

Kao Group Profile

2020



KaO

Kirei — Making Life Beautiful

The Japanese word “kirei” means beautiful or clean, not only on the outside but also on the inside. For us at Kao, Kirei is the value we want to bring to everyday life with our brands, products and services.

The little moments you enjoy, like the comfort of freshly washed sheets, the happiness you share with a smiling baby, the confidence you feel when you look in the mirror and see not only healthy skin and hair, but also your inner beauty shining through. The special pleasure that comes from using products you know have been crafted with care both for you and for the environment.

We believe these moments and the positive feelings you share with others have the power to shape the future. We want minds, lives and society to be Kirei—Making Life Beautiful.



Toward a Better Future



The Kao Group has made the Kao Way, the Group's corporate philosophy, the foundation of all of its corporate activities. Our mission is to strive for the wholehearted satisfaction and enrichment of the lives of people globally and to contribute to the sustainability of the world.

Since our founding in 1887, we have delivered products to people worldwide through our Consumer Products Business, which contributes to cleanliness, beauty, and well-being in everyday life, and through our Chemical Business, which contributes to the growth of a variety of industries.

In recent years, social issues—such as those concerning the environment—have become increasingly severe. This has led to a major change in consumer awareness, which in turn has raised the bar for companies that seek to fulfill their responsibilities to society. To address this challenge, Kao has launched the Kirei Lifestyle Plan, our new ESG* strategy, to support the sustainable lifestyle that consumers desire. The Kirei Lifestyle Plan

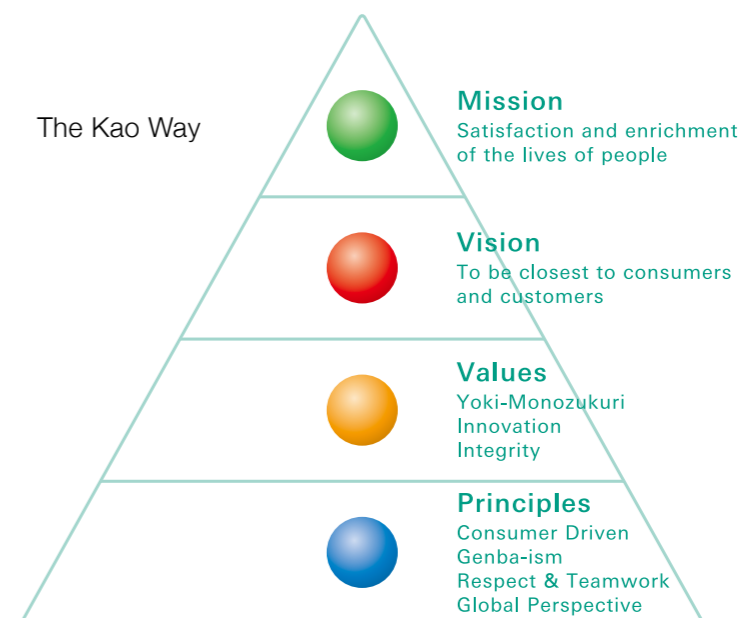
embodies our passion for working together with various stakeholders to develop innovative technologies and to find ways to tackle the many social and environmental issues that we are facing today. By doing so, we can continue to enrich the lives of people the world over.

From the start, we have been committed to *Yoki-Monozukuri*, providing products and brands of excellent value for consumer satisfaction. By incorporating our distinctive ESG strategy into this core philosophy, we will pursue a unique approach toward realizing a sustainable way of life.

*ESG stands for Environmental, Social, and Governance.

The Japanese word "kirei" means beautiful or clean, not only on the outside but also on the inside. At Kao, Kirei is the value we want to bring to everyday life with our brands, products and services – now and in the future.

Michitaka Sawada
President and Chief Executive Officer



Enriching the lives of consumers around the world

A Kirei lifestyle means living a beautiful life inside and out.

A Kirei lifestyle is full of compassion. Where making your own life clean and beautiful never compromises the beauty and cleanliness of the world around you.

