



mandom corp.

Mandom KohDoh Report 2018

Sustainability and Mandom Group CSR

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 2018

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.

Last year was a milestone marking the 90th anniversary of the founding of the Mandom Group, and we announced a new corporate philosophy and vision with an eye toward our coming 100th anniversary (2027). (P.05, P.08-09)

We have selected the Mandom Group's CSR Material Issues (Ver. 2, 14 themes) based on our CSR approach and guidelines, and in light of the following perspectives.

<p>Perspectives for Selecting CSR Material Issues</p>	<ul style="list-style-type: none"> ● Consistency with and stronger promotion of the Mandom Group's vision, corporate philosophy, strategies/policies, and code of conduct, etc. ● Consistency with international standards of conduct, principles, and initiatives that should be supported/respected by global corporations ● The high level of expectations and requirements of the diverse, wide range of stakeholders we must engage with ● Responsibility for impact on the economy, society, and environment of our entire value chain ● Consistency with the efforts of international society as a whole to achieve sustainable social development
<p>Two Criteria for Promoting CSR Activities</p>	<ul style="list-style-type: none"> ● Eliminating or reducing negative impacts on building a foundation for comfortable living (Fundamental CSR) ● Maximizing positive impacts for achieving sustainable social development (Strategic CSR/CSV)

We provided our first progress report on CSR Material Issues in the previous KohDoh Report 2017. There we described our long-term goals, future policies, and KohDoh plans pertaining to a number of themes.

As well as quickly perceiving the latest trends in international society, and the expectations and requirements of our diverse range of stakeholders, since 2006 we have been continuously engaged in dialogue (discussion and exchange of views) in cooperation with experts in various fields, to promote and strengthen our CSR KohDoh by reviewing and improving CSR Material Issues, and adding new themes and goals. In the previous KohDoh Report 2017, we reported on seminars and dialogues for realizing the Paris Agreement and a carbon-free society, as well as for universal manners to correctly interact with a diverse range of people such as the disabled, elderly, and LGBT.

While taking into account the previous efforts indicated above, we will report primarily on the following information in this KohDoh Report 2018.

Progress Situation of CSR Material Issues of the Mandom Group (Ver.2) and KohDoh Plan for the Future

This section features information on the KohDoh plan for the future and the progress situation regarding the 14 themes selected based on frameworks of the international community such as SDGs (Sustainable Development Goals), the Paris Agreement, and the Ten Principles in four areas advocated by the UN Global Compact. This will be the second such report.

About the KohDoh Feature

Business and Human Rights —What it takes to evolve into a human-oriented company of great value to society—

In light of the United Nations Guiding Principles on Business and Human Rights, approved by the United Nations Human Rights Council in 2011, trends such as enforcement of the UK Modern Slavery Act, and issuance of the ISO 20400 international standard for sustainable procurement, attention has been drawn to Business and Human Rights, in particular human rights problems in the supply chains of companies. In October 2017, we enlisted the cooperation of Yoko Doi of Amnesty International Japan, and held Mandom's first voluntary seminar and dialogue titled "Business and Human Rights." This year's KohDoh Feature reports on the details of this initiative.

Focus on Information Pertaining to Society and the Environment

To communicate in greater detail the social and environmental information of the Mandom Group within the limited number of pages of the KohDoh Report, and to prevent duplication of information with other publications issued by Mandom, and explore methods of providing information suited to the purposes of all our readers, we have decided, starting with this report, to publish all information relating to organizational governance and corporate governance in the Mandom Report.

For more detailed data on personnel and labor, the environment, and other topics, we have provided links for accessing CSR information on our website, but we have presented relevant information by using as much space as possible in the KohDoh Report.

The Mandom Report can be downloaded from Mandom's official website, as indicated below, so please use this report as an additional reference.

 [Mandom Official Website IR Information](https://www.mandom.co.jp/english/ir/)
<https://www.mandom.co.jp/english/ir/>

Linkage with CSR Information on Website

At Mandom, we issue a KohDoh Report every year. We have also set up a special page on Mandom's official website for CSR information, and we frequently provide updates with more detailed information regarding our KohDoh. Please refer to this page together with the KohDoh Report 2018.

 [Mandom Official Website CSR Information](https://www.mandom.co.jp/english/csr/)
<https://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 and Standards

Applicable Period

Japan: April 1, 2017-March 31, 2018
 Overseas: Jan. 1, 2017-Dec. 31, 2017
 (Both include more recent activities in part)

Scope

The activities of Mandom Corporation and its affiliated companies both inside and outside Japan (see P.4).

Activities at Mandom's Fukusaki Factory, office buildings (head office, Tokyo Nihonbashi Building, Aoyama Marketing Office, etc.), and each sales site.



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.

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Date of Publication

August 2018 (Next issue: August 2019)

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Mandom does business in 11 countries and regions in Asia.

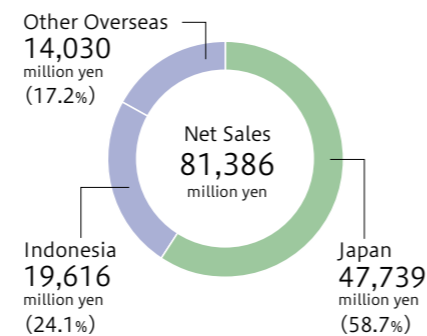
The Mandom Group does business in 11 countries and regions in Asia, including Japan. We carry out business endeavors based on a common group philosophy and policies while aligning local operations to the distinct needs of each market and regional society.



Company Profile (as of March 31, 2018)

- 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** ● 574 (2,694 consolidated)
- Main businesses** ● Manufacture and sale of cosmetics and fragrance products
● Manufacture and sales of quasi-drugs
- Website** ● <https://www.mandom.co.jp/english/>

Consolidated Sales



VISION2027

●Our Vision 2027

A cosmetics company possessing unique strengths in specialized areas (not an "all-rounder")

1. A company that consistently offers authentic proposals
2. A Global & 'Only One' company
3. An Exciting & Excellent company

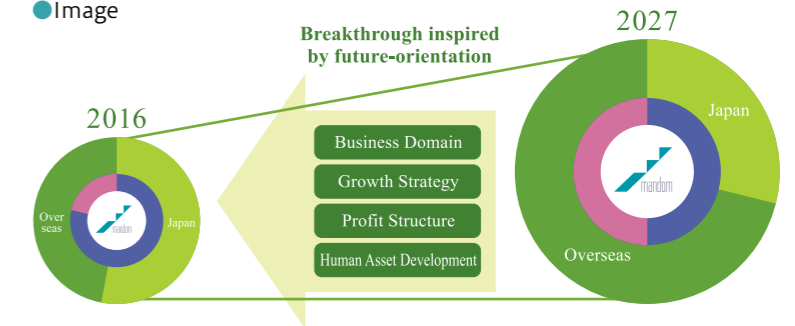
●VISION Slogan

Use our 'Only One' strengths to provide Dedication to Service (Oyakudachi) to a billion people around the world.

●VISION Policy

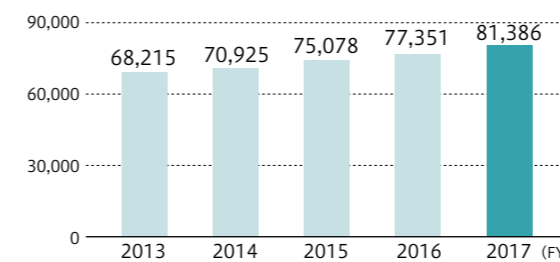
1. Leverage Asia's economic growth to evolve into a truly global company.
2. Display greater Dedication to Service (Oyakudachi) in the men's business segment and invest aggressively to expand our women's segment.
3. Provide authentic products and services to develop a MANDOM WORLD inspired by the concept of stock-oriented management (the idea of strengthening or "stocking up" various assets including ties with our stakeholders by providing authentic and valuable products and services.)

●Image

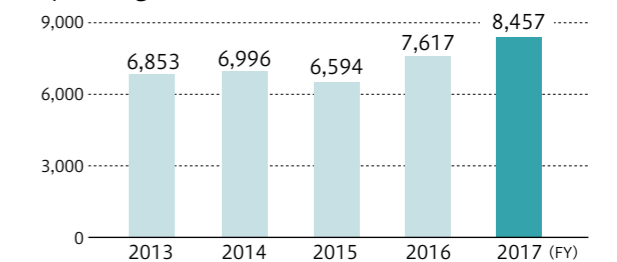


Financial Highlights (Consolidated)

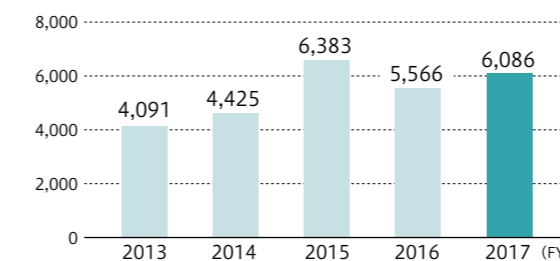
Sales (million yen)



Operating income (million yen)



Net income (million yen)



Net sales by business (million yen)

	Full financial years			
	Year ended Mar. 2018	Year ended Mar. 2017	Increase/Decrease	Change
Sales	81,386	77,351	4,035	105.2%
Men's business	51,147	49,737	1,410	102.8%
Gatsby	41,224	40,587	637	101.6%
Women's business*	23,083	19,641	3,441	117.5%
Other businesses	7,156	7,972	-815	89.8%

*Breakdown:
Women's cosmetics 15,355 million yen (130.7% of previous year)
Women's cosmetics 7,727 million yen (97.9% of previous year)

Product Categories

●Men's business

Mandom has established a broad lineup of hair styling as well as skin and body care products for men's daily grooming and personal styling needs.

●Women's business

The women's business carries a range of make-up and skin care products that lend variety to women's beauty routines, as well as hair styling and body care products for women's daily grooming and personal styling needs.

●Other businesses

Mandom is engaged in the manufacture, sale, trade, and other business relating to professional use products. We provide hair salons with hair dyes, perming agents, hair styling products, and other beauty products.



To become a truly global company, we will ensure commitment to our mission as a "human-oriented" company throughout the Mandom Group worldwide

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

Over the course of 90 years, we have pursued Oyakudachi, a contribution towards a comfortable life, in accordance with the spirit of our founding. Today, however, we are facing an era of upheaval and rapid change, and it is hard to find a pathway into the future based only on past approaches and cumulative experience. In a world that is hard to predict, "creating our own future" is the most reliable method of prediction. Thus, we at the Mandom Group have revisited the origins of our business operations—that is, the spirit inherited from our predecessors—and explored and further advanced our group's reason for existence in society from the perspective of corporate longevity, and rebuilt the framework of our corporate mission by placing the concept of a "human-oriented" company at our core.

The future will be an era supported by science and technology. For that very reason, we would like to create value for consumers by focusing on pleasing people, and demonstrating compassion for the human spirit in a way that is uniquely human. In this way, we will treasure human emotions, passion, and imagination. At our next milestone, our 100th anniversary in 2027, we aim to be the one and only cosmetics company capable of serving a global consumer base of one billion people.

To realize Oyakudachi for a billion consumers worldwide, it is essential to have standards allowing employees all over the world to judge the group as a whole from the same perspective. Thus, we have translated the Mandom Group MISSION and VISION into seven languages, and created a Briefing Book. To practice mission-based management, we have developed a system for spreading mission commitment among all group employees, and carried out "propagative" education and mission workshops throughout Japan, and in our overseas group companies. By sharing dreams with all group employees, we hope to work as a team, and open the door to tomorrow.

Mandom's reason for existence: tackling new technology with "heart" to demonstrate our contribution towards comfortable lives.

Our company exists today because we developed the mission that is our corporate essence, and made clear our raison d'être within society. However, when we are dazzled by phenomena amidst the rapid changes of our times, we tend to make hasty judgments without examining the essence of things. For example, it is never acceptable to lower prices, raise efficiency, and increase productivity if it only comes at the cost of sacrificing quality and safety.

In addition, we must avoid an outcome where science and technology evolve in their own self-serving way. In dealing with the technology of a new era, we must master the correct knowledge and maintain a firm sense of morals and ethics, and as human beings, we must have the ability to judge what is necessary for the earth. In the end, what is needed is "heart." This is the foundation that determines how people judge things. We at Mandom will cope with the evolution of technology by respecting the sensibility, passion, and imagination that humans possess. That is the most important factor for Mandom, a company that has long provided "human-oriented" products.

A company is a social entity, and cannot exist alone. Since we have grown through coexistence with many stakeholders, it is our duty to fulfill our social functions and contribute towards comfortable lives in accordance with social norms. Also, our business domains in the Mandom Group are health, beauty, and cleanliness. By bringing to light latent needs in the daily lives of consumers, and providing some form of new value, we make consumers feel more positive and provide small moments of inspiration. That is Oyakudachi. We will strive to work hard while keeping in mind the smiling, happy faces of consumers all over the world.

Ensuring thorough mission-based management worldwide, and realizing social responsibility for the consumers of the future

This year it will be 60 years since we seized the chance, and took the first step toward our expansion into Asia, in the Philippines. Our fundamental stance is to be of service, to the best of our abilities, to consumers in every country, and we have conducted business with roots in each local region while understanding and respecting the history, culture, customs, and other features of each country. To evolve into a truly global company going forward, we must work to globalize our human resources and management as an extension of our current focus on globalizing products.

The most important point is thorough implementation of mission-based management. We want to focus on corporate governance, CSR, diversity management, accounting standards, and other global standards, using mission-based management as our foundation. Furthermore, we

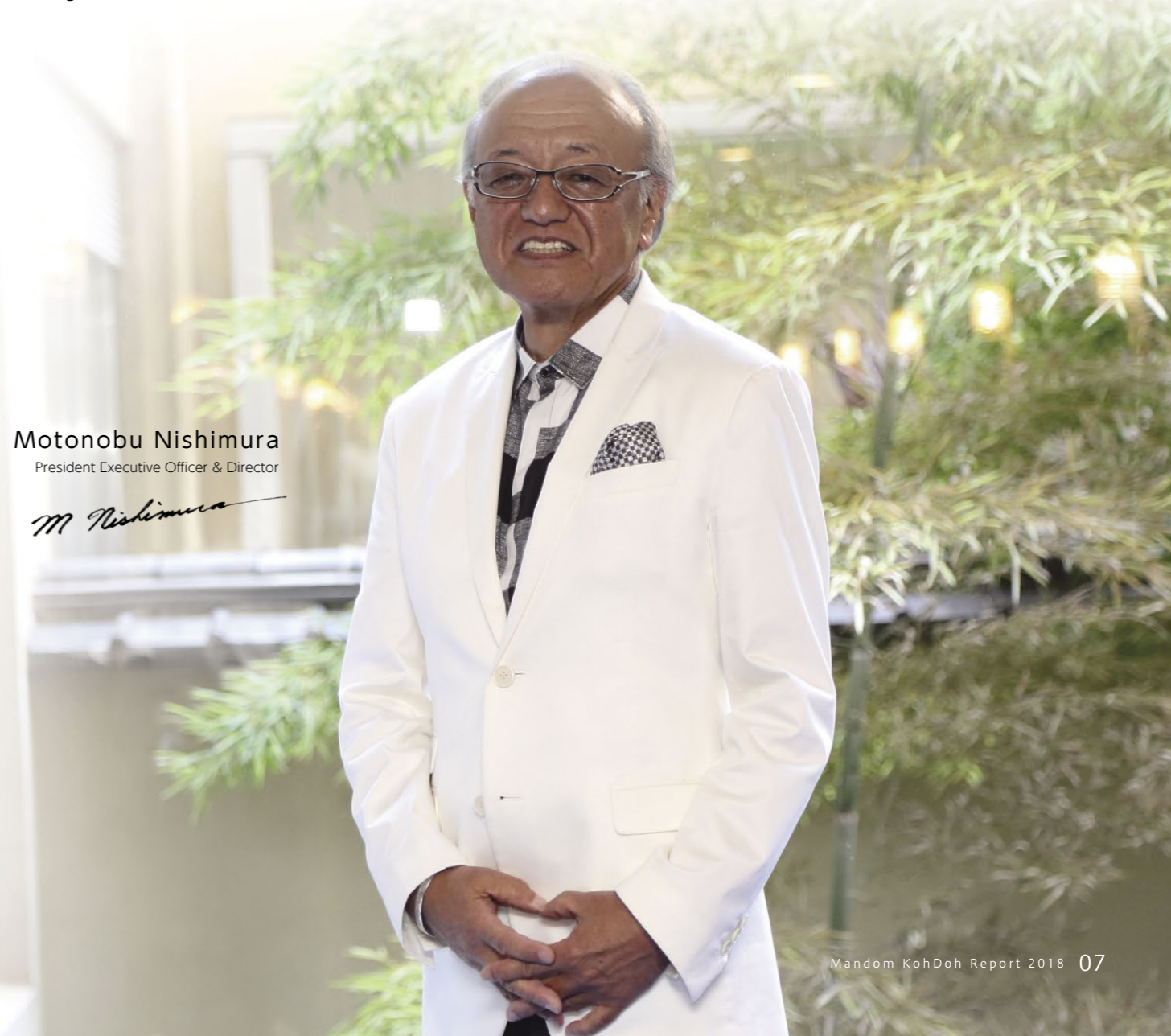
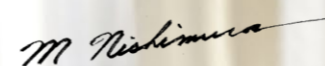
will need to develop human resources well-versed in global management to support these initiatives, and build a management platform with commonalities in areas such as financial accounting, management accounting, personnel systems, performance evaluation, and language.

