

Materiality 4 Actions for Sustainable Global Environment

Commitment

Switching over to a recycling-based society in our view, we will take measures to reduce our environmental burden at all stages of the lifecycle of products, including less dependence on plastics. Regarding reduction of greenhouse gas emissions, we hope to realize virtually zero greenhouse gas emissions by 2050.

Medium to long-term Targets

Themes of Initiatives	Evaluation Metrics	Medium to long-term targets		FY2023 Progress	Example of Initiatives
		Numerical Targets	Target Year		
Promoting measures toward a carbon-free society	CO ₂ emissions reduction (compared to FY2013) in Scope 1+2	CO ₂ emissions reduction in Scope 1+2 in Japan and overseas: 43% or more compared to FY2013	2027	22.0% reduction	P.57
	Achievement of zero CO ₂ emissions Group-wide	Completed preparation of scenarios for achievement of zero CO ₂ emissions Group-wide by 2050	2027	Scope 3 emissions for overseas companies under calculation	P.57
	Fossil resource-based virgin plastics emissions reduction ratio	25% or more	2027	4.0%	P.60
Eco-friendliness in products	Mandom Group standards-based eco-friendly products ratio	Eco-friendly products account for 90% of the Mandom products sold in Japan (meets internal standards)	2027	61.3%	P.60
Waste reduction	Reduction rate of the use, weight, and dimensions of product and promotional item containers and packaging (compared to FY2022)	65% or more	2027	20.4%	P.60

Recently, the severity of environmental problems such as climate change and plastic marine pollution have been increasing year by year, and the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) released in 2021 states that "It is unequivocal that human influence has warmed the atmosphere, ocean, and land." The report concluded that human activities are also responsible for the increase in extreme events such as heat

waves and heavy rainfall that have been occurring frequently in recent years.

We recognize that the growing awareness of our stakeholders, including consumers and investors, toward the global environment will have an impact on the continuity of the Company's business activities in the future, and we believe that promoting global environmental initiatives as a company will enhance our corporate value.

Example of Initiatives 1

Disclosure based on TCFD^{*1} recommendations

We expressed our support for the Task Force on Climate-related Financial Disclosures (TCFD) in June 2022, as a good corporate citizen who lives socially with the dynamism of the times, and in order to be more effective in evolving our Dedication to Service (Oyakudachi) and creating corporate value through our core business. Alongside using the TCFD proposal framework to further strengthen our governance on climate change, we perform scenario analysis using the

scenarios disclosed by various initiatives as a reference, extract the risks and opportunities arising from climate change, and assess the financial impact of climate change.



*1 TCFD : Task force on Climate-related Financial Disclosures

Governance

Viewing response to climate change as a material issue in sustainability management, we have established it as one of the themes we will tackle with respect to materiality. Additionally, we have formed medium- to long-term targets^{*2} that we discuss at meetings of the Sustainability Committee^{*3} chaired by the President Executive Officer and consisting of our management as well as meetings of related subordinate committees. The content of those discussions is then referred to the Management Council and the Board of Directors, where the execution status of targets is ascertained and deliberated.

*2 Check P.26 for Medium- and Long-Term Targets and Progress on Material Issues (Materiality) in Sustainability

*3 Check P.27 "Sustainability Promotion System."

Strategy (Opportunity and Risk Analysis)

Depending on the status of warming prevention measures, a number of conceivable scenarios are present with respect to the issue of climate change. Using a variety of data as a reference, the Group examines transition risks and physical risks in its business management while referring to scenarios for 1.5 °C and 4 °C^{*4}, both of which are considered representative average temperatures. We will analyze risks and opportunities as well as their impact and aggressively tackle them as they pertain to the effects on our Dedication to Service (Oyakudachi) through the products that constitute our business domain.

External Site

*4 Examples of various scenarios used as a reference



AR6 Synthesis Report: Climate Change 2023

IPCC > World Energy

World Energy Outlook (WEO) 2022: International Energy Agency (IEA)

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Risk Management

Under the Sustainability Committee, after examining of impact on our business activities pertaining to climate-related opportunities and risks at meetings of related committees, we ascertain the situation in the entire Group and examine response. Through deliberation and approval by the Sustainability Committee and reports to the Management Council and the Board of Directors, we manage progress in each material issue (materiality) and target.