A Kirei lifestyle is enjoying today, with the peace of mind that those joys will be there tomorrow. At Kao, everything we do is in service of this lifestyle, helping people live the sustainable lifestyles that they desire.

That is why we have established the Kirei Lifestyle Plan, Kao's ESG strategy.

The Kirei Lifestyle Plan is a framework for stepping up innovation in every aspect of our business so that we can generate even more value for people and make further contributions to society.

*ESG stands for Environmental, Social, and Governance.

Making my everyday more beautiful



Making thoughtful choices for society



Making the world healthier & cleaner



We will aim to empower all people, at least 1 billion by 2030, to enjoy more beautiful lives — greater cleanliness, easier aging, better health and confidence in self expression



100% of Kao brands will make it easy for people to make small but meaningful choices that, together, will shape a more resilient and compassionate society



100% of our products will leave a full life cycle environmental footprint that science says our natural world can safely absorb



Aiming for fully-recyclable plastic packaging and a recycling-based society

Kao's commitment to creating a better future for people and the planet is the driving force behind our efforts to minimize the environmental impact of our products. In addition to developing refill and replacement products, we are constantly seeking ways to reduce the amount of plastic used in our product containers and packaging.

Kao's latest innovation in this field is film-based packaging that will eliminate the use of rigid plastic bottles. Additionally, we are now seeking to make our plastic containers and packages fully recyclable.



Our Approach to Packaging

Making Products More Compact

Reducing volume by making products more concentrated has led to products that are more compact. The development of bottles with thin but protective walls has helped reduce the use of plastic.



Original type Concentrated type

Plastic usage reduced by **40%**
*When the product is used the same number of times

Refill and Replacement Products

The development of products that encourage consumers to use refill packs and replacement parts has also helped to greatly reduce plastic consumption. Kao continues to create product containers that can be easily refilled by anyone.



Accelerating the Replacement of Plastic Bottles with Innovative Film Packaging

Kao has developed new packaging made from thin layers of film that can be inflated like a swim ring and used like a bottle. Air is injected between the layers to inflate the film and give the packaging its shape. The amount of plastic used has been decreased so it is the same as the amount used in a refill pack, which is much less than the amount used in a conventional bottle. With this new design, consumers can skip refilling containers and can use every drop of product, meaning nothing goes to waste. This new film packaging will be introduced in stages, starting with Kao's new brand *MyKirei by KAO*.*

*MyKirei by KAO embodies the Kirei Lifestyle, the sustainable lifestyle that Kao seeks to deliver to consumers. Following its launch in the United States, the brand will become available in other regions.



A video about Kao's new film packaging is available here.



Future Skin, created using Fine Fiber Technology, opens a new path to the future in cosmetics and medical science

Fine Fiber Technology is a revolutionary new technology that creates a supple, ultra-thin membrane on the surface of the skin.

A single superfine fiber is sprayed onto the skin to create a layered film that blends naturally with the skin. We call this Future Skin, a futuristic skin experience made possible by breakthrough technology.

Starting with cosmetics, Kao will continue to build on our many years of research into dermatology, looking toward future applications in the medical and therapeutic fields to help those suffering from various skin problems.

Through the advancement of essential research, Kao will continue to offer innovative solutions to social challenges.



A layered ultra-thin membrane made of superfine fiber

Fine Fiber Technology was inspired by the electrospinning method used in crafting non-woven fabric. A superfine fiber, less than one micrometer in diameter (1/100 the diameter of a human hair), is spun onto the target surface in layers. This creates a light, soft, and ultra-thin membrane.



Dramatically boosted performance of skin care products

The layered, ultra-thin membrane is supple enough to mold and move flexibly with the skin. Its outstanding capillary action* distributes skin care products quickly and evenly throughout the membrane and retains them firmly. The skin, however, is not completely sealed off, and an appropriate level of moisture permeability is maintained. *The ability of a liquid to flow between narrow spaces.