For the 100th anniversary of Mandom, we want to unify the global Mandom Group through our mission more than ever before, and build relationships enabling mutual growth through strong mutual support, so that our vision can expand further. We will take to heart our new mission as a "human-oriented" company, create new ways to contribute towards comfortable lives for consumers of the future, establish future-oriented goals indicating how we can be of service at the global level, and fulfill the social responsibility unique to Mandom.

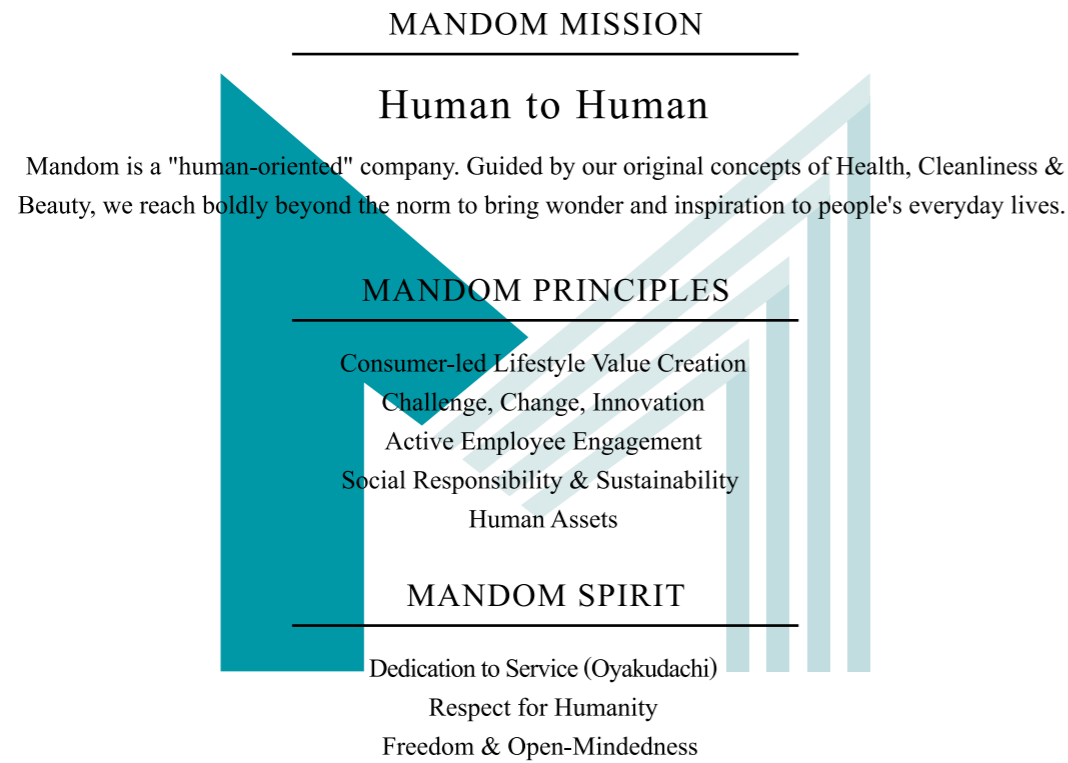
Your continued understanding and support will be greatly appreciated.

Motonobu Nishimura

President Executive Officer & Director



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

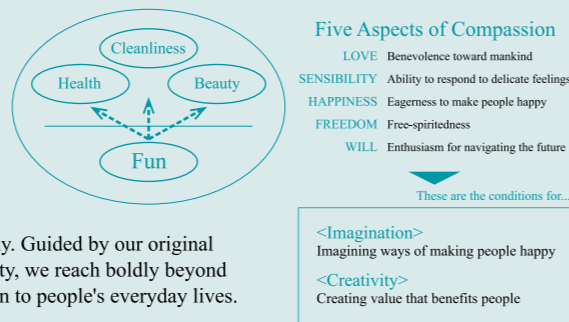
We regard our colleagues as "Human Assets" and work with them to shape the Company's future in a relationship of mutual respect. As business people, we think and act ingeniously to make meaningful contributions to society.

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.

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.
- Labour** **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 labour; **Principle 5** : the effective abolition of child labour; 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
 ● Global Compact Official Website

External Site
 SDGs: Sustainable Development Goals
 ● Global Compact Official Website > THE SDGs

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.

CSR Material Issues and Mandom Group's Value Chain

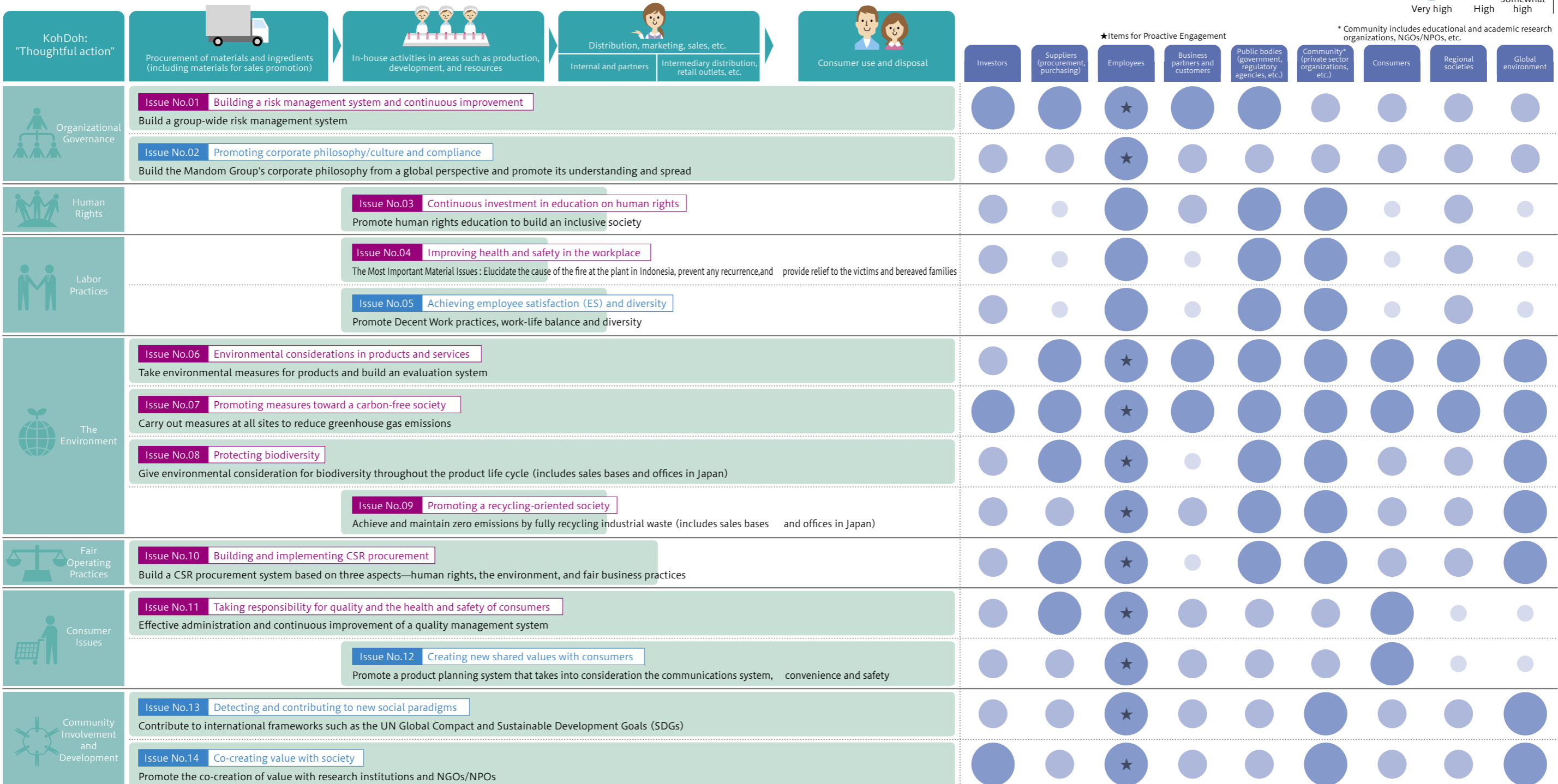
As indicated below, we have examined and clarified the relationship between the CSR Material Issues of the Mandom Group (Ver. 2: February 2017) and each stage of the Mandom Group's business activities (value chain).

CSR efforts are broadly divided into two types: fundamental CSR and strategic CSR/CSV. Fundamental CSR aims to eliminate or reduce negative impacts from our business activities, while strategic CSR strives to maximize positive impacts from our

business activities.

Going forward, we will further advance and strengthen our initiatives while developing an understanding of both positive and negative impacts of the business activities of the Mandom Group. We will search for the specific nature of "the future we want"—a future suited to the Mandom Group and based on our corporate philosophy.

Issue No. (red)	KohDoh for fundamental CSR, or to deal with threats to continuing our previous business activities, or other issues to be overcome
Issue No. (blue)	KohDoh for strategic CSR/CSV, or to create opportunities to improve future business activities, competitiveness, and company value, or further strengthen the corporate structure

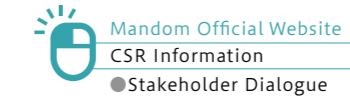


The Relation between CSR Material Issues and Stakeholders

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.

Stakeholders are diverse in terms of their expectations and demands on corporations, and their prioritization of issues pertaining to sustainability. These differences depend on their standpoint, principles, lifestyle, way of thinking, and other factors. Based on one of the Mandom Group's KohDoh principles of

"creating lifestyle value with consumers, for consumers," we will continue or initiate promotion of CSR Material Issues, and improvement/review of KohDoh, while taking advantage of various opportunities enabling exchange of views and dialogue with a wide range of people such as experts, research institutions, and groups. We hope we can count on your cooperation.



CSR Material Issues Approach and Progress Management

Based on the Mandom Group's CSR approach and CSR guidelines, we have selected the Mandom Group CSR Material Issues (Ver. 2, 14 themes) in light of the following perspectives.

Perspectives for Selecting CSR Material Issues

- Consistency with and stronger promotion of the Mandom Group's vision, corporate philosophy, strategies/policies, and code of conduct, etc.
- Consistency with international standards of conduct, principles, and initiatives that should be supported/respected by global corporations
- The high level of expectations and requirements of the diverse, wide range of stakeholders we must engage with
- Responsibility for impact on the economy, society, and environment of our entire value chain
- Consistency with the efforts of international society as a whole to achieve sustainable social development

Two Criteria for Promoting CSR Activities

- Eliminating or reducing negative impacts on building a foundation for comfortable living (Fundamental CSR)
- Maximizing positive impacts for achieving sustainable social development (Strategic CSR/CSV)

One of the Mandom Principles in the Mandom Group is "Social Responsibility and Sustainability." To abide by this principle, we must implement basic KohDoh in the form of CSR, properly incorporating expectations and requirements from outside the company into our business activities, while actively engaging in dialogue (discussion and exchange of views) with our diverse, wide-ranging stakeholders.

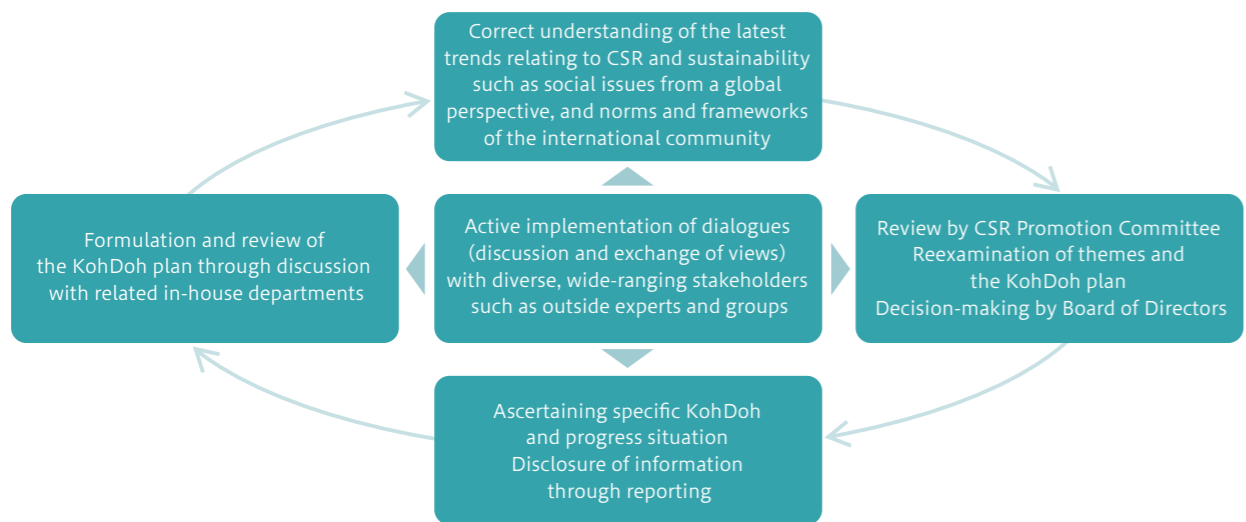
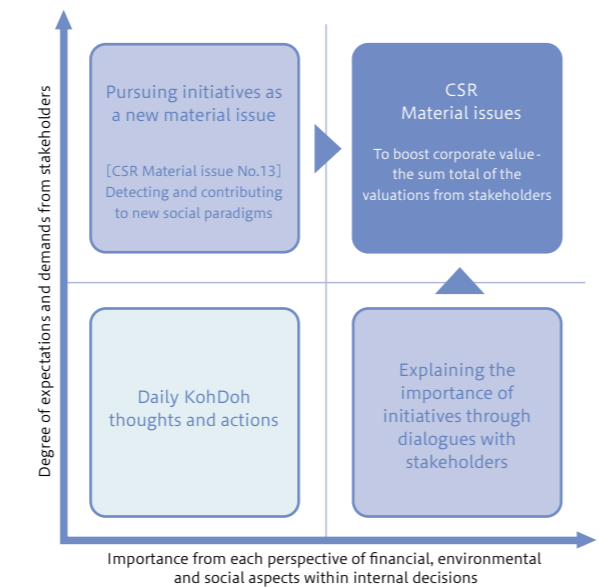
We have started progress management based on long-term goals and the KohDoh plan for the 14 themes of our CSR Material Issues (Ver. 2), but the specific content and process of that management is still not sufficient.

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.



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.

SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



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

The charts in the following pages describe the relation (connection) between Sustainable Development Goals (SDGs) and CSR Material Issues of the Mandom Group, the progress situation and overall assessment thus far, the situation regarding setting of a KohDoh plan for the future and long-term goals, and other related matters.

In particular, as efforts to develop a sustainable supply chain in FY2017, we started KohDoh with the aim of using certified palm oil and certified paper, issued Supplier CSR Guidelines (Ver. 2) to build up a CSR procurement system cognizant of human rights, labor, and the environment, and launched efforts with suppliers using a CSR Procurement Self-Assessment Tool Set.

As a material issue pertaining to labor practices, we are working to reduce overtime work, and as in the previous fiscal year, we

have achieved a major reduction in annual overtime hours per person.



















