

Materiality and Sustainability Strategy of the Mandom Group

The Concept of Sustainability in Mandom Group

Mandom Group's business activities are premised on the basis of sound and sustainable "environment (E)" and "society (S)." However, we are confronted with various issues that have begun surfacing, such as climate change, declining biodiversity, marine plastic pollution, and human rights issues in supply chains, which should be addressed appropriately by maintaining solid "governance (G)" that supports such actions. Mandom upholds "social responsibility & sustainability" as its corporate philosophy, which itself is equivalent to sustainability of the Mandom Group. To solve social and environmental issues, we adhere to sustainable management (ESG management + SDGs management), having worked out sustainability policies and identified material issues (materiality) in sustainability in FY2021 to provide further Dedication to

Service (Oyakudachi) to consumers and create new corporate values through our core businesses.

Framework for a Global Society and Sustainability of the Mandom Group

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.



Sustainability Policies

We will promote unique sustainable management that ensures both enrichment on an everyday basis and solution of social issues through our concepts of Health, Cleanliness, Beauty and Fun.

Themes of Unique Sustainable Management

Theme	Details
Creating strong ties with consumers by strengthening/expanding Dedication to Service	We will focus on two aspects of Dedication to Service, that is, maximizing satisfaction of consumers and increasing contact with them, by creating unique new value and providing this to consumers through products, communication and distribution.
Training human resources that form a society, promoting active engagement of a diverse cohort of employees	We will train all employees to be diverse "human assets," who should take an active part in rewarding work and contributing to the corporate future and society through Dedication to Service.
Contributing as good corporate citizens to a sustainable society	We will dedicate ourselves to the realization of a sustainable society by analyzing the impact of all our business activities, including supply chains as well as products and services, on the global environment and society from a long-term perspective.
Taking measures to be a going concern	Through social responsibility & sustainability, we will continue to develop as a company that is recognized by all stakeholders for its value, with the dynamism to survive in any era.

Relationship between the 4 themes

Creating strong ties with consumers by strengthening/expanding Dedication to Service

Training human resources that form a society, promoting active engagement of a diverse cohort of employees

Contributing as good corporate citizens to a sustainable society

〈 The last theme is the basis on which three other themes will be developed in a medium- to long-term plan 〉







Taking measures to be a going concern

Process of Identifying Material Issues (Materiality) in Sustainability

Step 1	List the threats/risks and opportunities surrounding the Company based on social trends
Step 2	Extract themes of initiatives based on threats/risks and opportunities
Step 3	Identify “key themes of initiatives” from themes of initiatives and the following matters <ul style="list-style-type: none"> Key matters in Household & Personal Products sector set by external organizations* Framework of Company Mission and each strategy Degree of impact on the Company’s business
Step 4	Have dialogues on the key themes of initiatives identified in Step 3 with external experts (14 persons across nine companies)
Step 5	Submit the Material Issues (Materiality) in Sustainability revised following the dialogues in Step 4 to Sustainability Promotion Committee (currently Sustainability Committee) for approval

* External organizations: FTSE, MSCI, SASB

Material Issues (Materiality) in Sustainability

Materiality	Commitment	Related SDGs
Future challenges to be addressed by taking advantage of our strength and creating values		
Creating an easy-to-start grooming culture → P.26	Based on our original concept of “Health, Cleanliness, Beauty and Fun,” that is, the basic parts of “Health, Cleanliness and Beauty” combined with “Fun,” we will make consumers have fun and feel satisfied with everyday life through products and services that only Mandom can provide.	
Expanding Dedication to Service to a diversity of consumers → P.31	We will respond appropriately to changing senses of values and consumption behavior of consumers and maintain an environment in which consumers can look and choose the products and services that serve and satisfy a billion customers on earth.	
Realizing mutual growth of employees and the company → P.34	We will promote work-style reform to improve “productivity per unit,” “growth of individuals and job satisfaction” and “creativity” so that all employees as “human assets” may support the company and society.	
Issues to be addressed to realize a sustainable society and company		
Actions for sustainable global environment → P.39	Switching over to a recycling-based society in our view, we will take measures to reduce our environmental burden at all stages of the life cycle of products, including less dependence on plastics. Regarding reduction of greenhouse gas emissions, we hope to realize virtually zero greenhouse gas emissions by 2050.	
Sustainable procurement of raw materials → P.45	We will procure palm oil, paper, etc., ethically. Our action ranges from protection of forests and biodiversity to execution of corporate social responsibility by sustaining natural and labor environments and respecting human rights throughout all supply chains.	
Maintaining/enhancing the corporate base → P.48	Our everlasting mission is expanding and strengthening our Dedication to Service, which is feasible on the assumption that we are a going concern. Besides ensuring safety and security, we will strengthen business systems based on our philosophy.	

