



Pursuing twin goals: resolution of social issues and business development

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Kao's vision of "protecting future lives" and "sustainability as the only path" as outlined in our Mid-term Plan 2025 (K25) has guided and accelerated our commitment to ESG management. The rapid and complex changes that are impacting our business are only expected to intensify, and ESG strategies are becoming more important than ever.

Kao's ESG strategy, the Kirei Lifestyle Plan (KLP), sets forth a unique direction and a set of ambitions for our ESG activities, while putting the people we serve at the center of our actions. Our ESG strategy focuses on three commitments with 19 Kao actions to realize our ESG Vision. It is aimed at providing care and enrichment for all people and the planet. Our ability to seize opportunities and mitigate risks through the lens of ESG will lead to business growth and advance a virtuous cycle of benefits to society and all of our stakeholders.

Creating future value through business practices that contribute to people and the planet

Based on our foundational principles of benefiting society while generating future financial value for Kao, it's essential that we accelerate the integration of ESG into our daily business practices.

At Kao, innovation is the driving force behind serving our customers, developing our business, and addressing the pressing environmental and social issues we face in today's world.

Through innovations within the various aspects of the KLP, we will drive true transformational change in the world with holistic sustainability solutions in Resource Preservation and Circularity, and Regeneration of Nature, to realize a Kirei Lifestyle for all.

Creating maximum value from the limited and precious resources of our planet is core to our product development. Zero Waste within the KLP is driven by our efforts in Resource Preservation and Circularity. Our chemical product NEWTLAC 5000 can make pavements more durable using recycled plastic and can play a role in building a sustainable

circular society. Our efforts in Regeneration of Nature can be seen in our surfactant base called Bio IOS, which utilizes an under-used portion of palm oil, helping to reduce the pressure on deforestation while ensuring supply of essential hygiene products. We will continue to expand the use of this material.

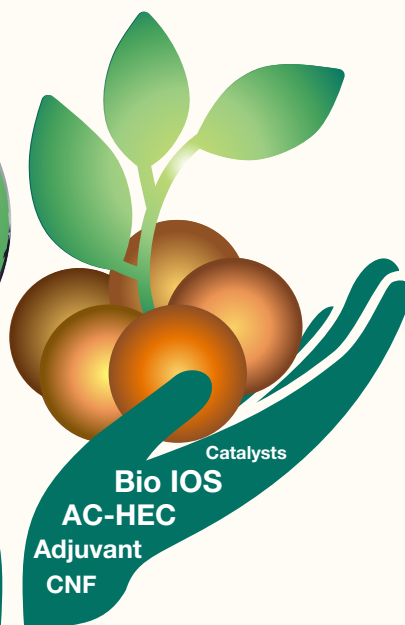
Moreover, in 2022, driven by our desire to 'protect future lives', we succeeded in developing and launching a people-friendly mosquito repelling skincare formula. Aiming to eradicate infectious diseases caused by mosquitos, Kao adopted a unique collaborative business approach. We forged partnerships with stakeholders within the community, such as governments, local authorities and distributors, to address this common social issue and share the responsibility to find sustainable solutions. While still in its initial stages, we believe that this type of approach can create positive transformation for society and the business, and identify ways to develop new markets and customer loyalty.

Kao's ESG Innovations

Resource Preservation and Circularity



Regeneration of Nature



For People
Realization of Kirei Lifestyle

Sharing our ESG vision

Another key to realizing a more sustainable society is to enable people to enjoy sustainable lifestyles with ease and comfort. This will also include encouraging people to make sustainable choices more consciously. As part of this effort, Kao launched a new communication strategy in 2022. Designed to convey Kao's commitment to the environment and society in an approachable way, we created the slogan "Mottainai" ("Wastefulness – Never today, nor tomorrow"). The key objective of this communication is to engage customers to consciously be a part of the solution simply by choosing and using Kao's products. This will increase Kao's corporate value through enhanced awareness of ESG activities.

A Kirei Life for all

Kao will continue to evolve our ESG strategy to ensure we have updated and relevant policies, actions, and management in place. Biodiversity will be an area we will step up activities in, as well as DE&I which will be promoted across the value chain for creating a more inclusive world.

Innovation is needed to address the serious environmental and social issues we face today. Through our essential innovation at R&D and engaging and co-creating with various stakeholders in novel ways, we will empower our *Yoki-Monozukuri* from an ESG perspective. Our ESG-driven management will support Kao's sustainable growth and at the same time create significant positive impacts on people, society, and the planet.

Kao's ESG Commitments