In terms of "Promoting measures toward a carbon-free society," based on the Paris Agreement, we have not reached the level of effort expected and required by the frameworks of the global community and from all sides outside the company.

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.

●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 FY2017	Overall assessment (including some of the most recent activities)	Setting of long-term goals	Policy for the future and KohDoh plan
Organizational Governance	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"> Provided emergency response training at Mandom business sites in Japan (January 2018). Identified issues and examined responses in case of future amendment of laws and regulations pertaining to chemical substances. Established additional responses to new overseas risks, taking into account the latest international situation. 	<ul style="list-style-type: none"> There were 34 participants, including top management staff, in emergency response training. (Head Office: 26, Aoyama: 5, Fukusaki Factory: 3) Identified continuing risks and examined responses, including of overseas group companies, but did not develop adequate BCM or formulate BCP. 	—	<ul style="list-style-type: none"> Take thorough steps to ensure a safe and secure workplace environment, prevent accidents, and implement precautionary measures through additional installation of safety equipment in domestic and overseas factory facilities. Develop manual for recovery and formulate BCP in case information management systems are struck by disaster.
	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"> Announced vision and new philosophy framework for our 100th anniversary (FY2027) at the group management policy announcement in April 2017. After that, held a series of philosophy education sessions and workshops for all divisions, inside and outside Japan. Conducted compliance education (8 times in each division), Mandom Code of Conduct training (3 times), and company-wide education on the Code of Conduct (once). 	<ul style="list-style-type: none"> Completed new philosophy workshops as planned for all divisions, inside and outside Japan. In all divisions in Japan, completed compliance education, Mandom Code of Conduct training, and company-wide education on the Code of Conduct, as planned. 	—	<ul style="list-style-type: none"> Continue instillation and education of the corporate philosophy. Revise the Code of Conduct manual and instill in the entire group. Establish policy and add/review provisions of in-house rules regarding the prevention of corruption. Instill and continue strengthening effective operation of the helpline system.
Human Rights	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"> With the cooperation of Amnesty International, carried out dialogue and voluntary seminar "Business and Human Rights" (October 2017). Published Mandom Group Supplier CSR Guidelines (Ver. 2) on the Mandom website (February 2018). 	<ul style="list-style-type: none"> About 120 Head Office employees participated in the voluntary seminar "Business and Human Rights." Eight selected employees from related divisions and 9 observers participated in the dialogue. Issued Supplier CSR Guidelines (Ver. 2), and sent this with a CSR procurement self-assessment questionnaire to 21 domestic suppliers. Responses to the questionnaire were received from 20 companies. Deferred review of the Code of Conduct and in-house rules to next year or after. 	(Under review) (Note) See Issue No. 10 for CSR procurement	<ul style="list-style-type: none"> Develop and clearly state in-house rules and Code of Conduct relating to human rights and harassment through compliance with the Act for Eliminating Discrimination against Persons with Disabilities, awareness/support for LGBT, etc.
Labor Practices	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"> Acquired certification at Mandom Indonesia based on US occupational health and safety standards (May 2017) and Indonesian safety standards (July 2017). Prepared draft of company-wide occupational health and safety policy. Continued activities to ensure a safe, healthy, and comfortable workplace environment for employees through improvement activities based on workplace patrols and in-house sharing of working time management. 	<ul style="list-style-type: none"> Finished outside renewal audit of Fukusaki Factory occupational health and safety management system "OHSAS 18001" (November 2017). Number of occupational accidents at Fukusaki Factory in FY2017: 3 Percentage of employees who took health checks in FY2017: 96.6% Percentage of employees who took stress checks in FY2017: 73.8% 	<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, and continue to carry out stress checks and provide education on mental health. Promote efforts to disseminate and broaden knowledge of occupational health and safety activities at all bases. Create 36 agreements in accordance with the amended Labor Standards Act (scheduled to take effect on April 1, 2019), and inform/educate all employees.
	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"> Reduced overtime work, and carried out educational activities through efforts such as providing diversity education for new managers, and sending out an in-house e-mail newsletter "Diversity News." Expanded and implemented courses for Universal Manners test (Level 3) (Osaka: January 2018, Tokyo: February 2018). Continued to create a comfortable working environment to facilitate work by listening to employees with disabilities. Provided internships and engaged in recruitment activities for individuals with intellectual disabilities. Started staged introduction of work-from-home system. Improved system and carried out trials (use of satellite offices, flextime, etc.) as a company-wide project for reforming work styles. 	<ul style="list-style-type: none"> Provided diversity education for new managers (60 minutes). (Number of participants: 15) (In the previous year, 133 managers underwent manager training.) Universal Manners test (Level 3) was newly acquired by 54 employees in Osaka, and 55 employees in Tokyo. This certification is scheduled to be incorporated into new employee training in FY2018. Annual overtime hours per person for Mandom alone in FY2017 <ul style="list-style-type: none"> Regular employees excluding managers: 135 hours, 40 minutes (86.6% of previous year) All employees including contract employees: 90 hours, 53 minutes (86.1% of previous year) Failed to achieve statutory employment rate for disabled persons with figure of 1.93% in FY2017. 	<ul style="list-style-type: none"> Exceed statutory employment rate for disabled persons every year. (Example: Higher than the statutory minimum employment rate of 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"> 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. Promote Decent Work <ul style="list-style-type: none"> Provide education to develop managers who can effectively utilize subordinates. Re-examine career course design. 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	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"> Set goals as Three-Year Middle-Range Planning for Mandom in Japan. (MP-12: FY2017-2019) Switch to FSC-certified paper for all cardboard used in products Use of biomass material in all laminated packaging Switch to FSC-certified paper for all paper containers and packaging (over 50%) Switched the scrubbing agent in Gatsby facial cleanser made in Indonesia for overseas markets from plastic microbeads to biodegradable raw materials. 	<ul style="list-style-type: none"> Finished switch to alternate raw materials for Gatsby facial scrub made in Indonesia for overseas markets, and started shipment of the new product. (Products for the Japanese market were switched to alternate raw materials in FY2016.) 	(Under review)	<ul style="list-style-type: none"> Review environmental-friendliness standards and formulate long-term vision. Promote development of environmentally friendly products (4R). Switch to plant-derived plastic materials. Switch to mechanically recycled PET materials. Expand scope of switch to FSC-certified paper (including package inserts and backing paper, etc.) and consider response for firms that have not acquired distribution management certification (CoC certification).

● 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 FY2017	Overall assessment (including some of the most recent activities)	Setting of long-term goals	Policy for the future and KohDoh plan
 <p>The Environment</p>	<p>No. 7</p> <p>Theme Promoting measures toward a carbon-free society</p> <p>Promoting measures to create a carbon-free society based on the Paris Agreement, and efforts to reduce greenhouse gas emissions at all sites</p>	 	<ul style="list-style-type: none"> Promoted adoption of power reduction equipment (e.g., switching to LED lighting, changing transformers). 	<ul style="list-style-type: none"> Total energy input in FY2017: 454,043 GJ (change from previous year 94.7%) Domestic sites: 127,628 GJ (change from previous year 99.4%) Overseas sites: 326,415 GJ (change from previous year 92.9%) Total greenhouse gas (CO₂) emissions in FY2017 (Scope 1 + 2): 30,701 t (change from previous year 94.0%) Domestic sites: 6,216 t (change from previous year 98.1%) Overseas sites: 24,486 t (change from previous year 93.0%) 	<ul style="list-style-type: none"> Reduce total CO₂ emissions for domestic business by 6.5% or more relative to FY2013 levels by 2027. (Goal setting for overseas sites is under review) 	<ul style="list-style-type: none"> Revise company-wide CO₂ emissions reduction goal in light of the international situation and government policy, such as the Paris Agreement and the 2°C target. 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.
	<p>No. 8</p> <p>Theme Protecting biodiversity</p> <p>Grasp the impact on biodiversity of each product throughout its life cycle and carry out measures to protect biodiversity</p>	 	<ul style="list-style-type: none"> Set goal of switching to RSPO-certified oil (Book & Claim system) for all glycerine supplied to the Fukusaki Factory as Three-Year Middle-Range Planning for Mandom in Japan. Started phased switching from three FSC-compliant supplier firms, starting with deliveries in February 2018. Promoted shift to paperless operations as part of reforming work styles. 	<ul style="list-style-type: none"> Joined RSPO (associate member) and finished procedures for credit purchasing. Promoted paperless operations. Total number of copies made by the Mandom Group in Japan: 18.8% reduction from previous year 	<p>Achieve the following by 2027.</p> <ul style="list-style-type: none"> 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. Continue promoting switch to paperless operations.
	<p>No. 9</p> <p>Theme Promoting a recycling-oriented society</p> <p>Achieve and maintain zero emissions by fully recycling industrial waste</p>		<ul style="list-style-type: none"> Investigated and selected contractor capable of recycling industrial wastes for landfill disposal (continuing). 	<ul style="list-style-type: none"> Industrial waste recycling rates Fukusaki Factory: 100%, Head Office: 100% 	<ul style="list-style-type: none"> Continuously achieve zero emissions. 	<ul style="list-style-type: none"> Reduce amount of content loss (manufacturing sites). Continue confirming that zero emissions are maintained at industrial waste disposal contractors.
 <p>Fair Operating Practices</p>	<p>No. 10</p> <p>Theme Building and implementing CSR procurement system</p> <p>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)</p>	  	<ul style="list-style-type: none"> Issued Mandom Group Supplier CSR Guidelines (Ver. 2). Sent CRS Procurement Self-Assessment Tool Set prepared by GCNJ to suppliers connected with sales promotion. 	<ul style="list-style-type: none"> Responses to Guidelines and Self-Assessment ·Ver. 1 (September 2016): 78/78 companies ·Ver. 2 (November 2017): 20/21 companies Deferred revision of Mandom Group procurement policy to FY2018. 	<p>(Under review)</p>	<ul style="list-style-type: none"> Expand scope to include secondary/tertiary and overseas suppliers, etc. Revise Mandom Group procurement policy, and explain/instill to suppliers. Continue checking response situation for Supplier CSR Guidelines and Self-Assessment. Examine evaluation methods for strengthening monitoring capabilities.
 <p>Consumer Issues</p>	<p>No. 11</p> <p>Theme Taking responsibility for quality and the health and safety of consumers</p> <p>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</p>		<ul style="list-style-type: none"> Published full lists of ingredients on the product information page of our website. Considered revision of Mandom Group quality assurance policy and review of quality assurance system. 	<ul style="list-style-type: none"> Started publishing full lists of ingredients on our website in April 2017. Continuing to add and update the list when new products go on sale. Deferred revision of quality assurance policy to FY2018. 	<ul style="list-style-type: none"> Take up the challenge of zero quality complaints. 	<ul style="list-style-type: none"> Revise Mandom Group quality assurance policy. Continuously improve and strengthen the quality assurance cycle for preventing product recall (strengthen checking function in PDCA).
	<p>No. 12</p> <p>Theme Creating new shared values with consumers</p> <p>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</p>		<ul style="list-style-type: none"> Improved specifications and changed button design due to customer feedback that it is difficult to remove and attach the cover of LUCIDO Hair Color One Push Type. Considered adding a caution label to make clear that blade is not replaceable, as a response to the misunderstanding that the GB Body Hair Trimmer can be disassembled and its blade replaced (scheduled to be finished in summer 2018). 	<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. 	<p>(Under review)</p>	<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.
 <p>Community Involvement and Development</p>	<p>No. 13</p> <p>Theme Detecting and contributing to new social paradigms</p> <p>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)</p>	 	<ul style="list-style-type: none"> Carried out seminars and dialogues on universal design (May 2017). Cooperated with speeches and subcommittees in Osaka fieldwork of second year students at Kansai University Senior High School (June 2017). Cooperated with SGH Fall Holiday Business/University Tour and Training (November 2017) and research presentation meeting on "Investigations" (February 2018) of Osaka Prefectural Senri Senior High School. Carried out dialogue and voluntary seminar "Business and Human Rights" (October 2017). 	<ul style="list-style-type: none"> There were 32 participants in the universal design seminar. Eight selected employees and 7 observers participated in the dialogue. Due to the dialogue and voluntary seminar "Business and Human Rights," understanding was deepened regarding the significance and importance of up-to-date information and initiatives, together with members involved in CSR procurement. 	<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. Strengthen support for international reporting guidelines such as GRI, and bolster and continue strengthening communication system.
	<p>No. 14</p> <p>Theme Co-creating value with society</p> <p>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.)</p>	 	<ul style="list-style-type: none"> Continued efforts in the Joint Research Program with the Graduate School of Pharmaceutical Sciences at Osaka University. Continued call for proposals for Mandom International Research Grants on Alternatives to Animal Experiments. (Decided on research themes for 11th grant: May 8, 2018, News Release) 	<ul style="list-style-type: none"> See the following section of the website for previous results of the Joint Research Program with the Graduate School of Pharmaceutical Sciences at Osaka University. Community Involvement and Development > Joint Research Program with the Graduate School of Pharmaceutical Sciences at Osaka University Received Distinguished Service Award at the 30th Annual Meeting of the Japanese Society for Alternatives to Animal Experiments. (November 2017) 	<p>—</p>	<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.

KohDoh Feature

Business and Human Rights

What it takes to evolve into a human-oriented company of great value to society

On October 3 (Tue.), 2017, a voluntary seminar and dialogue on business and human rights were held at the Mandom Group's head office in Osaka with invited outside experts on global human rights and corporate initiatives.



The event addressed the following CSR Material Issues of the Mandom Group, along with international standards of conduct for a transnational corporation, and efforts that we can undertake both in Japan and in other countries to achieve international sustainability, primarily using the framework outlined below.

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

- [Issue No. 02]** Promoting corporate philosophy/culture and compliance
- [Issue No. 03]** Continuous investment in education on human rights
- [Issue No. 10]** Building and implementing CSR procurement system
- [Issue No. 13]** Detecting and contributing to new social paradigms
- [Issue No. 14]** Co-creating value with society



10 Principles of the UN Global Compact (Areas: Human rights/Labour)

- [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 3]** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- [Principle 4]** Businesses should uphold the elimination of all forms of forced and compulsory labour
- [Principle 5]** Businesses should uphold the effective abolition of child labour



Sustainable Development Goals (SDGs)

- [Goal 8]** Decent work and economic growth
- [Goal 10]** Reduced inequalities
- [Goal 12]** Responsible consumption and production
- [Goal 16]** Peace, justice and strong institutions
- [Goal 17]** Partnerships for the goals



Corporate Governance Code

- [General Principle 2]** Appropriate cooperation with stakeholders other than shareholders

Reference: Mandom website CSR Information > CSR Material Issues Connection to SDGs
 Reference: The Ten Principles of the UN Global Compact via Global Compact Network
 Reference: United Nations Information Centre > What Are the Sustainable Development Goals (SDGs)?
 Reference: Japan Exchange Group > Japan's Corporate Governance Code

About the Voluntary Seminar

A talk titled Business and Human Rights was given by invited speaker Yoko Doi from internationally-active Amnesty International Japan, the non-profit human rights organization, to approximately 120 employees at the head office. Up to this point, discrimination and harassment in the workplace has been central to our in-house training and compliance education, but these are only subsections of human rights issues. In June 2011, the United Nations endorsed the Guiding Principles on Business and Human Rights as the first global standard on business practices that relate to human rights. Going forward, transnational corporations will be increasingly scrutinized on a range of fronts for how they deal with issues linked to business and human rights. In the United States, the California Transparency in Supply Chains Act was enacted in 2012, and in the UK, the Modern Slavery Act went into effect in March 2015. The latter requires that corporations doing business in the United Kingdom post on their website their human rights policy, along with a declaration by its top executives. It also requires disclosures of human rights measures being taken at all stages of business (including throughout the supply chain), along with annual updates on the progress of those efforts. Other countries are starting to adopt similar regulations, and pioneering transnational corporations are examining their work environments and whether or not human rights infringements are occurring at the plants, farms, or production sites of their overseas subcontractors in Southeast Asia and elsewhere from which raw materials are procured. The firms are then publicly disclosing the results, their policy, and efforts they are making to redress or remedy human rights violations.

In April 2017, the International Organization for Standardization (ISO) announced ISO 20400, a new international standard on sustainable procurement (also called CSR procurement or responsible procurement). The new standard includes human rights and environmental considerations. There is also the Consumer Goods Forum, the largest organization that brings together manufacturers of food, cosmetics, and daily consumer goods with retailers globally, as well as other NGOs and research organizations working internationally to raise awareness of the necessity of human rights efforts that reach all the way up the supply chain.

