

Kao Releases the Kao Integrated Report 2021

Kao Corporation released the English version of the Kao Integrated Report 2021 on its website on June 23, 2021, for the reference of shareholders, investors and other stakeholders.



This year's report outlines Kao's commitment to "Sustainability as the only path" for solving the increasingly serious issues that are affecting society, which is the vision of the Kao Group Mid-term Plan 2025 (K25), launched in 2021, as well as providing an overview of K25. The report also details the story of Kao's value creation story that makes a positive contribution to society through Kao's business activities, the changes in Kao's business portfolio aimed at balancing management stability with dramatic development, and Kao's new human capital cultivation system and digital transformation (DX) promotion that are driving a major enhancement of the productivity of the company's business activities.

Through this report, Kao aims to give all stakeholders a more in-depth understanding of its business activities. By utilizing stakeholders' feedback and opinions on the report to realize improvement in Kao's corporate activities, everyone at Kao will be collaborating with a wide range of partners who share the same aspirations with the company to make an even greater contribution to society and enhance its corporate value.

Kao Integrated Report 2021—Main Content

■Two introductions and the top message

The top message provides an outline of K25 and of the initiatives that will play a key role in realizing this plan. The two introductions present the strategic direction, including K25, that Kao will need to follow in the future, and the issues that it needs to be aware of as a precondition for achieving necessary changes.



■A value creation story that embodies using Kao's integrated power to offer solutions for the world's social issues

Kao aims to address the diverse, complex range of social issues that are affecting the world by using the integrated power to transform the company's diverse businesses, technologies and perspectives into a source of strength. The entirety of this process has been clarified in the form of a value creation story. Integrated power consists of synergies created from disparate sources of power or new power created from new combinations. It is a different concept from total power, which is the collective sum of all sources of power, and it represents a key source of strength for Kao.

■Transforming to build robust business through investment: Another Kao and Reborn Kao

The report provides a detailed explanation of Kao's new business portfolio, which aims to achieve both management stability and dramatic development, as well as explaining the concepts of Another Kao and Reborn Kao that will play a key role in realizing these goals. The report also incorporates a roundtable talk at which the heads of Kao's individual divisions outline the future vision for their respective businesses, and the challenges that they are currently facing.

■Doubling the productivity of Kao's business activities by maximizing the power and potential of employees

Employees are Kao's most important asset. In order for its diverse human capital to engage in co-creation across divisional and organizational boundaries, and across different countries, the company has adopted Objectives and Key Results (OKR). Besides transitioning to an organizational structure that enables employees to fully develop their individual capabilities and personalities, Kao is also striving to strengthen operational efficiency through DX.

■Enhancing corporate value and strengthening Kao's operational foundations to maintain trust

Aiming to become an essential company in a sustainable world, Kao is working tirelessly to strengthen its operational foundations—in terms of corporate governance, corporate risk, the compliance promotion system, etc.—in order to live up to the trust that Kao's stakeholders have in it, and the support that it receives from them.

About Kao

Kao creates high-value-added products that enrich the lives of consumers around the world. Through its portfolio of over 20 leading brands such as *Attack*, *Bioré*, *Goldwell*, *Jergens*, *John Frieda*, *Kanebo*, *Laurier*, *Merries*, and *Molton Brown*, Kao is part of the everyday lives of people in Asia, Oceania, North America, and Europe. Combined with its chemical division, which contributes to a wide range of industries, Kao generates about 1,400 billion yen in annual sales. Kao employs about 33,000 people worldwide and has 130 years of history in innovation. Please visit the Kao Group website for updated information.

<https://www.kao.com/global/en/>

<Related Information>

■Kao Integrated Report 2021

<https://www.kao.com/global/en/investor-relations/library/reports/>

■Announcement of the Kao Group Mid-term Plan 2025 (K25)

<https://www.kao.com/global/en/news/business-finance/2020/20201209-001/>

■Kao Releases Progress Reports on its ESG Strategy, the Kirei Lifestyle Plan

<https://www.kao.com/global/en/news/sustainability/2021/20210623-001/>