Additionally, for emission results, progress in targets is managed based on yearly calculations of CO₂ emissions originating from energy and power used by each company in the entire Group (Scope 1 + 2) and CO₂ emissions generated by the value chain in our Japan business (Scope 3).^{*5}

CO₂ emissions in business activities

Trends in CO₂ emissions (Scope 1 + 2 in Japan and overseas)

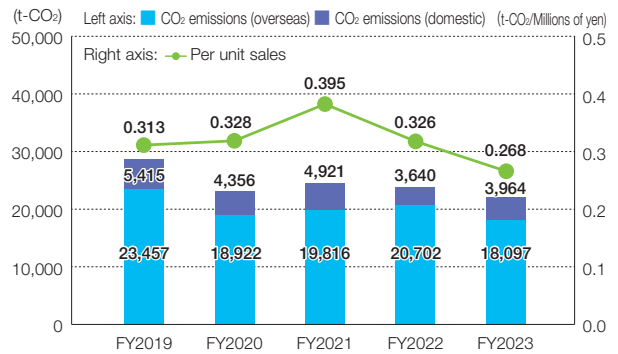
In FY2023, CO₂ emissions from Scope 1 + 2 in Japan and overseas totaled 22,061 tons, a 22.0% reduction compared to FY2013.

In FY2023, consumption of gasoline decreased in the Japan Business due to the outsourcing of the field staff system. Solar panels were also brought online at Factories 1 and 2 in Indonesia, resulting in a 9.4% decrease compared to the previous year.

In particular, concerning CO₂ emissions, emissions originating from the use of power in Scope 2 and emissions from the procurement of raw materials and use of products in Scope 3 are deemed considerable. From the dual perspective of risks and opportunities in our business activities, we formulate medium- to long-term targets and tackle with priority the changeover of the power we consume to renewable energy and the development of eco-friendly products.

Moreover, with respect to the calculation and ascertainment of CO₂ emissions in our value chain, going forward, we will pursue initiatives aimed at calculating and ascertaining emissions across the entire Group.

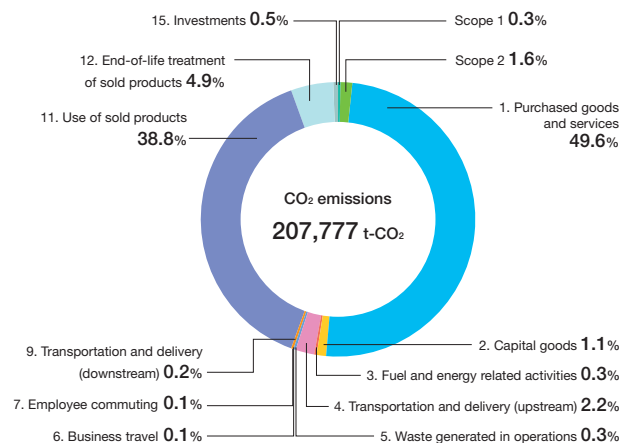
*5 Trends over five years in environmental data for the Mandom Group – Supply chain emissions in Japan



Calculation of GHG emissions for the entire value chain

Mandom believes that reducing GHG emissions throughout the entire value chain, from raw material procurement to product manufacturing, sales, use, and disposal, is important in order to realize a “decarbonized society.” Since FY2018, we have been calculating the greenhouse gas emissions produced throughout the entire value chain based on the Scope 3 Standard established by the GHG Protocol. Our calculations show that more than 90% of greenhouse gas emissions fall under Scope 3 and we were able to see that emissions were particularly large in Category 1 (Purchased goods and services) and Category 11 (Use of sold products).

In addition to improving the accuracy of future calculations, we will strive to reduce our environmental impact throughout the value chain, such as by developing environmentally friendly products that can help reduce emissions in the categories detailed above.



