Materiality 4

Strengths and Initiatives to Help Materiality (From the Present to the Future Mandom)

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 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.

Medium to long-term targets

Themes of Initiatives	Evaluation Metrics	Medium- to Long-Term targets		FY2024 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	17.6% reduction	P.58
	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.58
	Fossil resource-based virgin plastics emissions reduction ratio	25% or more	2027	6.3%	P.61
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%	P.61
Waste reduction	Reduction rate of products and promotional items (Compared to FY2022)	65% or more	2027	23.3%	P.60

Environmental issues such as climate change and plastic marine pollution are becoming increasingly severe. The Sixth Assessment Report by the IPCC (Intergovernmental Panel on Climate Change) concluded that “It is unequivocal that human influence has warmed the atmosphere, ocean, and land,” and that human activities are reflected in the frequent occurrence of extreme phenomena such as heat waves and heavy rainfall. Environmental awareness among stakeholders, including consumers and investors, is rising, and we recognize this as an important factor affecting the sustainability of our future business. We believe that promoting initiatives for the global environment as a company leads to enhancing corporate value.

Example of Initiatives 1

Disclosure based on TCFD*1 recommendations

As a corporate citizen, while contributing to society, we aim to evolve Dedication to Service (Oyakudachi) and create corporate value through our core business, positioning climate change response as a critical management issue. As part of this, in June 2022, we expressed support for the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD).”

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

Using the TCFD framework, we are working to strengthen governance related to climate change and conducting scenario analysis that reference scenarios presented by various initiatives, such as the 1.5°C and 4°C scenarios. We continuously evaluate the financial impacts of risks and opportunities arising from climate change on our business.

Governance

We position climate change response as a material issue in sustainability management and as one of the themes for materiality initiatives. We have formulated medium- to long-term goals related to climate change*2 and are discussing them in the Sustainability Committee*3 (composed of management) and its subcommittees. These contents are submitted to the Management Council and the Board of Directors’ Meeting, where monitoring and deliberation ensure appropriate supervision and strengthened governance.

*2 Medium- to long-term targets for key issues (materiality) in sustainability
Please refer to P.27.
*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)

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, regarding emission results, we calculate CO_2 emissions (Scope 1+2) originating from energy and electricity used by the entire group 2 and CO_2 emissions (Scope 3) in the value chain of our Japan business annually, managing progress toward targets*5.

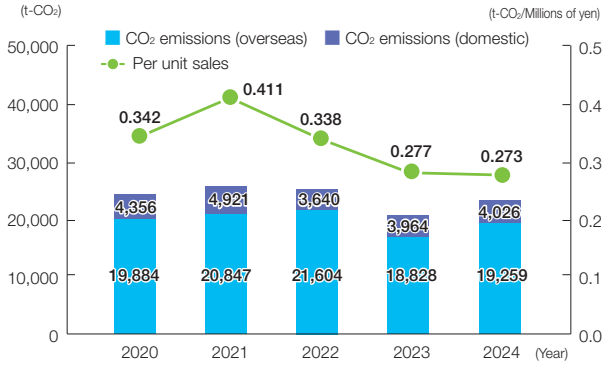
*5 Trends over five years in environmental data for the Mandom Group – Supply chain emissions in Japan

Five-Year Trends in Environmental Data for the Mandom Group
Supply Chain Emissions in Japan

CO_2 emissions in business activities

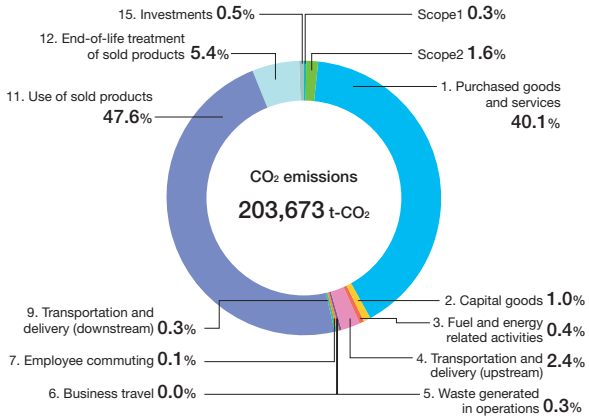
CO_2 emissions (Scope 1+2) in Japan and overseas for FY2024 were 23,285 tons, a 17.6% reduction compared to FY2013. However, compared to the previous year, there was a 2.2% increase.