Commercialization starting with skin care

A small, high-performance device has been developed that embodies the essence of Fine Fiber Technology. This has already been introduced in Kao's *est* and Kanebo's *SENSAI* skincare lines.



A video about how an ultra-thin membrane is formed is available here.

Our goal is to make each and every day filled with joy by delivering products that resonate with our customers



Cosmetics Business

We offer products to satisfy the diverse beauty aspirations of all of our customers. At the same time, we pursue unique brand development for the skin care brands *Est*, *Sofina iP*, and *Curel*, the cosmetics brands *SUQQU* and *KATE*, and the high prestige brands *SENSAI* and *Molton Brown*, among others.



Human Health Care Business

We offer products that support greater comfort and health in daily life, including sanitary products such as *Laurier* sanitary napkins, *Merries* baby diapers, and *Relief* adult diapers. Other products include *Healthya* healthy functional beverages, *PureOra* oral care products, *Bub* bath additives, and *MegRhythm* steam masks and patches.



Skin Care and Hair Care Business

We offer products that help consumers achieve truly healthy and beautiful skin and hair. These include *Bioré* and *Bioré-u* face and body washes and *Jergens* body lotion in the skin care family, the *Merit*, *Essential*, *Rerise*, and *John Frieda* product lines in the hair care family, and the *Goldwell* and *Oribe* product lines for professional hair salons.



Fabric and Home Care Business

We offer products to provide greater cleanliness and comfort in daily life, including fabric care products such as *Attack* laundry detergents and *Flair* Fragrance fabric softeners, *Cucute* dish detergents, and *Magiclean* home cleaners.

Eco-chemicals contribute to the sustainability of society through technical innovation

Chemical Business

The Chemical Business offers an expansive array of products globally, such as oleo chemicals manufactured from natural fat and oil, performance chemicals such as surfactants, and specialty chemicals such as toners and toner binders. We are helping to enrich people's lives in a wide range of industrial fields. The environment is always our focus in business activities. While ensuring product safety and high quality, we are committed to realizing a sustainable society through the development of products with reduced environmental impacts.

[Target industries]

Personal care and Cosmetics / Laundry Detergents / Aroma chemicals and Fragrances / Pharmaceuticals / Agrochemicals / Food Products / Civil Engineering and Construction / Lubricants / Metal / Rubbers / Pulp and Paper / Inorganic and Fine ceramics / Color and Ink / Foundry / Information materials / Electronic materials / Electronics / various other industries

Reducing resource usage by extending the life of pavement through specialty asphalt additives

Our additives reduce damage to asphalt paving such as cracks and ruts. This improves pavement durability and reduces repair frequency, which in turn reduces the usage of natural resources and contributes to decreasing environmental impacts.



