

Strengths and initiatives to help

“Actions for sustainable global environment”

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. We have been engaged in activities to reduce our environmental impact to date, and we will further strengthen our efforts to reduce our environmental impact throughout the product life cycle, including less dependence on plastics, with the aim of transitioning to a recycling-oriented society. Regarding reduction of greenhouse gas emissions, we hope to realize virtually zero greenhouse gas emissions by 2050.

The Mandom Group’s Environmental Policies

The Mandom Group, based on its corporate philosophy, recognizes that environmental issues are a common issue for all humankind, and strives to understand the environmental impact of the entire value chain through its business activities. We will strive to realize a sustainable society by creating value through our core business, while cooperating with society to fulfil its wishes.



▶ For detailed items in the Mandom Group’s Environmental Policies, please see our website.



▶ The Fukusaki Factory has separately established the “Fukusaki Factory Environmental Policy.”

Formulation of Targets and Associated Progress

- Targets**
- ① By 2027, we aim to turn 90% of Mandom products sold in Japan into eco-friendly products.
 - ② By 2050, we aim to turn 100% of products sold by the Mandom Group into eco-friendly products.

Progress

53.5%

(as of March 31, 2023)

* Target①: Progress against products sold in Japan

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
Product use	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 that uses 50%+ recycled materials for its laminate packaging
Disposal	Waste reduction	Product that uses 20%+ less in power for dryer and gas for hot water supply when product is used, compared against benchmark
		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
Other	Recycling Circular economy	Product that eliminates use of individually packaged units or reduces weight by 10%+ of such packaging, compared against benchmark
		Refill product that reduces container weight by 50%+, compared to standard container weight
	Plastic waste reduction	Product that has switched from petroleum-based plastic to alternative materials (e.g. paper, glass)

(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.

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Initiatives to Reduce Plastic Waste

Plastic packaging, which is widely used in various fields including cosmetics, has the advantages of being lightweight, durable, and easy to process. On the other hand, it becomes so-called “marine plastic” if it is not disposed of and managed properly and ends up in the sea, and there is growing concern about its impact on the ecosystem. In addition, plastics derived from fossil resources generate a large volume of CO₂ emissions in their manufacturing process and when incinerated, and are also said to be a cause of global warming. In order to preserve a sustainable global environment and contribute to a carbon-free society, Mandom set a medium- to long-term target of reducing the volume of virgin plastics derived from fossil resources by at least 25% (compared to FY2016) by FY2027.

Having positioned the reduction of plastic waste as a top-priority challenge in the eco-friendliness of its products, the Mandom Group will strengthen its efforts through the 4Rs (reduce (reduce use and emissions), reuse, recycle, and renewable (replace with renewable materials)) to work towards reducing the use of plastics derived from fossil resources and addressing social challenges.

Reduce Reduction of usage and emissions	Promote initiatives to reduce the amount of plastics used and the amount of plastics discarded by reducing the thickness and weight of containers and packaging as well as sales promotion materials, and by adopting materials other than plastics.
Reuse Promotion of reuse	Promote the development of refillable and replaceable products with the aim of reducing waste of single-use containers by enabling repeated use of main containers.
Recycle Promotion of recycling	Promote the development of products that are easy to sort during disposal as well as containers made of mono material for easy reuse or recycle and recycled materials.
Renewable Promotion of switching to renewable materials	Promote the switching to sustainable materials such as plant-based materials (biomass plastics, etc.) to reduce the use of petroleum-based materials.

Examples of Initiatives to Reduce Plastic Waste

Example of “Reduce”

We removed the individual packaging of “GATSBY Facial Wipes/Body Wipes” sold exclusively through e-commerce.



Example of “Reuse”

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



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.



Promoting a Recycling-Oriented Society

We have been maintaining a rate of 99% or higher for resource recovery from industrial waste to qualify for “zero waste emissions” since October 2003 at the Fukusaki Factory. In FY2022, this was achieved at all Mandom business sites in Japan.

To encourage waste reduction and recycling at our head office building, we conduct environmental awareness seminars relating to such topics as environmental problems, and explain rules for proper waste classification and disposal to new employees and individuals who have transferred to the head office building. Waste emissions including general wastes were 3,314 tons in FY2022, a year-on-year decrease of 2.0%. We take this result seriously. Additionally, to further bolster our initiatives geared towards a sustainable global environment as we prepare for the transition to a recycling-oriented society, we joined the Japan Circular Economy Partnership (J-CEP) in 2022. Using the knowledge that we gained in doing so, we will endeavor to promote a circular economy going forward.



