

# Sustainability Policy, Promotion Structure, Materiality

## 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 philosophy, which itself is equivalent to sustainability of Mandom Group. To solve social and environmental issues, we place sustainable management at the core of our operations. In FY2021, we formulated our sustainability policy and identified material issues (materiality) in sustainability, aiming to further

enhance our Dedication to Service (Oyakudachi) through our business activities and create new corporate value.

### 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 Policy

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	Description
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**

## 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.



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### Activities of the Sustainability Committee and associated committees

Committee	FY2024 Themes
Sustainability Committee	<ul style="list-style-type: none"> <li>• Manage progress toward Materiality-related medium- and long-term goals</li> <li>• Supervise and manage associated committees, including evaluating, analyzing, and proposing improvements to their activities</li> </ul>
ESG Executive Committee	<ul style="list-style-type: none"> <li>• Check and monitor the progress of each medium- to long-term goal related to action themes based on materiality</li> <li>• Monitor progress toward medium- and long-term goals related to action themes</li> </ul>
Quality Assurance Committee	<ul style="list-style-type: none"> <li>• Conduct management reviews based on quality assurance regulations</li> <li>• Summarize reports from customers</li> <li>• Respond to quality issues</li> <li>• Report on safety issues</li> <li>• Conduct and report on quality training and internal quality audits as well as plans for FY2025</li> </ul>
Occupational Health and Safety Committee	<ul style="list-style-type: none"> <li>• Promote wellness initiatives under health and productivity management, and foster a workplace culture that supports such management</li> <li>• Fulfill the duty of care in line with the principle of prioritizing safety and security, including implementing line care initiatives</li> <li>• Plan and implement measures to reduce overtime labor as part of promoting physical and mental well-being</li> </ul>
Total Risk Management Committee	<ul style="list-style-type: none"> <li>• Continuously promote the early detection and prevention of potential business risks, and ensure timely and appropriate responses when risks materialize</li> </ul>
Code of Conduct Promotion Committee	<ul style="list-style-type: none"> <li>• Conduct effective company-wide training on the Code of Conduct</li> <li>• Implement measures to improve understanding of harassment issues</li> <li>• Provide education on various laws and regulations</li> </ul>







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### Process for Identifying and Reviewing Material issues pertaining to Sustainability (Materialities)

<b>Step 1</b>	<p>Extract and organize social issues surrounding our company with reference to social trends and the following information</p> <ul style="list-style-type: none"> <li>• Dialogue with stakeholders</li> <li>• Key items in “Household &amp; Personal Products” sector determined by external organizations</li> <li>• Materiality items extracted by Japan Cosmetic Industry Association</li> </ul>
<b>Step 2</b>	<p>Evaluate the classified materiality items in terms of the importance of risks and opportunities in reference to MP-14, as well as the status of the company’s response to them</p>
<b>Step 3</b>	<p>During the evaluation in Step 2, prepare a materiality list revised based on the most important and insufficiently addressed items, as well as the themes and medium- to long- range targets for each materiality, for the Sustainability Committee to discuss and determine</p>

\* External organizations: FTSE, MSCI, SASB

## Material Issues (Materiality) in Sustainability

Materiality	Commitment	Related SDGs
<b>Future challenges to be addressed by taking advantage of our strength and creating values</b>		
<b>1</b> Casual enjoyment Creating a culture of fashion <a href="#">→P.46</a>	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 offer unique, one-of-a-kind products and services, thereby providing excitement and exhilaration and helping consumers, who have diverse values, be who they want to be.	
<b>2</b> For diverse Seikatsusha (Consumers) Expansion of Oyakudachi (Dedication to Service) <a href="#">→P.50</a>	We will respond appropriately to changing senses of 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.	
<b>3</b> Employees and company achieving mutual growth <a href="#">→P.54</a>	By investing in the growth of our employees, we maximize the performance of our “human assets” with their diverse individuality and strengths, thereby expanding the scope of our Dedication to Service (Oyakudachi) to all stakeholders.	
<b>Issues to be addressed to realize a sustainable society and company</b>		
<b>4</b> Sustainable initiatives for the global environment <a href="#">→P.58</a>	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.	
<b>5</b> Sustainable Procurement of raw materials <a href="#">→P.62</a>	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.	
<b>6</b> Continuous strengthening of corporate foundation <a href="#">→P.66</a>	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.	



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## Medium- to long-term targets for key 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	Themes of Initiatives	Evaluation Metrics	Medium to long-term targets		FY2024 Results
				Numerical target	Target Year	
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	3 or more proposals per year	Each year	8 inquiries
			Number of proposals on new technology that contributes to solution of issues faced by consumers	A cumulative total of 35 proposals or more from 2021 to 2027	2027	23 proposals in total
		Developing human resources to create a new grooming culture	Code of Practices Rate of practice of the MANDOM PRINCIPLES	80% or more	2027	68%
	Expanding Dedication to Service to a diversity of consumers	Expanding our Dedication to Service	Number of challenges addressed to expand our distribution network	13 challenges or more attempts per year	Each year	102 inquiries
	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 more	2027	20%
		Active engagement by diverse human resources	Employee engagement Ratio of women in managerial posts	81% or higher per year 20% or more (Mandom Corp. (non-consolidated))	Each year 2027	72% 14.8%
Issues to be addressed to realize a sustainable society and company	Actions for sustainable global environment	Promoting measures toward a carbon-free society	CO <sub>2</sub> emissions reduction (compared to FY2013) in Scope 1+2	CO <sub>2</sub> emissions reduction in Scope 1+2 in Japan and overseas: 43% or more compared to FY2013	2027	17.6% reduction
			Achievement of zero CO <sub>2</sub> emissions Group-wide	Completed preparation of scenarios for achievement of zero CO <sub>2</sub> emissions Group-wide by 2050	2027	Scope 3 emissions for overseas companies under calculation
			Fossil resource-based virgin plastics emissions reduction ratio	25% or more	2027	6.3%
		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	60.5%
		Waste reduction	Reduction rate of the use, weight, and dimensions of waste product and promotional item containers and packaging (Compared to FY2022)	65% or more	2027	23.3%
	Sustainable procurement of raw materials	Palm oil	Ratio of RSPO <sup>*1</sup> -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 <sup>*1</sup> -certified palm oil (including book-and-claim compliance)	2026	61.5%
		Paper containers and packaging materials	Usage rate of FSC <sup>*2</sup> -certified paper for paper and containers and packaging, and recovered paper usage ratio	Switching completely to the use of FSC <sup>*2</sup> -certified paper/ recovered paper for paper containers and packaging	2027	94.0%
	Maintaining/enhancing the corporate base	Providing safety, security and high quality	Number of complaints about quality	Serious complaints: 0	Each year	1 inquiries
		Safety and security of employees	Number of employees on long-term leave	Less than 10 (in Japan)	Each year	14
		Enhancing data security	Compliance with Cybersecurity Management Guidelines	Implementation of all ten important items	2027	73% attainment rate
		Pursuing the mission	Company-wide rate of Mission-based employee decision-making	80% or more	2027	65%

\*1 RSPO: Roundtable on Sustainable Palm Oil (Round-table conference concerning sustainable palm oil)

\*2 FSC: Forest Stewardship Council® (FSC®N003667)