The areas in which the Mandom Group does business are not excluded from this global social trend. Action is both expected and demanded of global corporations to remedy human rights infringements in the supply chain (such as measures to avoid human rights violations, as well as effective bans and redress systems). In our areas of business, such issues have been reported

Lecturer: Yoko Doi

Fundraising Dept. AMNESTY INTERNATIONAL JAPAN



After graduating from university, Doi went to work for an organization affiliated with the Ministry of Economy, Trade and Industry, which promoted technology transfers from Japan to Thailand. She was in charge of study tours of trainee groups from Thailand to visit Japanese companies. During her employment, she joined the Ship for Southeast Asian and Japanese Youth Program (SSEAYP), an international exchange program organized by the Cabinet Office of Japan. Later, she worked in the CSR department of an electronics manufacturer. Doi took up her current position in 2014. She provides support to corporations for developing human rights policy and carrying out human rights due diligence, and is involved in providing e-Learning on the topic of Business and Human Rights, among other duties.

of forced labor or child labor in regions that supply palm oil, a raw material deeply connected to our products, and paper (forest resources) used in product packaging or distribution material, as well as cases in which land belonging to locals has been deprived of its rights.

Amnesty's Yoko Doi spoke about these human rights issues in the context of basic frameworks and domestic and international trends, providing recent examples of human rights violations. Ordinarily, her talks contain subject matter directed at managers working in the areas of CSR and compliance, but having shared with her in advance the details of our business activities and the status of our CSR measures, she arranged a voluntary seminar on Business and Human Rights, her first on the topic. Moreover, due to the voluntary seminar being open for employees from all departments to attend, including new employees and contract employees, and since a dialogue was to be held after the voluntary seminar with select participants, the talk was limited to two hours. Ms. Doi gave clear explanations in the following areas for all to understand.

Theme: Considering Human Rights in Business

1. Amnesty International's activities and Business and Human Rights
2. International human rights standards and corporate responsibility for Business and Human Rights
3. Tackling human rights issues in Japanese companies
4. The necessity for corporations to take action on human rights



■ Dialogue

After the voluntary seminar, Amnesty's Yoko Doi was joined by Minako Suzuki, former manager of the CSR Planning Office at Sumitomo Riko Company Limited. Together they led a dialogue for about two hours on the theme, Business and Human Rights: What it takes to evolve into a human-oriented company of great value to society.

Ms. Doi from Amnesty began by explaining the content of an internationally disclosed human rights report from one pioneering transnational corporation created on the basis of the UN's Guiding Principles on Business and Human Rights Reporting Framework. She started with this to teach the basics of human rights in business efforts demanded by the global community, such as CSR procurement, social responsibility audits, and human rights due diligence.

Ms. Doi compared the content of the report to the information disclosed by the Mandom Group—our principles, policies, and specific initiatives—pointing out what we were doing, what we were not, and what actions we should take going forward, discussing these things with the participants.

During the dialogue, Ms. Doi gave us this advice: "It is important to proactively disclose information. Gather information widely outside the company, quickly perceive social issues, and respond. This process is also linked to corporate competitiveness. It is often difficult to gather information in the area of human rights and to turn it into data. That is where you can utilize NGOs."

Ms. Suzuki told us this: "In Japan, a policy is often thought of as something that is merely written and framed on the wall. What it should be is a standard by which action is taken throughout the company, serving as judgment criteria in each workplace. As a policy that holds divisions together, it is necessary to devise principles that can be acted upon in the workplace and to revise them in accordance with the norms of the international

Guest: Minako Suzuki

Former manager, CSR Planning Office, Corporate Social Responsibility Department, SUMITOMO RIKO Company Limited



After working for a time as a magazine editor, Suzuki received an MBA from Alliance Manchester Business School (The University of Manchester, UK). She joined a major accounting firm and provided consulting on internal audits and CSR/sustainability for a wide range of companies. In 2013, she joined Sumitomo Riko, when its name was still Tokai Rubber Industries, to work in CSR promotion. She has been in her current position since January 2017. In November 2016, she spoke at a session at the 5th UN Forum on Business and Human Rights held in Geneva, Switzerland, being the first representative of a Japanese firm to do so, speaking about her company's human rights efforts in the supply chain. Since FY2017 she has also been working for the UN Global Compact Network Japan as part of their expansion committee.

community." She also shared how Sumitomo Riko, which primarily manufactures automotive parts (anti-vibration rubber products, hoses, etc.), is currently investigating risks and making improvements in the supply chain for natural rubber, used as a raw material.



■ To Establish and Strengthen a Broad, Co-Creative Relationship with Society

Human rights efforts in business involve monitoring human rights at every step, including the corporate supply chain, ensuring that no infringements are occurring. Furthermore, while cooperating broadly with society, efforts must involve working to improve a fair and sustainable business model, and continuous redressing of human rights abuses. Recently, companies have been changing the way they perceive human rights efforts in business. Rather than seeing measures as a way to eliminate negative impact on business activities, they are seeing such efforts as an opportunity for innovation and the development of new businesses in terms of fair trade, cause-related marketing, social enterprise, and inclusive business.

Corporate Social Responsibility (CSR) is an approach that meets the expectations and demands of society across a broad spectrum of social issues. The call for social responsibility is sure to apply to an expanding range of areas in the future, and companies will need to respond to new issues as they emerge. In order to respond appropriately to such situations, rather than making judgments based solely on internal information, views and values, it will be necessary to work with and seek the

opinions of outside experts, researchers, and organizations to establish and strengthen a broad, co-creative relationship with society.

We plan to carry out our social responsibility as a corporate citizen thoroughly, building a strong foundation in our relationships with a diverse range of stakeholders and outside experts, so we ask for your understanding and cooperation.

We wish to extend our heartfelt thanks to Ms. Doi and Ms. Suzuki.



Participants of the dialogue

- Yoko Doi — Amnesty International Japan
- Minako Suzuki — Former manager, CSR Planning Office, Corporate Social Responsibility Department, Sumitomo Riko Company Limited
- Gengo Kubo — Internal Audit Div.
- Tadahiko Hirata — Purchasing Div.
- Yuko Shiomi — Purchasing Div.
- Keiji Kasahara — Purchasing Div.
- Masato Kishimoto — Technical Development Center
- Gaku Okuda — Manager, Communication Strategy Div.
- Takeshi Masuki — Marketing Div. 2
- Tsukasa Nishiyama — CSR Promotion Div. (Moderator)

Observers (Mandom)

- Masayoshi Momota — Director
- Makiko Tokuno — Manager, Internal Audit Div.
- Tokuto Muraji — General Manager, Purchasing Div.
- Takuma Kiuchi — Manager, Purchasing Div.
- Naoya Koizumi — Manager, Purchasing Div.
- Takashi Maekawa — General Manager, CSR Promotion Div.
- Masashi Toyonaga — CSR Promotion Div.
- Jun Takakura — CSR Promotion Div.
- Nobue Kaneko — CSR Promotion Div.

*Departments, etc., and managerial titles are correct as of date of writing

Outside Expert Comments



Yoko Doi
AMNESTY INTERNATIONAL JAPAN

The Mandom Group's concept of a "human-oriented" company overlaps with human rights in business—an approach that focuses on people in business activities. It seems, therefore, that human rights are to be placed at the heart of the group's business operations.

Protecting human rights is a basic premise upon which sustainability is built in this world, and society will increasingly demand that corporations carry out due diligence on human rights, and have systems in place that assure that human rights are respected.

Lateral connections that extend across a company's divisions are essential for human rights efforts in business. According to international human rights standards, including the UN's Guiding Principles on Business and Human Rights, companies are required to respect human rights throughout the value chain, meaning their responsibilities are extensive. At Mandom, cross-divisional CSR activities are already being carried out, and the voluntary seminar and dialogue taught me that employees are proactive in their understanding of CSR issues and that there is good communication between divisions. I believe that the foundation already exists for amplifying this approach to spread respect for human rights group-wide, a principle that is stated in the Mandom Group Code of Conduct.

Supply chain human rights are listed as a CSR material issue in the Mandom Group's value chain. I look forward to seeing Mandom prioritize human rights issues and carry out responsible procurement and business in high-risk areas where human rights violations are likely to occur—such as areas where raw materials are produced and processed. I also expect to see information disclosure related to the company's recognition of and response to upstream human rights issues that are often difficult to see downstream in the supply chain.

I believe it is the role of NGOs like Amnesty International to point out things that companies cannot easily see, such as what negative impacts their business may be having on people involved in it. I hope that Mandom will continue having dialogues with such NGOs in the future.



Minako Suzuki
Former manager, CSR Planning Office, Corporate Social Responsibility Department, SUMITOMO RIKO Company Limited

Business and human rights initiatives are still relatively unfamiliar to people in Japan, but efforts are steadily progressing in the international community.

November 2017, I again attended the annual UN Forum on Business and Human Rights in Geneva. In this forum, various practices to which many Japanese companies have yet to give much consideration, for example cases covered by the human rights report we discussed in our dialogue, are presented as a common practice. Initially, participants in the forum came mainly from the government and NGO sectors, but in recent years participants from companies have increased considerably, demonstrating that companies are beginning to pay attention to business and human rights.

Prior to our dialogue, I read Mandom's KohDoh Report 2016 and The Indonesia Plant Fire and Our Response report. These reports created a strong impression regarding Mandom's efforts toward human rights in business. I doubt there are many other Japanese companies that would disclose their response to such an accident as clearly as Mandom has. I participated in this dialogue with that recognition, and here too I observed an earnest attitude among Mandom's employees that made me realize a foundation has been laid for such efforts by the corporate culture.

Sumitomo Riko has only just begun its own business and human rights efforts. Although we work in different industries, I believe that human rights are an issue we share in common. As Japanese companies, let's work to promote these efforts together.

Employee Comments



Yuko Shiomi
Purchasing Div.

In the day-to-day operations of the Purchasing Division, we try to ensure that there are no CSR nonconformities in the supply chain based on the Mandom Group's Procurement Guidelines.

There was a clear focus on human rights in this voluntary seminar, and a lot of real examples were presented. I now better understand the risks and structural issues faced by companies.

Through the dialogue, I was introduced to a human rights report of a pioneering company in an easy-to-understand way. I learned how to see human rights risks in corporate activities together with the identified issues, giving me a more concrete idea on how respect for human rights can fit into my own work.



Keiji Kasahara
Purchasing Div.

I worked on designing new products after first joining Mandom, and now I work in purchasing, so I'm aware of quality issues and the 3Rs (Reduce, Reuse, Recycle), which involve

consideration for the environment. But with regard to human rights, I only came into contact with direct customers in Japan, so human rights violations appeared irrelevant. However, considering how raw materials are procured globally these days, I feel that we really need to investigate the conditions where raw materials are produced, and make sure that human rights are being protected, not merely worrying about quality and environmental issues. As the person responsible for the procurement of raw materials, I think it is paramount to stay on top of quality, environment, and human rights issues, and I will continue to do so in my day-to-day activities.



Tadahiko Hirata
Purchasing Div.

I learned a great deal and hope that the company provides more such opportunities for study. The issue of human rights had almost never come up before in the Purchasing Division, but now I feel an urgency to set up our own procurement standards based on international rules (human rights standards). These standards must also hold up to outside scrutiny, so we need to work with outside stakeholders to create them. Such efforts will require a stronger relationship than ever with our raw material suppliers. I also feel that we need to further raise awareness inside the company, starting with management, and proceed with strong motivation.



Gengo Kubo
Internal Audit Div.

This was a good opportunity to be reminded of the rapid change in the business environment and to recognize that not addressing human rights issues can lead to risks. This voluntary seminar was quite meaningful not only for a segment of our employees but for the company as a whole to deepen its understanding and get all of its employees moving in the same direction.

The examples shared of other companies were very informative. I would like to see Mandom shift away from conservative actions with risk avoidance as the primary objective, to more Mandom-like positive actions that can really help people, particularly in Asia.



Takeshi Masuki
Marketing Div. 2

Up to this point, I had felt that business and human rights had little to do with me. I thought the issue was the responsibility of transnational companies much larger than ours. But after this voluntary seminar and dialogue I came to realize

that Mandom must also take action on this issue. Mandom products are made in Japan, Indonesia, and China, and are distributed worldwide, but I can't say if there are or aren't any problems involving human rights somewhere along the line across the range of raw materials we use. The only thing I can say is that if we want to grow globally in the future, we need to do business in a way that does not cause any problems with human rights. Looking ahead, I will consider what I can do about this in my own area of work.



Masato Kishimoto
Technical Development Center

Human rights is a topic that has been getting more newspaper and media coverage of late. To be honest, I could not relate to it and found the topic difficult and complicated. But through my participation in this voluntary seminar and dialogue, I was able to gain a deeper understanding of the Ruggie principles, the lagging response of Japanese companies, and the necessity to take action on human rights. I also feel that as a "human-oriented" company that supports the 10 principles of the UN Global Compact, it is necessary for Mandom to quickly set out a policy and share that with the world.

It has long been known that a company is only as good as its people. Where there are people, there are human rights, and I plan to investigate the supply chain situation in our business dealings, and explain our stance and our actions regarding human rights issues to our stakeholders.



Gaku Okuda
Communication Strategy Div., GB Marketing Headquarters

Before, I had felt that this topic was rather unrelated to my everyday business, but as I became more familiar with the issues, I realized how little I had really known and been aware of

previously. I also realized that each year, society is taking an increasingly keen interest in corporate actions, requiring proper action on our part. I came to realize that doing business internationally means that we must adopt this kind of global perspective. In addition, the education provided by this voluntary seminar and dialogue was only to a certain number of participants; we need for all of our employees to share the same awareness, so that they may think and act together. It is going to take a considerable amount of time for these ideas to be shared with and adopted by everyone, so I will start by sharing what I learned within my own department.



Looking Back on the Voluntary Seminar and Dialogue

The seminar reconfirmed that taking action on human rights problems hidden in the supply chain that supports our lives and business activities is not only the duty of a transnational company but is also indispensable for the healthy growth of the Mandom Group's business. As the voluntary seminar was voluntary, some early concerns were raised about low participation numbers, but a preliminary survey indicated there would be more applicants than anticipated, which showed a high interest in human rights. Also, even with the demands of regular work duties, select employees actively participated in the dialogue, and it turned out to be a fruitful experience. The day also brought up future issues for thoughtful action, including the establishment and implementation of a CSR procurement system. The focus of this seminar was on human rights issues in the supply

chain, but there are a wide range of other actions regarding human rights that are also expected and demanded of corporations. These include ridding the workplace of harassment and discrimination, eliminating unfair treatment and improving the workplace environment, and paying careful attention to people working in all areas, be it in the supply of products and services, or in publicity and advertising.

With a renewed understanding of human rights, we can better sort out the human rights issues and risks in our midst, and we can continue to take action on human rights in business to evolve into a truly "human-oriented" company as the Mandom Group aspires to be, and offer great value to society.



Human Rights

Basic Policy

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.

Long-Term Goals

● (Under review)

Priority Initiatives

● 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

Promoting Human Rights Education

At Mandom, we disseminate the following information through our Mandom Group Code of Conduct (2018 revised version), and promote KohDoh to ensure workplaces are safe, comfortable, and rewarding places to work. We also work hard to promote human rights awareness through ongoing employee education.

Excerpt from the Mandom Group Code of Conduct (2018 revised version)

Respect for Human Rights, Ban on Discriminatory Treatment

1. We shall respect the basic human rights of everybody.
2. Under no circumstance shall we discriminate against anybody for their nationality, race, ethnicity, religion, color of skin, age, sex, gender identity, sexual orientation, health condition, physical disability or employment status. Should we detect any discrimination, we shall not turn a blind eye.
3. We shall not discriminate against anybody or anything on the grounds of preconception or prejudice.
4. We shall not force anybody to follow our own personal beliefs or preferences.

Ban on Child Labor and Forced Labor

1. We shall refrain absolutely from any use of child labor, the employment of children who are under the minimum working age.
2. We shall refrain absolutely from any use of forced labor, the illegal extraction of labor by means of physical or psychological constraint.
3. We shall comply with treaties and laws that prohibit child labor and forced labor.