J-CEP is a new business co-creation partnership in which companies and other entities that seek to realize a sustainable society engage in the promotion of a circular economy in cooperation with residents, governments, universities, and other organizations.

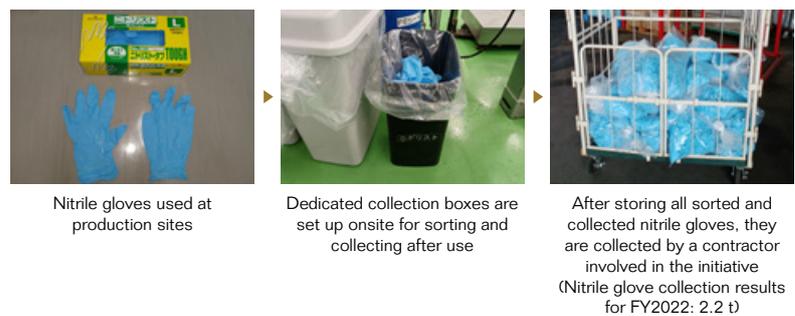
Waste Resource Recovery Initiatives

At the Fukusaki Factory, we conduct improvement activities every year with an awareness of waste resource recovery within the factory. As an example of these improvement activities, packaging paper used as raw material for nonwoven fabric deliveries, which used to be treated as waste, is now collected by an intermediate processing contractor and recycled as recycled paper. In addition, nitrile gloves, which were collected by a contractor after being sorted and collected post-use within the factory, are recycled as raw materials for roadbed materials and sand cushioning. We are committed to further improvements and initiatives toward a recycling-oriented society.

Example of packaging paper initiative



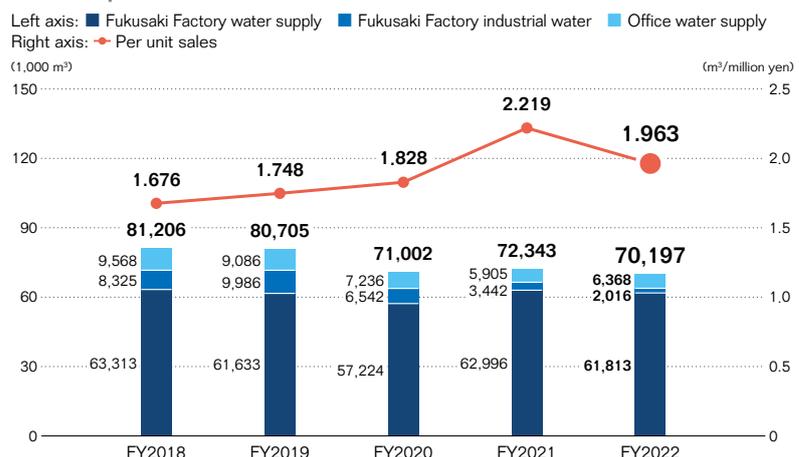
Example of nitrile glove initiative



Efficient Water Use

In FY2020, water resource usage decreased due to a decrease in production volume, affected by COVID-19 pandemic. In FY2022, production volume recovered to exceed that of the previous year. However, water resource usage was 70,197m³, a year-on-year decrease of 3.0%. At the Fukusaki Factory, we are regularly calling upon each department to save water, and reviewing methods of cleaning production equipment, piping, and other facilities. We will continue to emphasize efficient use of limited water resources and the continuous response to water resource issues as we aim to do our part for a better environment.

Water Input



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Promoting Measures toward a Carbon-Free Society

Initiatives related to Climate Change (disclosure based on TCFD*1 recommendations)

Viewing climate change as one of its material issues (materiality) in sustainability, the Mandom Group has adopted “initiatives geared towards a carbon-free society” and “eco-friendly product manufacturing” as themes it will tackle. 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. Additionally, we will push forward with various actions based on the themes we will tackle as well as proactively disclose information.



External Site

*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 See p.24 “Sustainability Strategy and Materiality.”