Appraisal Target: Japan
Appraisal Target Period: April 2023 - March 2024

Indicators and Targets

In order to realize a sustainable society, we at Mandom are moving to ascertain our GHG emissions (in Scopes 1, 2 and 3). Believing that addressing the matter with further speed is of the essence, in addition to the long-term targets that we formulated, we formulated medium-term targets aimed at

achieving the long-term counterparts in December 2021. As a Group-wide initiative, we formulated an initiative roadmap for risks and opportunities based on scenario analysis that we performed in 2022, and are currently implementing that roadmap.

GHG emission reductions in the Group

Long-Term targets

- Aiming to achieve zero CO₂ emissions Group-wide in FY2050

Medium-Term targets

- Aiming to reduce CO₂ emissions in Scope 1 + 2 in Japan and Overseas by 46% or more compared to FY2013 by FY2030
- Aiming to reduce CO₂ emissions in Scope 1 + 2 in Japan and Overseas by 43% or more compared to FY2013 by FY2027

Related targets: Eco-friendliness in products

Long-Term targets

- Turning 100% of products marketed by the Mandom Group into eco-friendly products by 2050

Medium-Term targets

- Turning 90% of Mandom products marketed in Japan into eco-friendly products by 2027

Initiative roadmap for risks and opportunities

Scenario	Classification	Risks and opportunities	FY2023	FY2027	FY2030	FY2050
1.5 °C scenario	Transition risks	<ul style="list-style-type: none"> • Introduction or increase of carbon tax • Increase in renewable energy cost for electricity 	Reduction of CO ₂ emissions by 43% in Scope 1 & 2		Reduction of CO ₂ emissions by 46% in Scope 1 & 2	Net zero CO ₂ emissions * Including Scope 3
	Opportunities	<ul style="list-style-type: none"> • Cost resulting from the transition of packaging materials and plastic products to "sustainable products" • Decrease in revenue and increase in business cost resulting from changes in the market 	Promotion of eco-friendly products (Rate of eco-friendly products sold in Japan: 90% by 2027 → 100% by 2050)			
4 °C scenario	Physical risks	<ul style="list-style-type: none"> • Disruption of supply chains due to damage to suppliers • Risk of suspension of business activities due to water shortages resulting from heat waves or droughts 	Creation of supply chain from perspective of BCP (Business Continuity Planning)			

Status of Initiatives

In FY2023, consumption of gasoline decreased in the Japan Business due to the outsourcing of the field staff system, leading to a reduction in CO₂ emissions in Scope 1 (a decrease of 515t-CO₂ year on year). Solar panels were also brought online at Factories 1 and 2 in Indonesia, resulting in a reduction in CO₂ emissions in Scope 2 compared to the previous year (a decrease of 1,766 t-CO₂ year on year). This resulted in a total reduction in volume of 2,281t-CO₂ in Scope 1 and 2.

For initiatives geared towards eco-friendliness with products, we are currently enhancing our eco-friendly product offerings, which constitute 61.3% of the Mandom products marketed in Japan as of March 31, 2024 (53.5% as of March 31, 2023). Additionally, as a means of responding to changes in consumer value in the market due to the rise in outdoor temperatures accompanying the issue of climate change, we are rolling out products that make use of our proprietary "Kai-tech technology" (examples of such products: "GATSBY Space Shower Wipes for Scalp/for Body" and "Mandom Happy Deo Body Sheets Fresh & Smooth/Extra Cool").

Using Renewable Energy Solar panels installed at Fukusaki Factory and two factories in Indonesia



Solar panels on the roof of the new factory production building at Fukusaki Factory



Solar panels on the roof of Factory 1 (Indonesia)



Solar panels on the roof of Factory 2 (Indonesia)

Products utilizing "Kai-tech technology"

GATSBY Space Shower Wipes for Scalp/for Body

Mandom Happy Deo Body Sheets Fresh & Smooth/Extra



Kai-tech technology

Mandom has focused on sensory stimulation of the skin as a way of improving the function and feel of cosmetics, and to this end is engaged in research harnessing skin sensation sensor TRP channels (Transient Receptor Potential channels). "Kai-tech Technology" is Mandom's proprietary technology that harnesses this knowledge to thoroughly pursue greater comfortable upon use. "GATSBY Space Shower Wipes for Scalp/for Body" features technology that is able to provide a cool, comfortable sensation even in environments where alcohol cannot be used, based on the cool, pleasant sensation provided by the existing "Kai-tech technology" developed for use in space.