Development of Working Conditions

1. We shall create working conditions which are conducive to work, taking into account health and safety.
2. We shall produce ways of working which develop individual capability and respect diversity, personality and individuality so that we can enhance the power of individual members to the strength of the entire team.
3. Placing top priority on human life, we shall comply with laws and rules concerning working conditions/industrial health and safety.
4. We shall positively implement measures such as creating a safety-first environment and ensuring reasonable working hours.
5. We shall actively participate in efforts to maintain and promote health.
6. If any accidents or other problems relating to our product occur, we shall promptly respond to such a situation.

Ban on Harassment

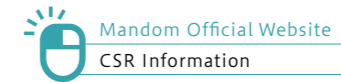
1. We shall speak and act with consideration from other people's point of view.
2. We shall not engage in sexual harassment (any sexual acts that go against somebody else's will).
3. We shall not engage in power harassment (any harassment using some advantage of business position in and out of the office).
4. We shall not engage in maternity harassment (any unfair treatment for pregnancy or childbirth).
5. We shall not engage in other harassment such as social harassment (infringements of privacy or nuisances involving social networks) and alcohol harassment (for example, forcing of participation in drinking parties, forcing of drinking down a jug of beer in one go).
6. Should we detect any harassment, we shall not turn a blind eye.

Human Rights Initiatives in the Supply Chain

We have been promoting inter-departmental CSR activities since setting up a CSR Promotion Committee in 2015.

The building and implementing of a CSR procurement system is a CSR Material Issue, and we have set up a CSR Procurement Subcommittee made up of members of relevant departments within the company. We are working to develop a CSR procurement system that takes into account issues in the supply chain such as human rights, labor practices, the environment, and fair business practices, while enlisting the cooperation of suppliers.

In November 2017, we issued the Mandom Group Supplier CSR Guidelines (Ver. 2), asked all of our suppliers to develop an understanding of these guidelines, and started monitoring using the CSR Procurement Self-Assessment Tool Set recommended by the Global Compact Network Japan. For details, please see the Mandom Group Supplier CSR Guidelines (Ver. 2), P.43.



- Mandom Group CSR Promotion System
- Fair Operating Practices: Building and implementing a CSR procurement system

Realizing a Society Enabling Participation by Diverse Human Resources

To foster a culture which values diversity and difference at Mandom, we not only utilize female employees, but also exploit a variety of highly individual, diverse capabilities, and embrace employees with foreign nationality. As part of this effort, we established a Diversity Promotion Office in April 2015. The issues of human rights and labor practices are closely related. We are working to develop an organizational system that embodies diversity and inclusion in order to retain human resources with diverse attributes and value systems, and enable them to reach their full potential.

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.

In FY2017, we enlisted the cooperation of Ms. Doi from Amnesty International Japan, and held a voluntary seminar on “Business and Human Rights.” About 120 head office employees participated. For details, please see the KohDoh Feature in this report (P.20–25).



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

Basic Policy

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.

Long-Term Goals

- Number of occupational accidents: 0
- Percentage taking health checks: 100%
- Percentage taking stress checks: 100%
- Exceed statutory employment rate for disabled persons every year. (Example: Higher than the statutory minimum employment rate of 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

Priority Initiatives

- Elucidate the cause of the fire at the plant in Indonesia, prevent any recurrence, and provide relief to the victims and bereaved families
- 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

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 a phased action plan to help realize a society where women are promoted and encouraged to exercise their individuality and unleash their full potential. We will also disclose our actions and keep the information up to date through the official website of Ministry of Health, Labour and Welfare below.



External Site

Ministry of Health, Labour and Welfare Official Website

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

Promoting Hiring of People with Disabilities

We aim to build an organization that encourages diversity and inclusion. As part of this, we are creating workplace environments that allow us to hire more people with disabilities and facilitate their participation.

At our head office we have set up an accessible restroom on the ground floor, provided handicapped parking spaces, and made the office hallways wide enough for wheelchairs and other mobility equipment, among our many efforts to ensure a "barrier-free" workplace. At the Fukusaki Factory in 2014 we renovated the production building, and set up accessible and multi-purpose restrooms, along with an accessible entrance and other measures.

Our initiatives go beyond simply providing support in terms of implementing physical accessibility measures. In order to foster a mindset and workplace culture where disabled employees can work with a sense of satisfaction together with diverse human resources, we enlist the cooperation of the Japan Universal Manners Association (Mirairo Inc.) and carry out training for universal manners certification.



Mandom Official Website

CSR Information

- Mandom Key Data on Personnel and Labor

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 FY2017

New Employee Training	Training for junior personnel with less than 3 years' experience on the job to gain and verify skills and acquire the mindset they need as working individuals, with the aim of developing into self-reliant employees. First three weeks for new hires. Then two days a year. Number of new graduates in FY2017: 25 (Oct) Number of second year employees in FY2017: 22 (Feb) Number of third year employees in FY2017: N/A	Group Training in Health, Safety and Environmental Protection at Fukusaki Factory	Twice a year (one day each time), all employees at the Fukusaki Factory undergo training 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. One day each, twice a year Target: All employees at Fukusaki Factory Most recently: Nov. 2017, April 2018
New Manager Training	Training conducted in-house 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. Once a year 1 day Number of participants in FY2017: 15 (Sep)	Career Training (for employees in their 30s, 40s and 50s)	Participants at different phases of life look back on their career, build a future vision of their career, and generate motivation. For people in their 30s the focus is self-understanding; for people in their 40s it is career design; for people in their 50s it is "second life." For each age category once a year 2 days FY2017, only for employees in their 50s Number of participants: 25 (Jan)
Manager Training	Conducted in-house 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. Number of participants in FY2017: 89 (Nov-Mar)	Language Study Support System	For applicants, the system subsidizes the costs of taking the TOEIC test, offers in-house language classes led by outside instructors after the end of work, subsidizes language study costs, etc. Twice a year by application Target: All employees
Company-Wide Education on Mandom Code of Conduct	Education for all employees to gain and verify understanding of the Mandom Group's Code of Conduct. Conducted by division with testing. Education is also promoted using the monthly in-house email newsletter. Once a year approx. 2 hrs. (one email newsletter/month) Target: All employees	Forum 8 (cross-industry exchange)	This internally organized cross-industry exchange workshop brings together attendees and secretariats from eight companies with offices in the Tokyo and Kansai regions. Top- and mid-level managers working at the vanguard of business give lectures, present case studies or their own company's research or the research of other companies to expand knowledge and elevate business skills. Once a year: in-house recruitment (8 times total) Number of participants in FY2017: 6
Confidential Information Management Education	Education is provided to gain and verify 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. Conducted by division with testing. Once a year approx. 2 hrs. Target: All employees	Study Abroad System	Selected employees will be sent to study on company orders to acquire qualifications and gain globally applicable management skills and cutting-edge knowledge as well as gain an understanding of diverse perspectives. On occasion, number of participants in FY2017: 3
Correspondence Education	To support personal development for Group employees in Japan and Japanese employees on overseas assignment, half the cost or the entire cost of course fees are subsidized. Twice a year by application Target: All employees		

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)

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.

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.	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. See FY2017 Data on Personnel and Labor (P.33)
	Regular employees surveyed basically once every three years. Target: All employees	
Stress Checks	In accordance with our "Stress Check System Based on the Amended Industrial Safety and Health Act" which came into effect on December 1, 2015, we have expanded the scope of stress checks to all employees in collaboration with an EAP organization. Individuals are informed of the results and anonymous statistics are compiled and analyzed by division and department.	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.
	Once a year (September) Target: All employees In FY2017, 821 employees had their stress levels checked (73.8% of all employees).	
Health Check and Physical Examination Subsidy System	Periodic health checks are conducted for all employees. To maintain health and detect illnesses at an early stage, physical examinations are recommended for employees and their spouses over the age of 35, with subsidies provided.	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. Number of employees in FY2017: 17
	Number of employees examined in FY2017: 1,048 (Medical examination rate: 96.6%)	
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.	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. See FY2017 Data on Personnel and Labor (P.33)
	FY2017 Occupational Health and Safety Committee held 12 times	
		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. In-house solicitation once/year, FY2017 number of volunteers: 0 (FY2012: 1, FY2013: 1)

Support for Balancing Work and Home Duties Such as Child/Elderly Care

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.

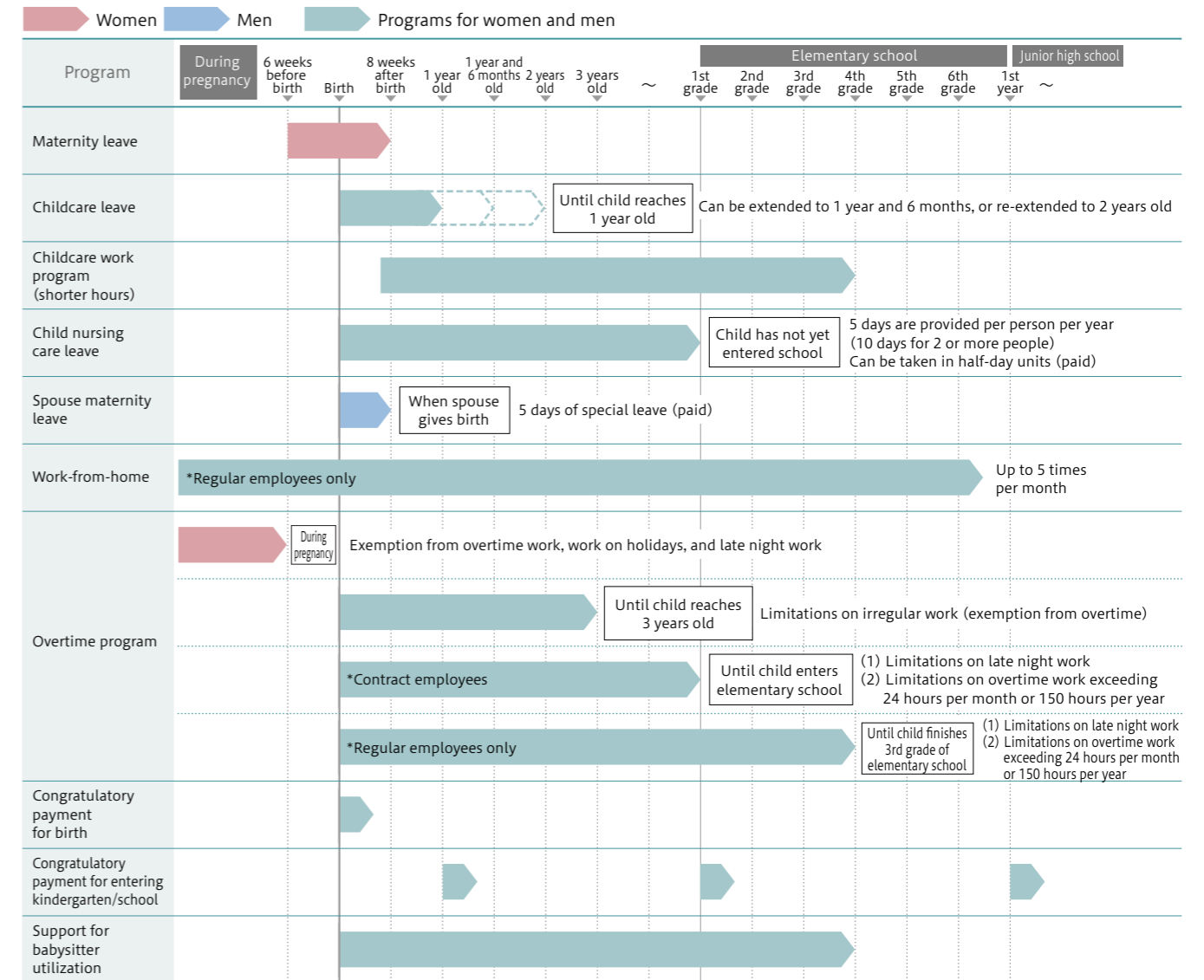


Mandom Official Website
CSR Information
● Mandom Key Data on Personnel and Labor

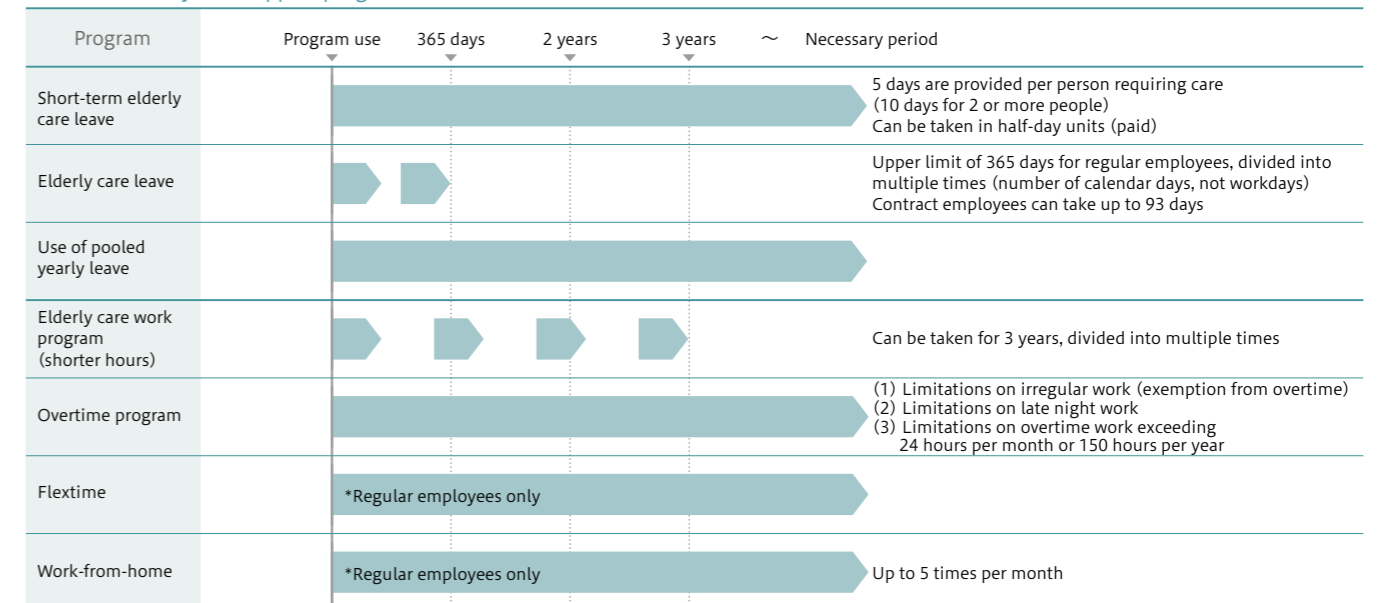
External Site
Work-Life Balance Support Forum
● Mandom page for general employer action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (Japanese only)

Overview of Childcare/Elderly Care Support System

● Chart of childcare support programs



● Chart of elderly care support programs



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 Measures

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 FY2017, safe driving courses taught by outside instructors were held in May 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.



Safe driving course at the head office

Safety Measures 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.