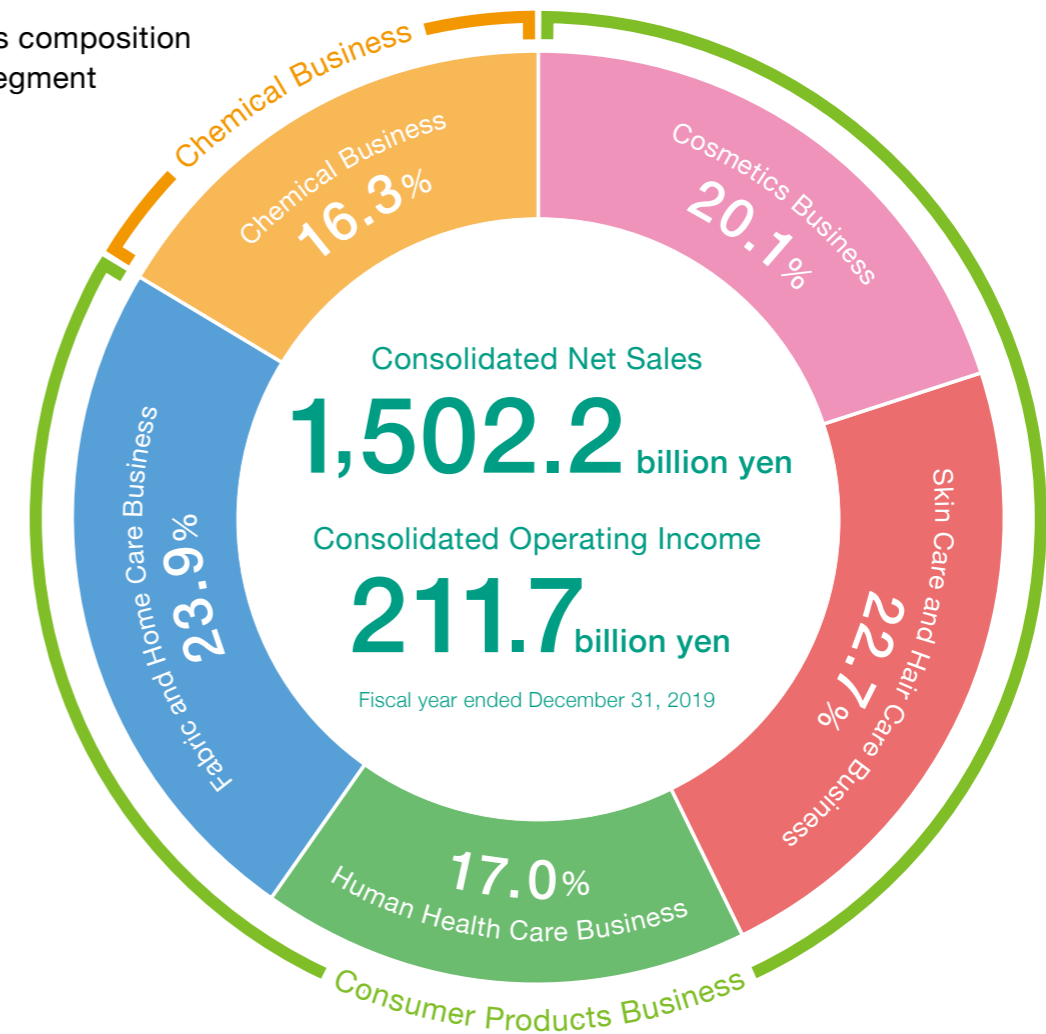
High-quality, water-based pigment inkjet ink that reduces environmental impact

Using original pigment nano-dispersion technology, Kao develops a water-based pigment inkjet ink that enables high-speed, high-quality printing on clear film. Its VOC*-free formulation contributes to reducing environmental impact.

