

GHG Emissions Visualization Project

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In May 2022, we launched the GHG Emissions Visualization Project to further enhance the promotion of initiatives responding to climate change in Environmental Targets 2030 and Kyo-sei Life Vision 2030. This project aims to quantitatively visualize the Carbon Footprint of Products (CFP)*¹ and identify and implement specific reduction measures for each of our products. For this project, we have teamed with Wastebox, Inc. and obtained the support of Deloitte Tohmatsu Consulting LLC, a company with a wealth of knowledge and experience related to comprehensive support for carbon neutrality.

Phase 1: Visible (Visualization of GHG Emissions)

In fiscal 2022, we established a calculation system in accordance with Greenhouse Gas Protocol international standards and developed a system that enables CFP values to be calculated by company and product. We also obtained information on primary GHG emissions data*² for each material covering approximately 80% (on a purchase amount basis) of personal care product materials procured mainly in Japan. These measures allow us to not only calculate GHG emissions in accordance with global standards, but also reflects supplier efforts to mitigate climate change and improve productivity, including more accurate visualization of GHG emissions for each material.

Phase 2: Measurable (Scenario Analysis)

In fiscal 2023, the CFP value calculation system constructed in Phase 1 commenced operation, and the accuracy of the values for each product was verified. We recognize that decarbonization is an issue for which it is difficult to achieve significant results on our own, and we believe it is important to expand our efforts beyond daily necessities to encompass the entire industry. To this end, we also held three information exchange meetings on the theme of visualizing GHG emissions in May, August, and November, inviting relevant government ministries and agencies, other businesses in our industry, and environment-related companies. In addition to complying with international calculation rules, we exchanged opinions extensively on how ultimately labeling should be easy to understand and familiar to consumers when they select products and services.

Phase 3: Manageable (Implementation of Measures)

In fiscal 2024, our calculation rules were certified under the Internal-PCR approval program*³ of the Sustainable Management Promotion Organization (SuMPO). In addition, we conducted a demonstrate test to develop a primary data distribution infrastructure to enable primary data for each material collected from and used in Phase 1 and Phase 2 to be effectively used by industry peers and material manufacturers. We also held information exchange meetings on visualization of GHG emissions with industry peers in March and October 2024 and exchanged views with Keidanren (Japan Business Federation) and the Japan Hygiene Products Industry Association. Furthermore, we conducted hot spot analysis and gap analysis to determine specific reduction measures and expanded these initiatives into the pet care field and began deploying them at our overseas subsidiaries in Thailand and Indonesia.

Phase 1: Visible (Visualization of GHG Emissions)

Phase 2: Measurable (Scenario Analysis)

Phase 3: Manageable (Implementation of Measures)

OODA and PDCA Cycles (Continuous Measurement and Improvement of Effectiveness)

Fiscal 2022 Results

- Established rules for calculating GHG emissions in accordance with Greenhouse Gas Protocol, and completed the construction of a system for calculating CFP values by company and product
- Obtained information on primary GHG emissions data for each material covering approximately 80% (on a purchase amount basis) of personal care product materials procured mainly in Japan

Fiscal 2023 Results

- Commenced operation of the system constructed in Phase 1, fine-tuned CFP values by product
- Conducted three meetings in May, August, and November to exchange opinions with government ministries and agencies, other businesses in our industry, and environment-related companies regarding the visualization of GHG emissions to discuss the ideal format of easy-to-understand and friendly labeling when consumers select products and services

Fiscal 2024 Results

- Received certification for our internal CFP calculation rules under the Internal-PCR approval program; promoted the calculation of CFP values in society and the industry as a whole
- Obtained primary data on materials for pet care products and began implementation at overseas subsidiaries
- Commenced joint demonstration tests on primary data distribution infrastructure in September 2024
- Held information exchange meetings on visualization of GHG emissions with relevant government ministries and agencies, industry peers, and environment-related companies in March 2024 and October 2024

Fiscal 2025 Onward

- Formulate approaches that contribute to the enhancement of corporate value
- Adapt and expand approaches, including expansion into to other lines of manufacturing and compliance with regulations in various countries and regions
- Improve the accuracy of value chain hotspots identified through LCA analysis, in cooperation with academia

*1 System indicating GHG emissions throughout the entire life cycle of products and services, from the procurement of raw materials, to disposal and recycling, converted to CO₂

*2 Data collected and measured by the business responsible for calculations (e.g., electricity consumed in the manufacture of its products), and interviews with external stakeholders (e.g., direct understanding of company-related emissions by business partners)

*3 By constructing and operating a highly reliable and suitable Internal-PCR system, we aim to visualize the environmental information of our products in an effort to achieve carbon neutrality and promote internal and external communication using environmental information such as CFP.