Medium- and Long-Term Targets and Progress on Material Issues (Materiality) in Sustainability

The Company formulated its sustainability policies and identified materiality in FY2021 and has been promoting initiatives in this regard. However, no specific materiality-related evaluation indicators and targets had been disclosed previously, which was considered to be an issue. The ESG Executive Committee, which was newly established in FY2022, has scrutinized and

consolidated the themes of initiatives, as well as deliberated and formulated medium- and long-term targets for the material issues (materiality) in sustainability. Moving forward, we will continuously review materiality-related matters in consideration of the latest social conditions as well as the opinions and expectations of our stakeholders, while reporting on our progress.

Materiality	Theme of initiatives	Evaluation indicator	Medium- and long-term targets		Progress (FY2022 results)
			Target	Year of achievement	
Future challenges to be addressed by taking advantage of our strength and creating values					
Creating an easy-to-start grooming culture	Strengthening our Dedication to Service ("Oyakudachi") for consumers who actively express their individuality	Number of proposals on a new cosmetic field that "enables consumers to freely express their own individuality" or on consumer attributes	Three or more proposals per year	Each year	Eight proposals
		Number of proposals on new technology that contributes to solution of issues faced by consumers	35 or more proposals in total from 2021 to 2027	2027	Eight proposals (total number of proposals from 2021)
	Developing human resources to create a new grooming culture	Participation rate of employees in training programs for penetration of Only One Marketing	(To be disclosed in FY2023)	2027	Target to be disclosed in FY2023
Expanding Dedication to Service to a diversity of consumers	Expanding our Dedication to Service	Number of challenges addressed to expand our distribution network	13 or more attempts per year	Each year	44 attempts
Realizing mutual growth of employees and the company	Creating a culture that encourages employees to take on new challenges	Ratio of "active engagement employees" in a philosophy survey	38% or higher	2027	16%
		Employee engagement	81% or higher per year	Each year	70%
	Active engagement by diverse human resources	Ratio of women in managerial posts	20% or more (Mandom Corp. (non-consolidated))	2027	11.9%
Issues to be addressed to realize a sustainable society and company					
Actions for sustainable global environment	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	14.8% reduction
		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 group companies under calculation
		Fossil resource-based virgin plastics emissions reduction ratio	25% or higher	2027	5.7% (compared to FY2016)
	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.	2027	53.5%
Sustainable procurement of raw materials	Palm oil	Ratio of RSPO -certified palm oil among palm oil that is used as an origin of raw materials	Switching 100% of palm-derived raw materials used at the Fukusaki Factory to RSPO* -certified palm oil (including book-and-claim compliance)	2026	38.1%
	Paper containers and packaging materials	Usage rate of FSC® -certified paper for paper and containers and packaging, and recovered paper usage ratio	Switching completely to the use of FSC® -certified paper/recovered paper for paper containers and packaging	2027	89.0%
Maintaining/enhancing the corporate base	Providing safety, security and high quality	Number of complaints about quality	Serious complaints: 0	Each year	Two complaints
	Safety and security of employees	Number of employees on long-term leave	Less than 10 (in Japan)	Each year	15 employees
	Pursuing the mission	Mission sharing ratio	65% or higher	Each year	62%

* RSPO: Roundtable on Sustainable Palm Oil

(FSC® N003667)

Sustainability Promotion System

We have established a Sustainability Committee headed by the President Executive Officer with the aim of strengthening the sustainability promotion system. While developing our approach for promoting the sustainability of the Mandom

Group and holding discussions with relevant departments at committee meetings and other meetings, we are strengthening our efforts to contribute to the sustainable development of society.



 CSR Information
 ▶ Mandom Group CSR > Mandom Group Sustainability Promotion System

Activities of the Sustainability Committee and associated committees

Committee	FY2022 Themes
Sustainability Committee	<ul style="list-style-type: none"> • Formulate medium- and long-term targets related to materiality • Supervise and manage associated committees, including evaluating, analyzing, and proposing improvements to their activities • Determine the themes of initiatives to be strengthened in FY2023
ESG Executive Committee	<ul style="list-style-type: none"> • Review medium- and long-term targets related to materiality • List threats/opportunities relevant to management and business issues in MP-14 • Report on the latest sustainability-related issues
Quality Assurance Committee	<ul style="list-style-type: none"> • Conduct management reviews based on quality assurance regulations • Summarize reports from customers • Respond to quality issues • Report on safety issues • Report on product recalls as well as recall-related issues and measures to be taken • Conduct and report on quality training and internal quality audits as well as plans for FY2023
Occupational Health and Safety Committee	<ul style="list-style-type: none"> • Improve the health and safety as well as workplace environment of employees • Provide information to improve employee health
Total Risk Management Committee	<ul style="list-style-type: none"> • Adopt measures to prevent leakage of confidential information due to viruses • Promote the Human Ethical Testing Committee (subcommittee) • Review policy on responding to the present COVID-19 situation • Formulate BCP for the head office • Respond to contingency risks in each operating country
Code of Conduct Promotion Committee	<ul style="list-style-type: none"> • Determine policies for company-wide education on Mandom Code of Conduct • Review current status of internal reporting system and consider measures for raising awareness of the system