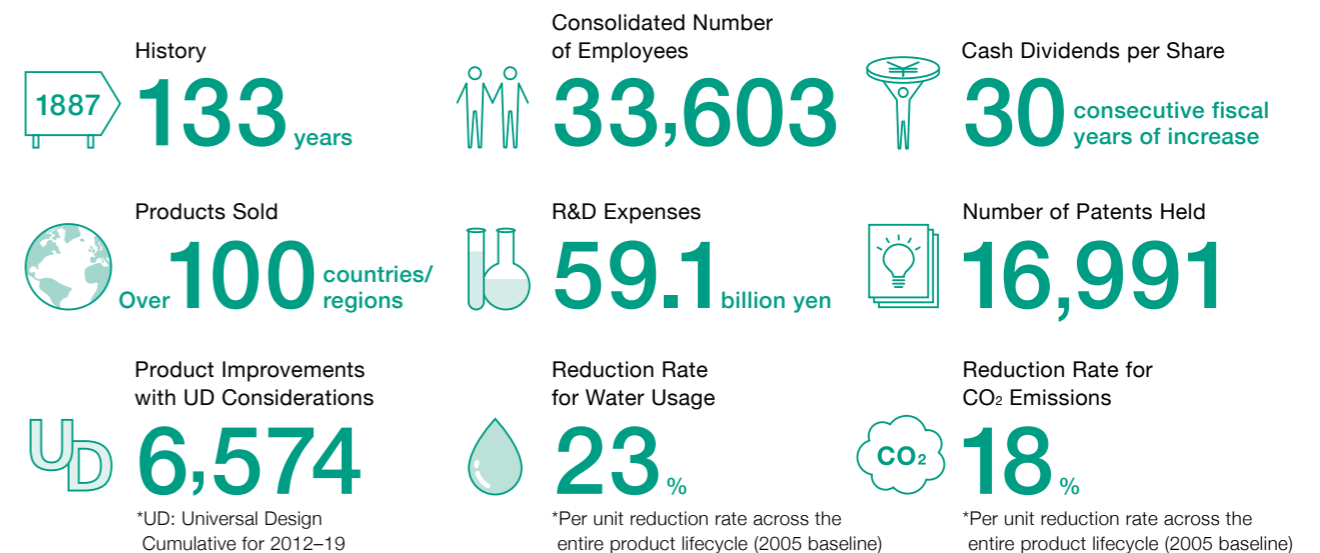


*VOC: Volatile Organic Compounds

Sales composition by segment



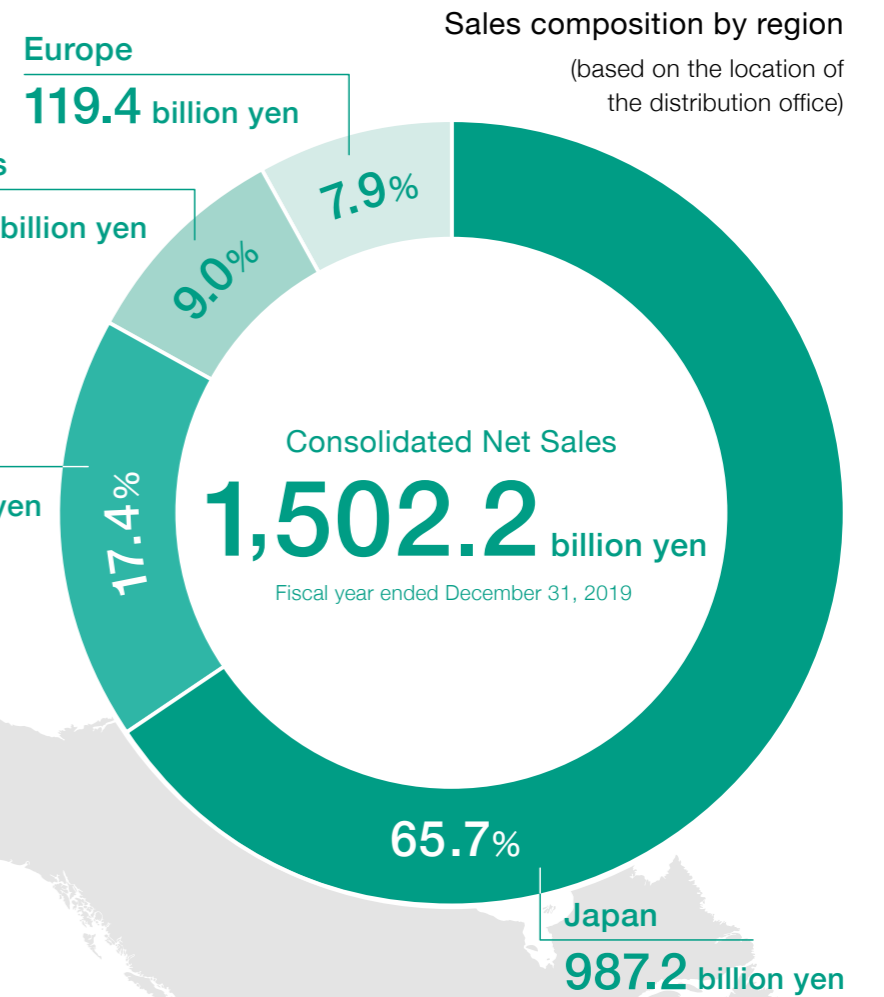
The composition of net sales shown on the chart is calculated based on net sales to external customers. Net sales for the Chemical Business includes internal sales between segments.