Lecture on emergency life-saving techniques

<HR/Labor Data (FY2015—2017)>

		FY 2015	FY 2016	FY 2017
Number of employees	Mandom Corp.			
	Full-time employees	Male 429 Female 108 Total 537	Male 442 Female 116 Total 558	Male 444 Female 130 Total 574
	Fixed-term contracts	Male 38 Female 368 Total 406	Male 41 Female 370 Total 411	Male 45 Female 372 Total 417
	Other domestic			
	Full-time employees	Male 30 Female 5 Total 35	Male 29 Female 4 Total 33	Male 28 Female 5 Total 33
	Fixed-term contracts	Male 5 Female 19 Total 24	Male 6 Female 24 Total 30	Male 7 Female 23 Total 30
	Indonesia			
	Full-time employees	Male 623 Female 1,066 Total 1,689	Male 616 Female 1,054 Total 1,670	Male 598 Female 1,055 Total 1,653
	Fixed-term contracts	Male 256 Female 3,241 Total 3,497	Male 274 Female 3,193 Total 3,467	Male 322 Female 3,189 Total 3,511
	Other overseas			
	Full-time employees	Male 122 Female 318 Total 440	Male 114 Female 295 Total 409	Male 121 Female 333 Total 454
	Fixed-term contracts	Male 11 Female 8 Total 19	Male 7 Female 8 Total 15	Male 8 Female 10 Total 18
	Mandom Group total			
	Full-time employees	Male 1,204 Female 1,497 Total 2,701	Male 1,201 Female 1,469 Total 2,670	Male 1,191 Female 1,523 Total 2,714
	Fixed-term contracts	Male 310 Female 3,636 Total 3,946	Male 328 Female 3,595 Total 3,923	Male 382 Female 3,594 Total 3,976
Grand total				
Full-time employees	Male 1,514 Female 5,133 Total 6,647	Male 1,529 Female 5,064 Total 6,593	Male 1,573 Female 5,117 Total 6,690	
Mandom Corp.	Male 88 (93.6%) Female 6 (6.4%) Total 94	Male 96 (95.0%) Female 5 (5.0%) Total 101	Male 102 (94.4%) Female 6 (5.6%) Total 108	
Other domestic	Male 7 (87.5%) Female 1 (12.5%) Total 8	Male 6 (85.7%) Female 1 (14.3%) Total 7	Male 7 (100.0%) Female 0 (00.0%) Total 7	
Indonesia	Male 50 (82.0%) Female 11 (18.0%) Total 61	Male 52 (82.5%) Female 11 (17.5%) Total 63	Male 52 (82.5%) Female 11 (17.4%) Total 63	
Rate of employment of people with disabilities	1.66%	1.70%	1.93%	

Note: Figures refer to Mandom Corp. employees at the end of each FY. Rate calculated according to the legal employment rate calculation method in Japan.

		FY 2015	FY 2016	FY 2017
Average age	Mandom Corp.	Male 41.6 Female 37.6 Total 41.0	Male 42.0 Female 37.1 Total 41.0	Male 42.0 Female 37.0 Total 41.0
	Other domestic	Male 44.6 Female 47.5 Total 44.1	Male 45.1 Female 43.1 Total 45.0	Male 45.8 Female 42.2 Total 45.3
	Mandom Corp.	Male 17.4 Female 13.5 Total 17.0	Male 18.0 Female 13.0 Total 17.0	Male 18.0 Female 12.1 Total 16.1
	Other domestic	Male 15.3 Female 17.0 Total 16.0	Male 17.1 Female 12.1 Total 16.6	Male 17.9 Female 15.1 Total 17.6
	New graduate	Male 15 Female 5 Total 20	Male 14 Female 8 Total 22	Male 14 Female 11 Total 25
	Mid-career	Male 2 Female 2 Total 4	Male 10 Female 5 Total 15	Male 4 Female 6 Total 10
Recruitment (domestic group total)	Fixed-term	Male 20 Female 80 Total 100	Male 9 Female 52 Total 61	Male 14 Female 65 Total 79
	Domestic group total	Male 4 Female 5 Total 9	Male 4 Female 4 Total 8	Male 7 Female 2 Total 9
	Retirees and employees rehired after retirement	Male 10 Female 0 Total 10	Male 6 Female 2 Total 8	Male 2 Female 0 Total 2
Number of users of child/elderly care system	Employees taking childcare leave	8	17	17
	Employees using childcare work program	8	6	11
	Employees taking carer's leave	2	3	0
	Employees using carer work program	2	3	2
	Employees taking short-term nursing care leave	21	18	20
Annual overtime working hours per person and compared to the previous year	Mandom Corp.	199 hours 52 minutes (116.2%)	156 hours 16 minutes (78.2%)	135 hours 40 minutes (86.6%)
Other domestic	43 hours 58 minutes (178.5%)	107 hours 05 minutes (243.6%)	58 hours 40 minutes (54.2%)	
Rate of lost-worktime injuries and injury severity rate at the Fukusaki Factory	Rate of lost-worktime injuries	1.47%	0.00%	1.36%
Injury severity rate	0.00%	0.00%	0.05%	
Number of occupational accidents requiring time off from work	Domestic total (Fukusaki Factory)	1	0	1
	Overseas total	69	31	18
	Indonesia Factory	64	29	16
RIDA Factory	5	2	2	
Number of occupational accidents not requiring time off from work	Domestic total (Fukusaki Factory)	4	1	2
	Overseas total	22	13	22
	Indonesia Factory	21	13	22
RIDA Factory	1	0	0	

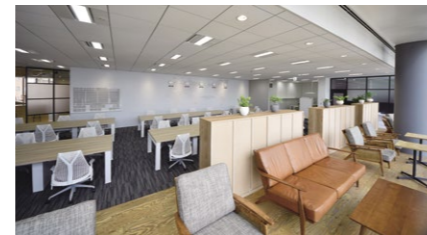
Internal Communications

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

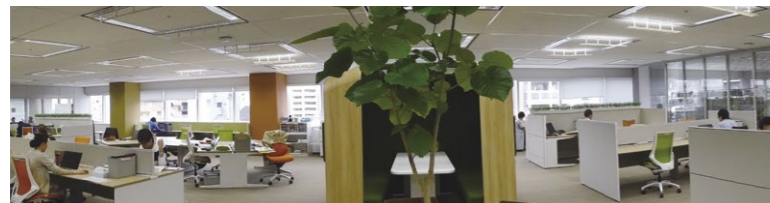
At Mandom, we are creating a comfortable office environment that facilitates work by establishing concepts based on the function and role of each department, such as "an office that can cultivate employees' creative sensibilities" or "an office with a diverse and global image."

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.

In 2017 we improved the garden on the 3rd floor of our head office, renovating it as a space called M-circle. This space has a warmth and atmosphere different from an ordinary office space.



Aoyama Marketing Office



Office on 7th floor of head office



Employee cafeteria at head office



M-circle on 3rd floor of 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 2018, 1,678 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

Basic Policy

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.

Long-Term Goals

- Reduce total CO₂ emissions for domestic business by 6.5% or more relative to FY2013 levels by 2027
- Switch all palm oil used in our raw materials to certified palm oil by 2027
- Use certified paper for all paper containers and packaging by 2027
- Continuously achieve zero emissions

Priority Initiatives

- Continuously improve the eco-friendliness of products by building a management system for evaluating environmentally friendly processes and their results in products and services
- Promoting measures to create a carbon-free society based on the Paris Agreement, and efforts to reduce greenhouse gas emissions at all sites
- Grasp the impact on biodiversity of each product throughout its life cycle and carry out measures to protect biodiversity
- Achieve and maintain zero emissions by fully recycling industrial waste

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.

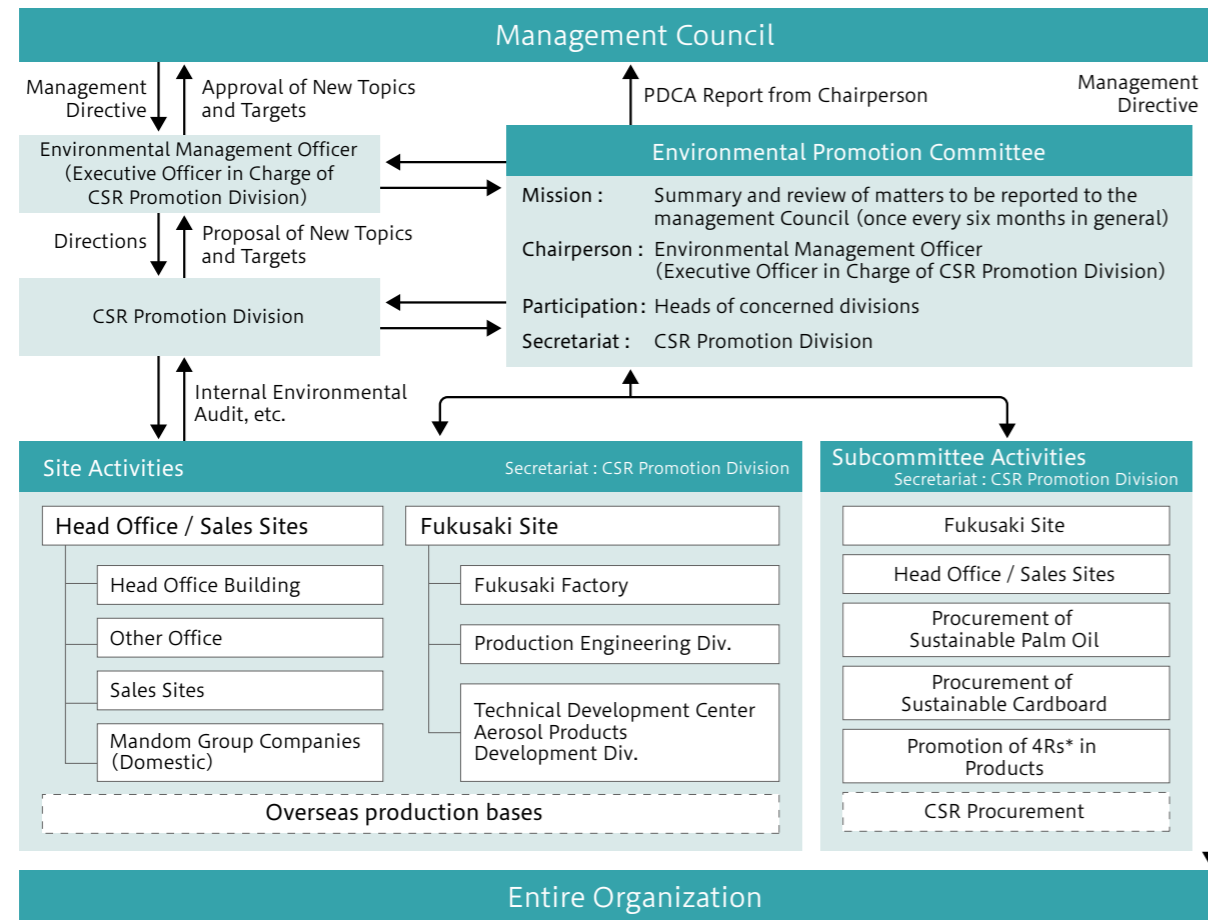
This environmental policy is open to anyone who needs this information inside and outside our group.

■ 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 Activity Topics and Targets by Subcommittees and Sites

To promote environmental action, we carry out activities at each site, and activities by subcommittees. In FY2018, we will begin efforts to calculate Scope 3 supply chain emissions.

2017 Subcommittees	Three-Year Activities and Targets (FY2017–FY2019)
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 (target: over 50%)
CSR Procurement	● Continuous review of Mandom Group Supplier CSR Guidelines ● Strengthen supply chain monitoring function and expand scope

*Promotion of the 4Rs: Reduce, Reuse, Recycle, and Renewable (use of renewable resources and raw materials)

■ Environmental Considerations in Products and Services

Policy on Plastic Microbeads

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.

In August 2016, Mandom introduced an updated version of the Gatsby facial scrub available in Japan, now with an environmentally friendly biodegradable scrub. Also, in fiscal 2017 we completed the switch to alternative raw materials in Gatsby facial scrub manufactured in Indonesia for overseas markets, and started shipments of the new product.

Protecting Biodiversity

In April 2016, we established a policy for protection of biodiversity, and incorporated it into our Environmental Policies (see P.35). At the CSR Promotion Committee meeting in February 2017, we established the following long-term targets as Mandom Group CSR Material Issues (Ver. 2).

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

(RSPO: Roundtable on Sustainable Palm Oil)



External Site
RSPO Official Website
● About RSPO



External Site
FSC
● FSC Official Website

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.

Procurement of Sustainable Palm Oil

To move toward procurement of sustainable palm oil in light of impacts on the environment, we joined the Roundtable on Sustainable Palm Oil (RSPO) in March 2018 as an initiative for FY2017. With an eye toward future long-term targets, we have developed a plan to purchase credits via the RSPO supply chain certification model (Book & Claim system) for our purchased amount of glycerin—the raw material derived from palm oil that is used in the greatest volume at our Fukusaki Factory.

Procurement of Sustainable Paper Container and Packaging Materials

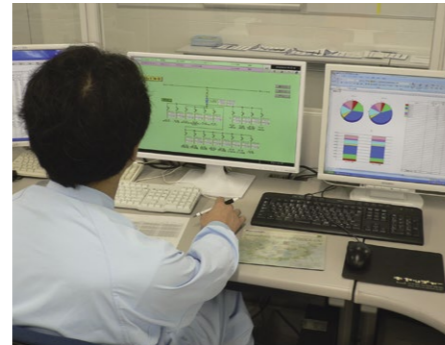
As a FY2017 initiative relating to the procurement of sustainable paper container and packaging materials, we began phased switching to FSC-certified cardboard at the Fukusaki Factory, starting from new deliveries in February 2018, with a focus on cardboard used to transport products manufactured by Mandom.

Promoting Measures Toward a Carbon-Free Society

Factory Systems

At the Fukusaki Factory, the power consumption data taken from the power monitoring system is shared at a monthly supervisors' meeting 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 the daytime for the most effective use of power. We are also upgrading air-conditioning equipment, and changing lighting to LEDs.

Power consumption at the Fukusaki Factory in FY2017 was 7.492 million kWh, up by roughly 0.1% year-on-year (with a 3.7% decrease in specific consumption per unit sales). CO₂ emissions (Scope 1 + 2) were 4,125 tons, down by 2.7% from the previous year (a 6.3% decrease in specific emissions per unit sales).



Power monitoring system of the Fukusaki Factory

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.

Power consumption in domestic offices in FY2017 was 3.117 million kWh, for an increase of 3.1% over the previous year, and CO₂ emissions (Scope 1 + 2) declined by 0.2% year-on-year to 2,091 tons.



Demand monitoring equipment at the head office building

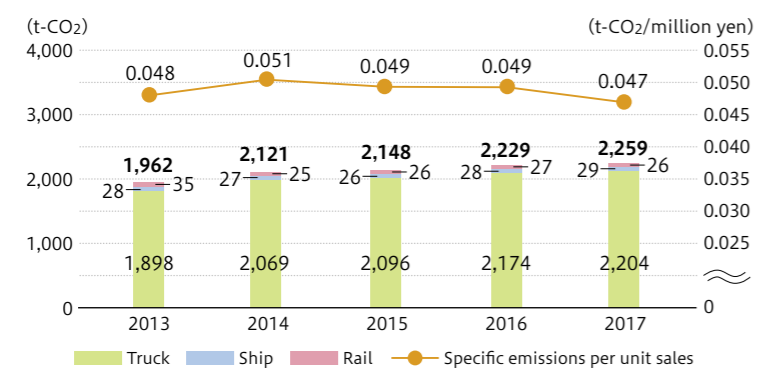
Product Distribution

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 our distribution operations, 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.

CO₂ emissions attributable to distribution in FY2017 were 2,259 tons, a year-on-year increase of 1.3% (with a 4.1% decrease in specific emissions per unit sales).

CO₂ emissions in distribution (Scope 3, part of Category 4)



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

Water resource consumption in FY2017 was 83,649 m³, a dramatic year-on-year decrease of 7.3% (a 10.8% reduction in specific consumption per unit sales).

Reducing Waste

Since October 2003 at the Fukusaki Factory we have been maintaining a 99% or higher rate of resource recovery from industrial waste to qualify as "zero waste emissions." In FY2017, 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 in June 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.

Waste emissions including general wastes were 3,433 tons* in FY2017, a year-on-year increase of 0.3%.

*From the FY2017 report, waste calculations include waste from returned products (including air emissions) and sales promotion materials.

Waste Recycling Rate (including industrial waste and general waste)

	FY2013	FY2014	FY2015	FY2016	FY2017
Fukusaki Factory	99.7%	99.7%	99.8%	99.7%	99.8%
Office*	80.5%	76.8%	73.8%	78.3%	78.6%
Domestic total	98.5%	99.0%	99.3%	99.3%	99.4%

*Office is the total for the head office building and Tokyo Nihonbashi Building

Preventing Pollution

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

In FY2017, emissions of sulfur oxides (SO_x) were 21 kg, a 38.2% decrease year-on-year, but emissions of nitrogen oxides (NO_x) were 342 kg, a 39.6% increase over the previous year.

Wastewater Efforts

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. Also, the results of measuring water quality discharged into the sewage system are reported to the town of Fukusaki once a month.

The total domestic volume of wastewater in FY2017 was 39,904 m³, a year-on-year decrease of 4.6% (with an 8.2% decrease in specific volume per unit sales).

