it is important for management to clearly communicate to employees the way toward recovery of the company’s performance, with the entire company working together under strong leadership to bring about reform.

development of human resources who are able to hone their specialized skills, and who have the ability to continuously change and take on challenges.



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Strengthen and expand management training

The department head training that we started in FY2023 was designed to serve as a bridge between management and employees in the organization, and catered to department heads who are the key people for leading organizational reform and taking on challenges. The training helped them further understand the mindset based on role expectations and management strategies, and to promote and strengthen communication and collaboration vertically (their immediate superiors), horizontally (among division heads) and diagonally (managers in other departments). Positive comments from participants of the year-long training include, “There was a forum to discuss management’s thinking and the direction of future initiatives, which was used to create future strategies,” and “We were able to boost cooperation among department heads, making it easier than ever before to conduct our business operations.”

Through this training, we believe that we were able to gain a better understanding of the expected roles of department heads, cultivate a mindset to lead reform, and strengthen

communication among department heads, thereby creating a sturdier foundation for leading reforms and taking on challenges in the future. In addition to department head training, we began manager training new in FY2024. In this way, we will be creating an organizational structure where in addition to department heads, all management levels will be able to take the lead for organizational reform and taking on challenge to bring about new results.



Initiatives for active engagement by diverse human resources

The Mandom Group places particularly high importance on initiatives related to “Diversity and Inclusion” as part of Human Capital Management. This is because we view the role of “Human assets with diverse individuality and strengths” as essential for sparking innovation for the Oyakudachi (Dedication

to Service) that the Mandom Group aspires to provide. To this end, the Mandom Group will seek human resources with diversity in the four areas of “Cultural background,” “Career history,” “Gender,” and “Age” from the stance of sparking innovation.

Expanding opportunities for overseas group human resources

To build on its Oyakudachi (Dedication to Service) on a global scale, the Mandom Group deems it essential to leverage management personnel who are able to accurately understand the social backgrounds of different countries, and respond to them in a flexible manner while leading the business of each company. The Mandom Group will therefore promote efforts toward “diversification of management human resources of each Group company” from the perspective of “cultural background.”

Examples of this include formulating inter-group rules on international transfers for employees in each country the group operates in to work beyond national boundaries, and formulating and implementing systematic succession plans for key positions in each country so that local employees overseas can play an even more active role in the company, creating an environment where those employees can make the most of such opportunities.

Promotion of women’s activities

Mandom is also focusing on promoting the advancement of women, with the aim of making the workplace more comfortable and rewarding for female employees. We are focusing on career development for female employees in particular from the perspective of job satisfaction. By raising career awareness and promoting networking among female employees through participation in career design forums and other sessions, we are promoting the creation of an environment in which each employee can more readily leverage their individuality and strengths. We are also actively promoting women to management positions, based on the viewpoint of diversifying human resources at the decision-making level. We will continue such efforts in a systematic manner to achieve a ratio of more than 20% females in managerial positions in FY2027.

Change of ratio of women in managerial posts