Materiality 4 Actions for Sustainable Global Environment

Example of Initiatives 2

Eco-friendliness in products

We place eco-friendliness as one of our product values and promote efforts to create value that empathizes with society in accordance with the Mandom Group Eco-Friendliness Product Standards. As part of our effort, we have adopted our own eco-friendly product standards alongside medium- to long-term targets. We will promote efforts to make

eco-friendly products in aid of achieving sustainability across society while checking progress toward our targets. These standards will be updated on an ongoing basis, with reference to the latest information on technology and developments in Japan and overseas while taking into account views, expectations and wishes of all our diverse stakeholders.

Eco-friendliness of Products

Life Cycle Stage	Environmental Issues	Environmental-friendliness Standards
Procurement of raw materials	Biodiversity conservation and forest conservation	Product that uses recycled paper with 80%+ content of waste paper pulp as material for its outer and inner box package inserts and other paper-based items
		Product that uses FSC® certified paper as material for its outer and inner boxes, package inserts, and other paper-based items
		Product that uses raw and other materials that have satisfied other international environmental certification systems or criteria
	Climate change/Carbon neutrality/CO ₂ emissions reduction	Product that uses 25%+ plant-derived biomass content for its container and packaging materials
		Product that uses 10%+ plant-derived biomass content for its laminate packaging
		Product that uses 25%+ recycled materials for its container and packaging materials
Product use	Water use reduction	Product that uses 50%+ recycled materials for its laminate packaging
		Product that uses 20%+ less in power for dryer and gas for hot water supply when product is used, compared against benchmark
Disposal	Waste reduction	Product that uses 20%+ less water when product is used, compared against benchmark
		Product that eliminates use of main container and packaging materials or reduces weight or dimension to achieve 10%+ less use of such packaging, compared against benchmark
	Plastic waste reduction	Product that eliminates use of individually packaged units or reduces weight by 10%+ of such packaging, compared against benchmark
Other	Recycling Circular economy	Refill product that reduces container weight by 50%+, compared to standard container weight
		Product that has switched from petroleum-based plastic to alternative materials (e.g. paper, glass)
		Product that uses mono materials that make separation for disposal easier

(Notes) 1. Product that satisfies one or more of the criteria above shall be considered an eco-friendly product.

(FSC® N003667)

2. The benchmark will be a product manufactured in 2016 when Mandom revised the Environmental Policy.

Example of “Reduce”

When renewing the Mandom Happy Deo facial sheets, we reduced the amount of plastic by reducing the external packaging by 10% or more.



Example of “Reuse”

We developed refill products in order to reuse main containers and reduce waste.



Example of “Recycle”

We used recycled material for the blister packaging of “GATSBY Premium Type Deodorant Roll On Series” and “LUCIDO-L Hair Styling Stick.”



Example of “Renewable”

We changed the outer box of our “GB Hair Self Trimming Kit” and “GB Mens Eyebrow Kit” and the cases housing the accompanying scissors and other elements from a plastic to a paper construction.



WEB : Check the Mandom homepage for other examples.
: Sustainability>Environment (E) >Environmentally Friendly Products and Promotional Items

Example of Initiatives 3

Initiatives for reducing returned waste

We are working to reduce product returns as part of our waste reduction efforts. Initiatives we have developed with retailers have led to a reduction in inventory by stopping orders at appropriate timing and utilizing markdowns. We also work with our distributors to manage inventory and prevent

overstocking, by acquiring inventory data on a regular basis. Going forward, we will continue working with retailers and distributors to fine-tune demand forecasting and implement appropriate inventory management as a means of preventing excess inventory.