Trends in CO_2 emissions (Scope 1 + 2 in Japan and overseas)



Calculation of GHG emissions for the entire value chain

Since FY2018, we have started calculating greenhouse gas emissions across the entire value chain based on the “GHG Protocol Scope 3 Standard.”
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.



Calculation target: Japan Calculation target period: April 2024 - March 2025

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 CO_2 emissions Group-wide in FY2050**

Medium-Term targets
- **Aiming to reduce CO_2 emissions in Scope 1 + 2 in Japan and Overseas by 46% or more compared to FY2013 by FY2030**
- **Aiming to reduce CO_2 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**

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Road Map for Initiatives Related to Risks and Opportunities

Scenario	Classification	Risks and opportunities	FY2023	FY2027	FY2030	FY2050
1.5 °C scenario	Transition risks	• Introduction of/rise in carbon tax • Rise in energy costs for renewable power	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
		• 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 (Rate of eco-friendly products sold in Japan: 90% by 2027 ➡ 100% by 2050)			
	Opportunities	• Cost reduction, revenue increase, asset value increase, etc. resulting from development of new products and technologies • Increase in earnings and enhancement of market competitiveness resulting from incorporation of consumer preferences				
4 °C scenario	Physical risks	• 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 FY 2024, additional solar panels were installed at the Fukusaki Factory. However, due to increased production volumes in both Japan and Indonesia, CO_2 emissions (Scope 1 + 2) in Japan and overseas increased by 2.2% year-on-year. Regarding our efforts to make our products environmentally friendly, we are expanding our range of eco-friendly products, and as of the end of FY 2024, 60.5% of Mandom products sold in Japan were environmentally friendly.
To respond to changes in consumer value in the market due to rising outside temperatures associated with climate change, we are rolling out products utilizing our unique “Kai-tech technology” and engaging in the application of advanced sweat gland research.

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

Fukusaki Factory
Solar panels on the roof of a new production building

Factory 1 (Indonesia)
Solar panels on the roof of the factory

Factory 2 (Indonesia)
Solar panels on the roof of the factory

Products utilizing “Kai- tech technology”

GATSBY
Space Shower Wipes
For scalp/body

Mandom Happy Deo
Body Sheet Super Refreshing/
Extra Cool

“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.

Products born from advanced sweat gland research

(Left) GATSBY EX Premium Type Deodorant Roll-On Unscented (Quasi-drug)
(Right) GATSBY EX Premium Type Deodorant Spray Unscented (Quasi-drug)

Example of Initiatives 2

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.

Example of Initiatives 3

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 that uses 50%+ recycled materials for its laminate packaging
Product use		Product that uses 20%+ less in power for dryer and gas for hot water supply when product is used, compared against benchmark
	Water use reduction	Product that uses 20%+ less water when product is used, compared against benchmark
Disposal	Waste reduction	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
		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)
Other	Recycling Circular economy	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”

For seven GATSBY hair styling products using aluminum cans, we adopted lightweight cans that reduce aluminum usage while maintaining container performance and strength. The annual reduction in total aluminum usage for the targeted products is approximately 25 tons*1, and the reduction in greenhouse gas emissions due to this lightweighting is approximately 335 tons of CO*2 equivalent annually.

*1 Calculated based on FY2023 shipment results (calculated using slag). Slag: Aluminum processed into coin shapes before forming into cans.
*2 Calculated based on FY2023 shipment results in CO_2 equivalent.

Plastic reduction through exterior removal

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

Reduction of individual packaging

We have eliminated individual packaging for three-piece sets sold exclusively on EC.

See the Mandom website for other examples.
Sustainability > Environment (E) > Environmentally Friendly Products and Promotional Items