Global Expansion

We provide thoughtfully crafted products and services in over 100 countries and regions worldwide

The Consumer Products Business is closely connected to people's everyday lives, while the Chemical Business contributes to the development of a wide range of industries. Kao is working to expand globally while developing synergies in these two fields.



Kao Group History

For over 130 years, Kao has worked to enrich people's lives and help consumers have fulfilling lifestyles



1887 Kao is founded

A mission to enrich people's lives

Tomiro Nagase, Kao's founder, was determined to deliver quality products to as many people as possible. Kao has carried on his spirit of *Yoki-Monozukuri* for over 130 years.



1890 High-quality Kao Sekken (Kao soap) is launched in Japan

The soap available in Japan before 1890 was either a poor-quality Japanese product or a high-priced import. Determined to create an affordable, high-quality facial soap made in Japan, Nagase began product development and launched *Kao Sekken*.

1930s–

Everything starts with consumer feedback

Kao has taken a consumer-driven approach since its founding, by listening to consumer feedback and maximizing ways to use it.

1934 Housework Science Laboratory established

The laboratory conducted scientific research on practical housework and offered new lifestyle suggestions.



The Science of Housework magazine



Housework workshop

1971 Kao Life Science Laboratory established

The laboratory supported consumer consultations and education as well as research into housework, with the goal of improving customer support and responsiveness.



Consumer Consultation Information System

1978 Consumer Consultation Information System introduced

Kao's first systematic database of consumer feedback accelerated responses to customers and facilitated new product development.



Kao receives around 250,000 consumer consultations annually (2019)

1950s–

Expanding business fields to cleanliness, beauty, and health

Kao's business activities now range broadly across beauty and health, and generate a series of long-selling brands.

1950s–60s Extending "washing" to hair, clothing, and the home

Kao developed new technologies mainly using natural fatty alcohols, which led to the creation of products that clean away various oils, dirt, and stains found in hair, on clothing, and around the home.



1951 Wonderful powder laundry detergent



1960 Mypet household detergent

1955 Kao Feather Shampoo



1970s–80s Expansion into the beauty and health fields based on research related to people

By focusing on basic research related to people, including skin and hair, Kao made great strides in beauty and health and diversified its business.



1982 Sofina cosmetics



1983 Merries baby diapers



1983 Bub carbonated bath additive

1960s–

Together with customers around the world

Kao expanded brands that originated in Japan to other parts of Asia. In Americas and Europe, premium beauty care brands joined the Kao Group.

1960s Expansion into Asia Product development to fit local lifestyles

The Consumer Products Business started by exporting products to Thailand. Kao Industrial (Thailand) Co., Ltd. and Taiwan-Kao Co., Ltd. were established in 1964.



Kao engages in product development to fit local lifestyles.



2014 Attack Jaz1 laundry detergent (Indonesia)

1980s–

Maintaining our lifestyle into the future

Kao continues striving to reduce negative environmental impacts so that we can all enjoy enriched lives now and in the future.

1987 Concentrated laundry detergent

Kao launched *Attack*, a concentrated laundry detergent that offers a powerful cleaning action with just a small amount of product. This reduced the amount of paper used in packaging and the energy used during transportation.



Box size reduced by 80%
Weight reduced by 62%



1991 Developing and promoting refill packs

Kao developed refill packs and refillable products to reduce plastic consumption.



2009 Accelerating Kao's ability to develop eco-friendly products

Kao introduced *Attack Neo*, an ultra-concentrated liquid laundry detergent that requires only one rinse cycle, instead of the usual two. This helped consumers conserve water and electricity. In 2019, the launch of *Attack ZERO*, which uses innovative surfactant technology, helped Kao make further progress on its commitment to protecting the environment.



KaO

Enriching lives, in harmony with nature.

To find out more about Kao, see:

Kao Group Official Website
www.kao.com/global/en/



Kao Corporation

14-10, Nihonbashi Kayabacho 1-chome, Chuo-ku, Tokyo
103-8210, Japan
Corporate Communications
Published June 2020