Overview of Domestic Environmental Load of the Mandom Group (FY2017 results and year-on-year comparisons with previous years)

[Factory, Office/Lab]

[Energy input]
127,628Gj (99.4%)

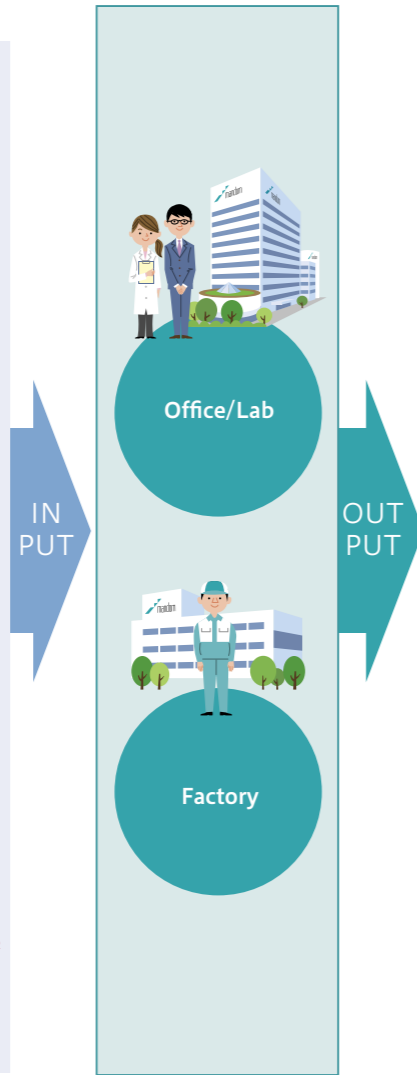
- (Electricity) 10,609,000kWh (100.9%)
- (Gas) LPG 1,527m³ (82.5%)
City Gas 18,508m³ (102.9%)
- (Kerosene) 309kl (87.0%)
- (Gasoline) 9kl (81.8%)

[Water supply]※1
76,093m³ (93.5%)

[Industrial water]
7,556m³ (85.6%)

[Raw materials used in products]
PRTR-listed raw materials in use 91t (94.8%)
Other raw materials in use 10,066t (100.8%)

[Packaging and container materials]
Materials to which recycling laws apply※2 4,695t (107.2%)
Others※3 3,687t (102.5%)



[Factory, Office/Lab]

[CO2 emissions]
Scope 1 840t-CO2 (87.5%)
Scope 2 4,649t-CO2 (100.0%)

[Water effluent]※1
39,904m³ (95.4%)

[Sulfur oxide]
21kg (61.8%)

[Nitrogen oxide]
342kg (139.6%)

[Dust]
5kg (125.0%)

[Waste material]※4
3,433t (100.3%)

Industrial waste recycle rate 99.4% (98.8%)

- Fukusaki Factory 100.0% (99.8%)
- Head Office, Labs 100.0% (83.7%)
- Regional offices in Japan 100.0% (55.4%)
- Others 97.9%

Recycling status of industrial waste produced at the Fukusaki Factory and during distribution

- Material recycling 2,201t (95.0%)
- Chemical recycling 0t
- Thermal recycling 1,087t (109.2%)
- Landfill quantity 0t (0.0%)

Notes: ※1 "Others" includes industrial waste resulting from returned goods or promotional items. Percentages in parentheses are recycle rates that include office and general waste.

(Note: figures do not include outsourced processing)

[Distribution/Transport]

[Energy (trucks, railways, shipping)]
33,130Gj (101.3%)



[Distribution/Transport]

(Scope 3, Category 4)

[CO2 emissions]
2,259t-CO2 (101.3%)

[Sales activities]

[Gasoline]※5
313kl (100.3%)

[Sales activities (Scope 1)]

[CO2 emissions]※5
727t-CO2 (100.3%)

- ※1 Water supply and water effluent quantities do not include regional office data (because of difficulty in obtaining such information).
- ※2 Containers using materials such as glass, paper, plastic, etc.
- ※3 The figure for container and packaging materials does not include distribution materials (because of difficulty in calculating such information).
- ※4 Waste figures include industrial waste, as well as returned goods (including atmospheric dispersal) and promotional items.
- ※5 Including estimates for field staff, etc.

[Customer]

[Waste (container and packaging material after use, etc.)]
16,315t (105.6%)

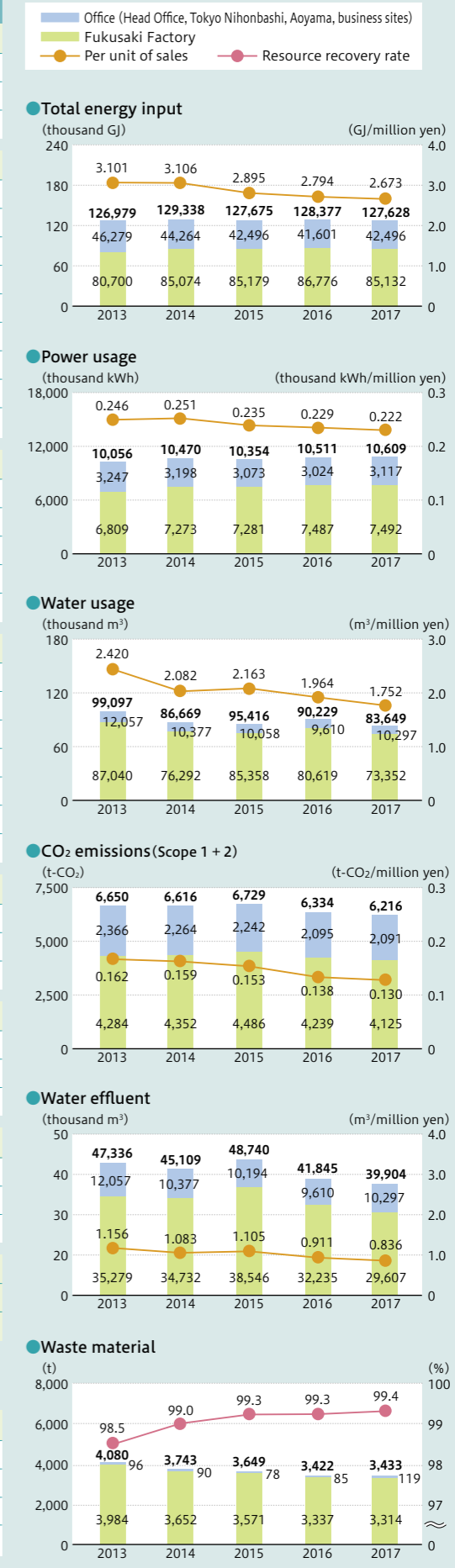
[Other waste (product contents, etc.)]
1,310t (83.8%)

<Environmental Impact Data for the Mandom Group in Japan>

Data collection period: April of the year shown to March of the following year
Data gathered from: 1 manufacturing location, 10 non-manufacturing locations, 1 consolidated subsidiary, and 1 non-consolidated subsidiary (all in Japan)
Per unit of sales: Calculated in units of 1 million yen sales

	FY2013	FY2014	FY2015	FY2016	FY2017
Total energy input (Gj)	126,979	129,338	127,675	128,377	127,628
Fukusaki Factory	80,700	85,074	85,179	86,776	85,132
Office	46,279	44,264	42,496	41,601	42,496
Per unit of sales	3.101	3.106	2.895	2.794	2.673
Breakdown of energy input (Gj)	126,979	129,338	127,675	128,377	127,628
Electric power (thousand kWh)	10,056	10,470	10,354	10,511	10,609
Fukusaki Factory	6,809	7,273	7,281	7,487	7,492
Office	3,247	3,198	3,073	3,024	3,117
Per unit of sales	0.246	0.251	0.235	0.229	0.222
Gas (m³)	20,457	20,175	20,929	19,838	20,035
LP Gas	1,671	1,981	1,988	1,852	1,527
City gas	18,786	18,194	18,941	17,986	18,508
Kerosene (kl)	369	368	367	355	309
Gasoline (kl)	377	350	333	323	322
Water usage (m³)	99,097	86,669	95,416	90,229	83,649
Fukusaki Factory	87,040	76,292	85,358	80,619	73,352
Water supply	63,843	63,944	74,872	71,789	65,796
Industrial water supply	23,197	12,348	10,486	8,830	7,556
Office	12,057	10,377	10,058	9,610	10,297
Per unit of sales	2.420	2.082	2.163	1.964	1.752
Raw material usage (t)	15,278	15,894	17,256	18,055	18,539
Raw materials used in products	9,283	9,490	10,100	10,078	10,158
PRTR	69	46	102	96	91
Other raw materials	9,214	9,443	9,998	9,982	10,066
Packaging and container materials	5,996	6,404	7,156	7,977	8,382
Materials to which recycling laws apply	3,314	3,563	4,083	4,380	4,695
Other materials*1	2,682	2,842	3,073	3,597	3,687
Per unit of sales	0.373	0.382	0.391	0.393	0.388
CO2 emissions (Scope 1+2) (t-CO2)	6,650	6,616	6,729	6,334	6,216
Fukusaki Factory	4,284	4,352	4,486	4,239	4,125
Office	2,366	2,264	2,242	2,095	2,091
Per unit of sales	0.162	0.159	0.153	0.138	0.130
Water effluent (m³)	47,336	45,109	48,740	41,845	39,904
Fukusaki Factory	35,279	34,732	38,546	32,235	29,607
Office	12,057	10,377	10,194	9,610	10,297
Per unit of sales	1.156	1.083	1.105	0.911	0.836
Waste material (t)	4,080	3,743	3,649	3,422	3,433
Fukusaki Factory, distribution	3,984	3,652	3,571	3,337	3,314
Office*2	96	90	78	85	119
Resource recovery rate (%)	98.5%	99.0%	99.3%	99.3%	99.4%
Sulfur oxide (SOx) emissions (kg)	26	28	25	34	21
Nitrogen oxide (NOx) emissions (kg)	263	210	141	245	342
Dust emissions (kg)	5	14	3	4	5
Reference: CO2 emissions in distribution (upstream) (Scope 3, Category 4 only)					
CO2 emissions (t-CO2)	1,962	2,121	2,148	2,229	2,259
by truck	1,898	2,069	2,096	2,174	2,204
by ship	28	27	26	28	29
by railroad	35	25	26	27	26
Per unit of sales	0.048	0.051	0.049	0.049	0.047

*1: Does not include materials used in distribution *2: From FY2017, returned products (including air emissions) and wastes from sales promotion materials are added to waste material emissions





Fair Operating Practices

Basic Policy

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.

Long-Term Goals

●(Under review)

Priority Initiatives

●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)

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.



Mandom Official Website
CSR Information
●Fair Operating Practices

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.



Mandom Official Website
CSR Information
●Fair Operating Practices

About the Mandom Group's Supplier CSR Guidelines (Ver. 2)

To move toward sustainable procurement, we issued the Mandom Group Supplier CSR Guidelines (Ver. 2) in November 2017, asked all of our suppliers to develop an understanding of these guidelines, and started monitoring using the CSR Procurement Self-Assessment Tool Set recommended by the Global Compact Network Japan. Going forward, we will secure the understanding and cooperation of all our suppliers—through steps such as requesting that these guidelines be shared with secondary, tertiary, and overseas suppliers—and we will continue discussions, working step-by-step to make our supply chain more transparent.

Mandom Group Supplier CSR Guidelines (Version 2)

Mandom Group values our suppliers as partners in promoting sustainable development. We extend our support to suppliers that comply with the Guidelines as set forth below.

Corporate Governance

1. Understand and comply with laws and regulations, relevant voluntary standards and international conventions related to business operations.
2. Develop policies and a code of conduct related to CSR and provide in-house support and training.
3. Structure an internal control system to conduct compliance management.
4. Establish a business continuity plan.

Human Rights

1. Respect human rights and avoid complicity in any human rights violations.
2. Respect diversity and prohibit discrimination.
3. Respect the lifestyles of indigenous peoples and local communities.
4. Eliminate all forms of harassment.

Labor

1. Recognize and adopt international rules regarding labor.*
*Including the Universal Declaration of Human Rights, the ILO's Core Labor Standards, the ten principles of the UN's Global Compact, the UN's Guiding Principles for Business and Human Rights, and the OECD's Guidelines for Multinational Enterprises.
2. Provide equal opportunities for upskilling and career development for all employees.
3. Provide a safe and clean work environment and care for employees' health.
4. Ensure workers are paid fair wages and ensure proper management of working hours.
5. Eliminate forced labor, child labor, and inhumane treatment of workers.
6. Respect local religions, traditions, and customs.
7. Support the effective recognition of the freedom of association and the right to collective bargaining.

The Environment

1. Structure a system to promote environmental management and set goals for continuous improvement.
2. Implement measures to save energy, reduce greenhouse gases, prevent pollution and conserve biodiversity.
3. Ensure proper management of chemicals and waste disposal.

Fair Operating Practices

1. Ensure fair, transparent and free business transactions and respect contractual terms.
2. Respect property rights and prevent infringement.
3. Eliminate any involvement with groups that make illegal demands of the company or the general public.
4. Prevent all forms of corruption, including coercion and bribery.
5. Establish a customer inquiries function to receive and deal with complaints and feedback from outside the company.

Quality and Safety

1. Structure a management system that ensures quality and safety of goods and services.
2. Provide appropriate information that ensures quality and safety of goods and services.
3. Provide products and services that contribute to sustainable development.

Information Security

1. Implement strict information security practices to ensure confidential information (including personal information) is handled safely.

Supply Chain

1. Ensure companies in your supply chain and/or subcontracting companies, related to business with the Mandom Group, comply with the Guidelines.
If your company already has guidelines in place with at least the same requirements and requests supplier compliance, no further action is required.

Coexistence with Local Communities

1. Build good relationships with local communities through collaboration.
2. Respond promptly and sincerely to complaints from surrounding areas.
3. Support communities through business activities.

Revisions to the Guidelines

We will make revisions to the Guidelines to respond to changes both within and outside the Mandom Group as circumstances demand. Revisions will be posted on our website. Please note that further consent and/or confirmation of compliance status will be required.

Confirmation of compliance status

The Suppliers' CSR Self-Assessment Survey has been compiled based on the CSR/Sustainable Procurement Self-Assessment Tool Set published by UN Global Compact Network Japan as the ninth instalment in their series of Building the Sustainable World. See below for more details.



External Site
Global Compact Network Japan
●CSR/Sustainable Procurement Self-Assessment Tool Set (English version)



Consumer Issues

Basic Policy

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.

Long-Term Goals

- (Under review)
- Take up the challenge of zero quality complaints

Priority Initiatives

- 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
- 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

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.

[Quality Philosophy] "Achieve true customer satisfaction by enhancing the quality of the company, products and services through the involvement of all employees."

[Fundamental Quality Policy]

1. Firmly establish a quality management system in the Mandom Group, and continuously improve its effectiveness.
2. Meet the challenge of achieving zero quality defects and quality complaints by improving the capabilities of individuals and conforming to requirements.
3. Improve the precision of all processes, strengthen interfaces between departments, and provide consistent output.
4. Improve the three types of understanding*, and ensure thorough quality assurance KohDoh that never overlooks small changes or signs.
5. Achieve quality targets with the full participation of staff, from a perspective of working with and for consumers.

*Three types of understanding: understanding consumers, understanding customers, and understanding products

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.