▶*3 See p.25 “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)

Risks and opportunities with climate change at Mandom

Scenario	Classification	Risks and opportunities	Business impact/financial impact	Envisoned timing of manifestation	Degree of impact	Envisoned monetary impact
1.5°C scenario	Transition risks	Introduction of/rise in carbon tax	Increase in operational costs due to introduction of carbon tax	Medium term	++	¥320 million per year *Maximum risk value when current emissions continue until 2030
		Rise in energy costs for renewable power	Rise in energy costs due to growth in demand for renewable power	Short term	++	¥170 million-¥990 million per year *Maximum risk value when current power composition/electricity consumption continues until 2030
		Cost resulting from transition from packaging materials and plastic products to “sustainable products”	Risk of getting shut out of market if there is no progress in transition to “sustainable products” concerning packaging materials and plastic products	Long term	++	¥710 million per year *Maximum risk value when current consumption continues until 2030
		Decrease in earnings and increase in business costs resulting from changes in the market	Risk of earnings decreasing and business costs increasing due to changes in market (changes in consumer preferences) and intensified competition in specific markets	Medium term	++	—
	Opportunities	Reduction in costs, increase in earnings, improvement in asset value, etc. resulting from development of new products and technologies	Reduction in costs, increase in earnings, improvement in asset value, etc. resulting from development of new products and technologies	Long term	++	—
		Increase in earnings and enhancement of market competitiveness resulting from incorporation of consumer preferences	Increase in earnings and enhancement of market competitiveness resulting from incorporation of consumer preferences	Medium term	++	—
4°C scenario	Physical risks	Fragmentation of supply chain caused by damage to suppliers	Damage to business bases and suppliers caused by abnormal weather, etc. and risk of decrease in earnings resulting from fragmentation of supply chain	Long term	++	—
		Risk of stagnation of business activities caused by water shortages resulting from heat waves and droughts	Risk of stagnation of business activities caused by water shortages given projections of increased frequency of heat waves and droughts	Long term	++	—
	Transition risks	Rise in energy costs for renewable power	Rise in energy costs due to growth in demand for renewable power	Short term	++	—
	Opportunities	Product development/market expansion and cost reductions related to physical risks and accompanying improvement in evaluation by investors	Product development/market expansion and cost reductions related to physical risks and accompanying improvement in evaluation by investors	Long term	++	—

• Timing of manifestation Short term: 0–1 years; medium term: 3–5 years; long term: 10+ years
• Degree of impact ++: Considerable impact; +: Certain degree of impact; -: Small or negligible impact

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 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.

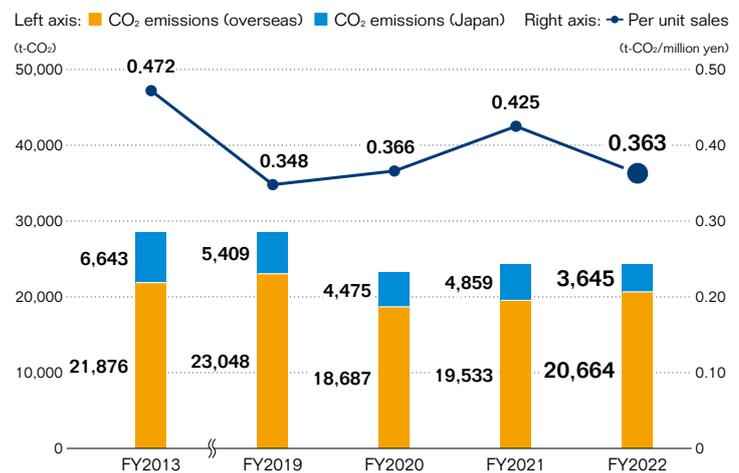
 ⁵Trends over five years in environmental data for the Mandom Group – Supply chain emissions in Japan

CO₂ emissions in business activities

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

In FY2022, CO₂ emissions from Scope 1 + 2 in Japan and overseas totaled 24,309 tons, a 14.8% reduction compared to FY2013.

In FY2022, while an increase in overseas production yielded increases in fuel and power consumed, due in part to the replacement of all power at our Japanese head office building with renewable power, emissions decreased by 0.3% year on year.

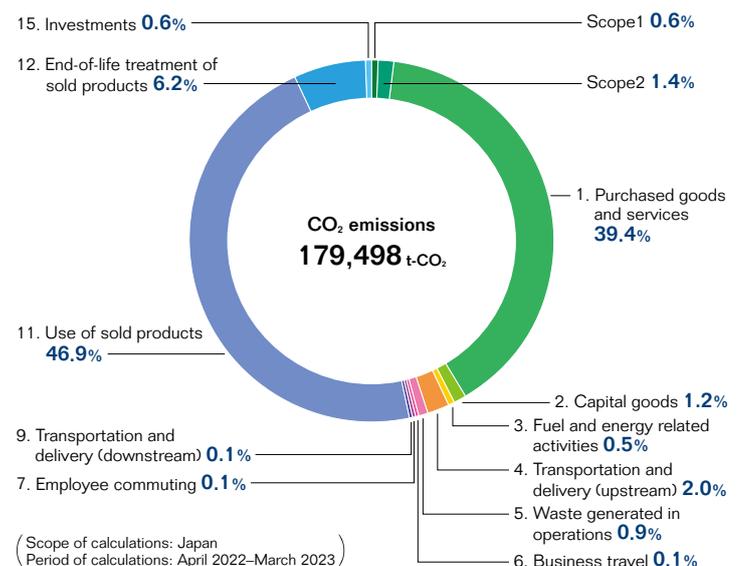


► Calculation of GHG emissions for the entire value chain

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.



CSR Information

- Overview of Domestic Environmental Load of the Mandom Group
- Historical Environmental Data
- Environmental Data by Production Site

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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.

<p>GHG emission reductions in the Group</p> <p>Long-term targets</p> <ul style="list-style-type: none"> • Aiming to achieve zero CO₂ emissions Group-wide in FY2050 <p>Medium-term targets</p> <ul style="list-style-type: none"> • 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 <p>▶ For the progress status, please refer to “Medium- and Long-Term Targets and Progress on Material Issues (Materiality) in Sustainability” on page 24.</p>	<p>Related targets: Eco-friendliness in products</p> <p>Long-term targets</p> <ul style="list-style-type: none"> • Turning 100% of products marketed by the Mandom Group into eco-friendly products by 2050 <p>Medium-term targets</p> <ul style="list-style-type: none"> • Turning 90% of Mandom products marketed in Japan into eco-friendly products by 2027
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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 of/rise in carbon tax • Rise in energy costs for renewable power 	43% reduction of CO ₂ emissions in Scope 1 + 2		46% reduction of CO ₂ emissions in Scope 1 + 2	
	Opportunities	<ul style="list-style-type: none"> • Cost resulting from transition from packaging materials and plastic products to “sustainable products” • Decrease in earnings and increase in business costs resulting from changes in the market 	Promotion of eco-friendly products (90% adoption of eco-friendliness for products marketed in Japan (up to 2027) → 100% (up to 2050))		Net zero CO ₂ emissions * Including Scope 3	
4°C scenario	Physical risks	<ul style="list-style-type: none"> • Fragmentation of supply chain caused by damage to suppliers • Risk of stagnation of business activities caused by water shortages resulting from heat waves and droughts 	Building of supply chain from perspective of BCP			

Status of Initiatives

In 2022, we changed the power consumed at our head office under our Japan business over to renewable energy-certified power, and also switched lighting at the head office and R&D buildings to LED. Consequently, due to the increase in production volume accompanying the recovery in the market, which had been sluggish due to the impact of the COVID-19 pandemic, CO₂ emissions in Scope 1 increased (an increase of 442 t-CO₂ compared to 2021). However, we managed to facilitate reductions in CO₂ emissions in Scope 2 (a decrease of 524 t-CO₂ compared to 2021), resulting in a total reduction volume of 81 t-CO₂ in Scope 1 and 2 (compared to 2021). For initiatives geared towards eco-friendliness with products, we are currently enhancing our eco-friendly product offerings,

which constitute 53.5% of the Mandom products marketed in Japan as of March 31, 2023 (45.8% as of March 31, 2022). 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”^{*6}. (Examples of such products: “GATSBY Space Shower Wipes for Scalp/for Body,” “Mandom Happy Deo Body Sheets Fresh & Smooth/Extra Cool,” and “Mandom Happy Deo Face Mist Refresh Mint.”)

^{*6} Kai-tech technology: Proprietary technology of Mandom that utilizes our knowledge of Transient Receptor Potential (TRP) channels, which are skin sensation sensor, to thoroughly pursue greater comfort upon use

Visit our website below for more detailed information on disclosures in line with TCFD.
https://www.mandom.co.jp/en/csr/eco_globalwarming.html