[Mandom Official Website](#)
CSR Information

- Consumer Issues : Promotion of Quality Assurance System



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

Visual inspection of products

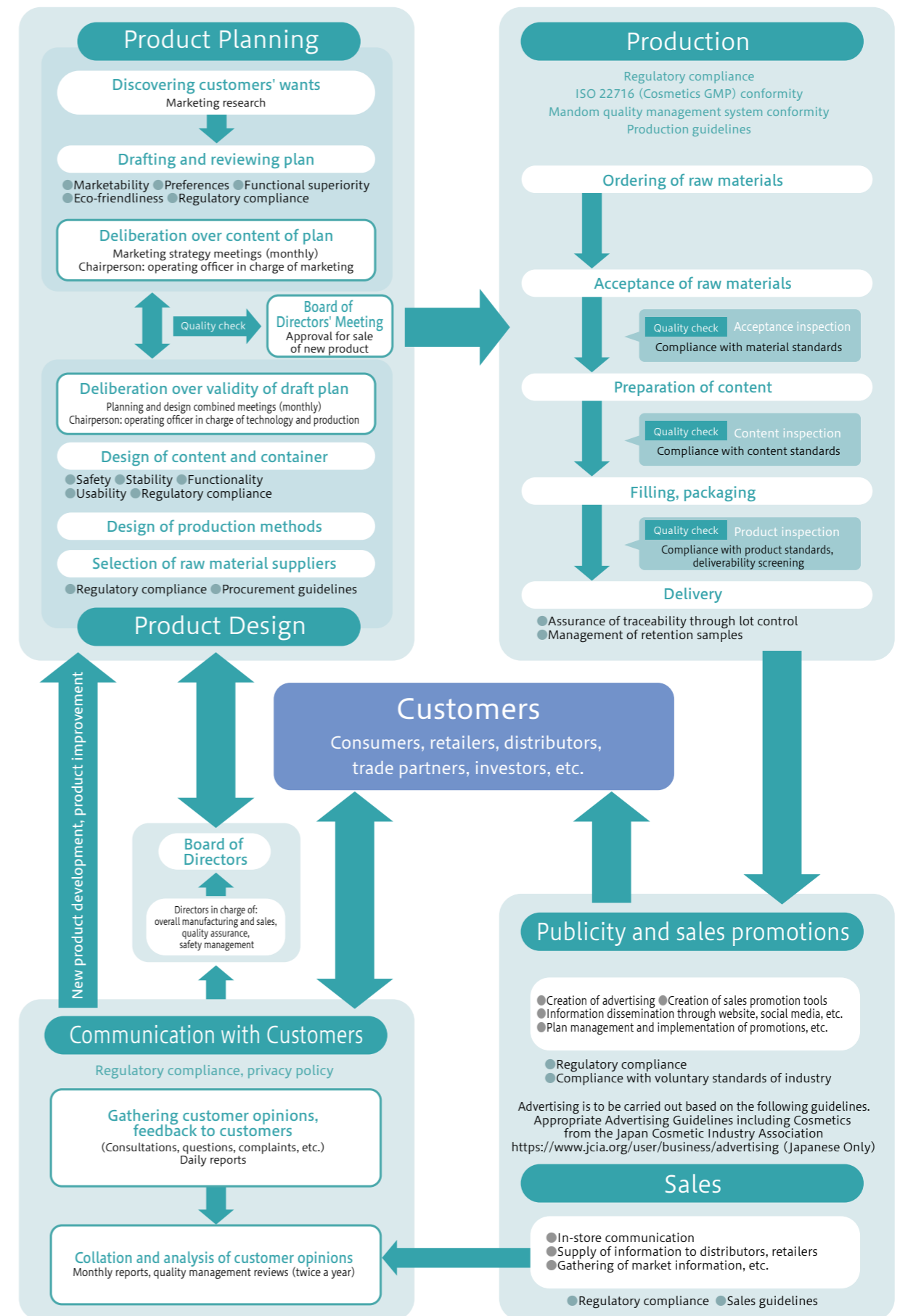
Sensory test of product contents

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

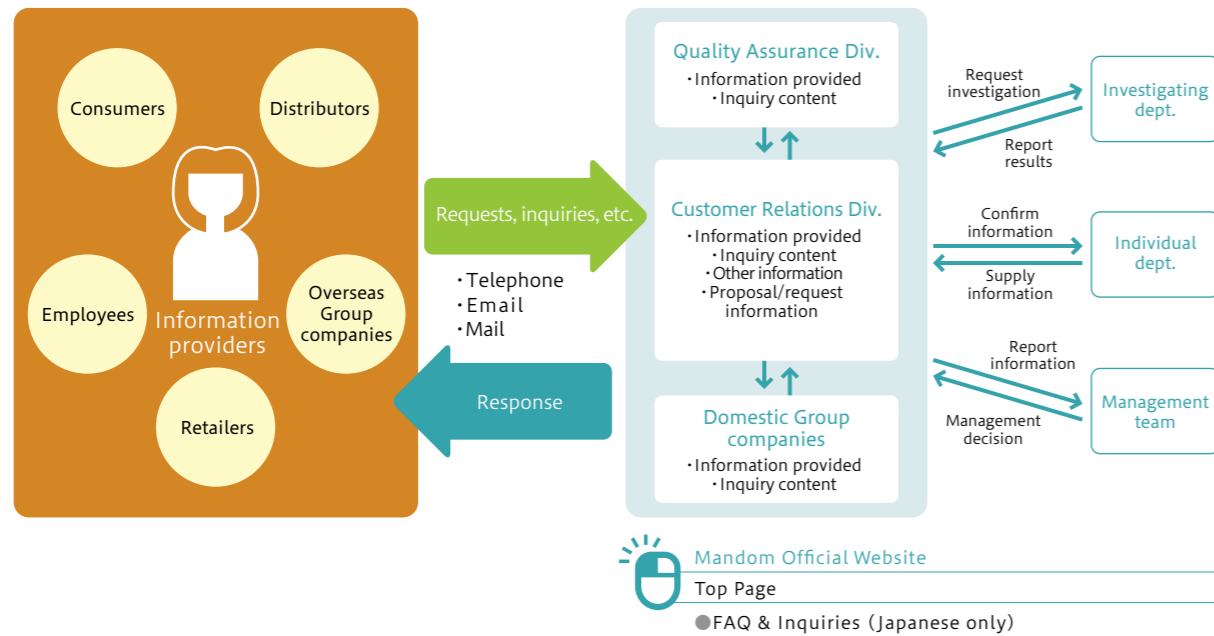
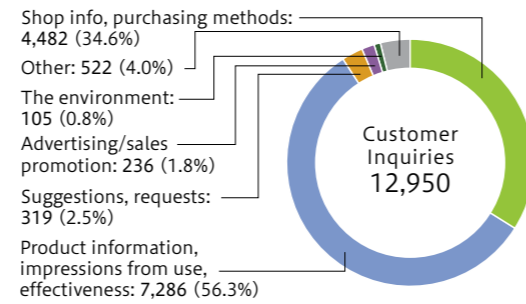
■ System for Utilizing Customer Feedback

● 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 FY2017



■ Examples of Utilizing Customer Feedback

At Mandom, we share feedback from customers with top management and relevant departments, and work to achieve true customer satisfaction. The following presents our latest efforts making use of customer feedback.

Year	Product	Feedback Action
FY2017	Hair foam products	Added easy-to-understand video to the FAQ & Inquiries section of website, describing how to correctly use hair foam products so they can be used to the end in a foamy condition.
	LUCIDO Hair Color One Push Type	Improved specifications and changed button design due to feedback that it is difficult to remove and attach the cover.
	GB Body Hair Trimmer	Added a caution label to make clear that the blade is not replaceable, as a response to the misunderstanding that the product can be disassembled and its blade replaced. (Shipments of the product with label added are scheduled to begin in summer 2018.)
FY2016	GATSBY Natural Bleach & Color Series LUCIDO-L Creamy Milk Hair Color Series	To prevent replacement of the contents, other tampering, and infiltration of foreign matter, specifications were changed so that the product cannot be opened until use. The precautions indication was also improved to be easier to see.
	GATSBY Hair Styling Foam	The previous illustration of the use method (for enabling use of the entire contents of the container) was enlarged based on customer feedback that product foaming trailed off with use.
	LUCIDO-L Oil Treatment #EX Hair Oil	Owing to customer feedback that the protruding part of the sales appeal label hurt to the touch, the label shape was redesigned with a rounded tip.

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. 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)

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

■ Full Lists of Ingredients Published on the Mandom Website's Product Information Page

The Customer Relations Division at Mandom receives a large number of inquiries from customers, many of which are in regard to the ingredients in products used by consumers.

Sometimes customers would ask about ingredients that were not displayed in full on the container itself for space reasons (only being listed on the mount, outer box, or the like). At other times customers had discarded the container after using a refill. Up to this point, the Customer Relations Division had dealt with each request individually, but situations have arisen where customers could not get the information quickly enough, such as in an emergency when a product had been swallowed accidentally or a person had an allergic reaction, and a phone call was made after business hours, when the answer could not be provided immediately.

Because of such circumstances, on April 28, 2017, full lists of ingredients were published on Mandom's official website to help customers, with the following objectives.

- Objectives:**
- To allow customers to quickly obtain full lists of ingredients when seeing a doctor after the occurrence of a health problem (such as dermatological symptoms, accidental ingestion, an allergic reaction, etc.)
 - To reduce time and effort required to answer inquiries from customers (by phone or email)

Mandom Official Website
CSR Information
● Latest CSR information (article updated on May 11, 2017) (Japanese Only)

■ Smell Care Seminars

In today's mature market for products and services, personal elements such as a company's customer-facing interactions can be the deciding factor in business 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.

To assist consumers based on men's deodorant research, Mandom started smell management activities in 2014, and we regularly offer Smell Care Seminars.

In FY2017, these seminars were held at 15 companies and groups, and were attended by a total of 863 people.

We also offer a Smell Care Quiz (e-learning) for individuals. For details, please see the links below.

Mandom Official Website Top Page
● Scientifically studying the body odor of men: Research on Men's Smell (Japanese Only)
● Overview of Smell Care Seminar, Inquiries and Applications (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

Basic Policy

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.

Long-Term Goals

- Carry out seminars and dialogues relating to social and environmental issues at least twice a year

Priority Initiatives

- 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)
- 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.)

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.

At the 30th Annual Meeting of the Japanese Society for Alternatives to Animal Experiments on November 24, 2017, our previous research grant activities were recognized for their major contribution to the Japanese Society for Alternatives to Animal Experiments, and we received a Distinguished Service Award from the society.

In April 2018, we began providing research grants for the three topics selected as our 11th (FY2018) research themes.



[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.

Research results announced thus far are as follows.

- Discovery of Human Sweat Gland Stem Cells, and Successful In Vitro Regeneration of Sweat Gland-Like Structure
- Three-dimensional observation of human sebaceous glands achieved, original sebum secretion assessment method established
- Establishment of a New Assessment Method due to Successful Numeric Quantification of the Amount of Sebum Produced by Human Sebaceous Glands—Demonstration Using This Assessment Method of the Inhibitory Effect of Phytic Acid on Sebum—



[Mandom Official Website](#)
CSR Information

- Community Involvement and Development: Joint Research Program with the Graduate School of Pharmaceutical Sciences at Osaka University

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.

These classes were held at eight schools and facilities in FY2017, with 184 participants.

Cooperation with "Trial Week" for Junior High School Students to Experience the Workplace

Since 1998, the Hyogo Prefectural Board of Education has been running a "trial week" program for junior high school students to experience the workplace at local companies, and the Fukusaki Factory has accepted students from the program every year since it was launched.

The purpose of trial week is to give junior high school students a variety of experiences in the local community—involving the workplace, welfare, and work/production—and thereby help them learn about the community, develop a spirit of community life and a sense of gratitude, heighten their independence, and otherwise develop their skills for living. Through these trial week efforts, ties are deepened between schools, families, and local communities, and by supporting character building and social independence of children in the society as a whole, this program is expected to grow into local community building centered on children.

In FY2017, four junior high school students expressed a desire to experience our workplace, and trial week took place over five days at our Fukusaki Factory.



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 studys, and a visit every year to tour our Fukusaki Factory.

In FY2017, a total of 35 scholarship students (16 male, 19 female) participated from various countries and regions including Indonesia, South Korea, Thailand, Taiwan, China, Vietnam, Malaysia, and Mongolia.



Cooperating with the Super Global High School Project

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.

In FY2017, we cooperated with efforts by Osaka Prefectural Senri Senior High School and Kansai University Senior High School — designated schools of the Super Global High School (SGH) program of the Ministry of Education, Culture, Sports, Science and Technology.

For Osaka Prefectural Senri Senior High School, we cooperated with the SGH Fall Holiday Business/University Tour and Training, and a meeting to present research results from "Investigations" in the second year of the Global Culture Academic Study Course, a program of Senri Festa.

For Kansai University Senior High School, we cooperated with "Osaka fieldwork —A Special Class Examining Sustainable Development Goals (SDGs)."



[Mandom Official Website](#)
CSR Information

- Latest CSR Information: Article dated March 6, 2018 (Japanese Only)
Article dated November 6, 2017 (Japanese Only)
Article dated July 21, 2017 (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.



Initiatives for Breast Cancer Month

For Breast Cancer Month in October, we held a campaign for employees of Mandom Indonesia. During the campaign period, we provided education on prevention and early discovery of cancer, and held an event called "Pink Talk" in collaboration with the Love Pink Foundation active in Indonesia.

At Pink Talk, participants learned facts about breast cancer, and with the cooperation of three breast cancer survivors acting as instructors, learned the importance of playing an active role in early discovery of cancer together with one's family or partner.



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.



Third-Party Opinion



Based on the content of the KohDoh Report 2018, 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 report was prepared based on the Mandom Group's corporate philosophy that "Mandom is a 'human-oriented' company, and 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." Throughout the report, activities based on the Mandom Mission, Mandom Principles, and Mandom Spirit (P.8) that make up Mandom's philosophy are summarized in an easy-to-understand way, and I feel this is an outstanding report. Another distinguishing feature is that more feedback from stakeholders and photos of worksites are provided than last year, so that this report lets us see more of the faces of the company.

As indicated in the President's Message, Mandom is currently engaged in various types of reform with the aim of becoming a truly global company. Overseas sales account for more than 40% of Mandom Group sales, and so far the group's activities have been rooted in each locality, with respect for the history, culture, customs, and other characteristics of each country. However, in order to globalize management as well as product development as the Mandom Group moves forward, the group is instilling its corporate philosophy at its overseas subsidiaries, and reorienting itself to employ corporate governance, CSR, diversity management, and accounting methods conforming to global standards.

The feature article (P.20–25) reports that, in this fiscal year, a voluntary seminar and dialogue were held with the theme of "Business and Human Rights." This event went beyond the limited range of human rights problems familiar in Japan, such as discrimination and harassment. Participants learned and exchanged views about human rights in the supply chain—an issue which global corporations cannot avoid in conducting their business. Problems in this area include forced labor or child labor at overseas suppliers of raw materials and subcontractors in places like Southeast Asia. Examining these issues is a suitable posture for Mandom as it strives to globalize its management and become

a truly global company. I give a high rating to Mandom's stance of promoting company-wide CSR, by establishing directions to aim for, and systematically putting together activities to achieve those aims.

In this year's report, the completeness of data and information disclosure have been taken to the next level. For Mandom Group CSR Material Issues (Ver. 2) (P.16–19), the report clearly indicates Perspectives for Selecting CSR Material Issues and Two Criteria for Promoting CSR Activities (P.14). The report newly incorporates specifics on each program for human resources development and the number of participants in type of training (P.29), as well as details on programs relating to decent work and work-life balance and the number of users (P.30). Data which was previously disclosed only on the website can now be examined in booklet form. The report provides three years of figures for personnel and labor data (P.33), and five years of figures for environmental impact data (P.41).

Finally, this year's environmental activities by Mandom progressed a step further. Joining the Roundtable on Sustainable Palm Oil (RSPO) (P.37) is an important contribution to the protection of biodiversity. Domestic CO₂ emissions, water resource consumption, and wastewater volume were reduced year-on-year (P.41). Going forward, I hope that Mandom will continue its proactive approach to protecting the global environment.

< Areas for Improvement >

As it globally expands, a company must fulfill its social responsibility over the entire supply chain, including overseas. In November 2017, Mandom issued Supplier CSR Guidelines (Ver. 2) for the Mandom Group, and started monitoring using the CSR Procurement Self-Assessment Tool Set. I feel this is a wonderful advance. Next year, I expect Mandom to broaden the scope of this effort from domestic primary suppliers, to secondary, tertiary, and overseas suppliers, and work to realize "responsible procurement."

Editorial Postscript, KohDoh Report 2018

Immediately before issuing this report, we exchanged views with Professor Takaoka. Regarding promotion of women's participation, she indicated an additional opinion on the fact that, while progress has been made in developing a personnel system oriented toward work-life balance, we have yet to set and disclose specific long-term goals, such as the proportion of women in management positions.

Promotion of women's participation is information that even students keep their eyes on. It is essential for hiring outstanding

human resources for the future, and securing the diversity that is the precondition of women's participation, and putting in place an impartial and fair personnel system are the foundation of decent work, regardless of sex.

In June 2018, the Ministry of Economy, Trade and Industry issued a revised version of its Diversity 2.0 Action Guidelines. Taking Professor Takaoka's views as a reference point, we plan to push forward with CSR management and become a truly "human-oriented" company.

CSR Promotion Division, Mandom Corporation