

FOR IMMEDIATE RELEASE

May 26, 2023

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

Release of Results of Activities for the Three Kao Commitments, Analysis of the Relationship between Kao’s Business and Biodiversity, and Progress on Targets Based on the Findings of an Employee Engagement Survey

TOKYO, May 26, 2023—Kao Corporation, a Japan-based Group whose brand portfolio includes *Attack*, *Bioré*, *Goldwell*, *Jergens*, *John Frieda*, *Kanebo*, *Laurier*, *Merries*, and *Molton Brown*, released progress reports on its ESG (Environmental, Social, and Governance) strategy—the Kirei Lifestyle Plan. Details of its progress is released in the Kao Sustainability Report 2023. In addition to the results of its activities in 2022, Kao also released information on the results of its activities for the three Kao commitments in the Kirei Lifestyle Plan, an analysis of the relationship between Kao’s business and biodiversity and progress on targets based on the findings of an employee engagement survey. The following is a report of the results of 2022 activities for Kao’s key leadership action themes.

[Kao Sustainability Report 2023](#)

For over 130 years, Kao has worked to help consumers lead fulfilling lifestyles. In April 2019, Kao established the Kirei Lifestyle Plan, which is an ESG strategy that includes 19 leadership action themes to achieve a sustainable and desirable way of living. The Japanese word ‘kirei’ describes something that is both clean and beautiful. For Kao, Kirei not only encapsulates appearance, but also attitude—to create beauty for oneself, other people, and for the world around us. Since its start in 2021, the Kao Group Mid-term Plan 2025 (K25) has proclaimed “protecting future lives” and promoting “sustainability as the only path” as its vision. The Kao Group will continue to integrate its ESG strategy into its management practices. It will also develop its business, provide better products and services for consumers and society, and work toward its purpose “to realize a Kirei world in which all life lives in harmony.”

The Director, Managing Executive Officer in charge of Kao’s ESG Division, Dave Muenz, delivered this message regarding the announcement of progress of the Kirei Lifestyle Plan: “The global landscape continues to evolve rapidly, becoming more complex and presenting new challenges. Therefore, it is increasingly important that we drive forward our ESG strategy the Kirei Lifestyle Plan to realize a truly sustainable society while enhancing our business and minimizing risks. In 2022, we accelerated efforts towards our mid-term business strategy—K25—with the visions of ‘saving future

lives’ and ‘sustainability as the only path.’ In the Kao Sustainability Report 2023, we share our progress on the three commitments of the Kirei Lifestyle Plan looking towards the year 2030. Some of our progress includes the launch of *Bioré GUARD Mos Block Serum* to save future lives in Thailand through our unique technology and key partnerships. We analyzed the relationship between our business and biodiversity using the Taskforce on Nature-related Financial Disclosures (TNFD)’s*¹ LEAP*² approach to identify material issues in order to ultimately diminish adverse impacts on nature and regenerate biodiversity loss. Our efforts in the palm oil supply chain saw the launch of the grievance mechanism for smallholders in Indonesia, aiming to provide a voice for rightsholders in higher risk environments. We will continue to evolve our efforts towards creating a Kirei Life for all, together with our partners and communities.”

*1 The Taskforce on Nature-related Financial Disclosures officially launched in 2021 in order to build a corporate risk management and disclosure framework related to the resources of nature.

*2 The analytical approach proposed by TNFD, which stands for Locate (identify priority areas), Evaluate (understand dependencies and impacts), Assess (identify and evaluate risks and opportunities) and Prepare (strategy, goal setting, evaluation and reporting).

News Release from June 2022

[Kao Launches *Bioré GUARD Mos Block Serum*, a Newly Developed Mosquito Repellent Product, in Thailand](#)

These efforts have been recognized by the CDP, a leading international nonprofit organization, which included Kao in its prestigious ‘A List’ in all surveys across the three categories of climate change, forests and water security for three years in a row. Kao is one of only 12 companies out of more than 10,000 evaluated that were selected for inclusion in the top-rated A List across the three categories. In addition, the Ethisphere Institute, a leading US think-tank, has named Kao one of the World’s Most Ethical Companies® for 17 consecutive years.

News Release from December 2022

[Kao Rated Triple-A for Climate Change, Water Security, and Forests for Third Consecutive Year by CDP](#)

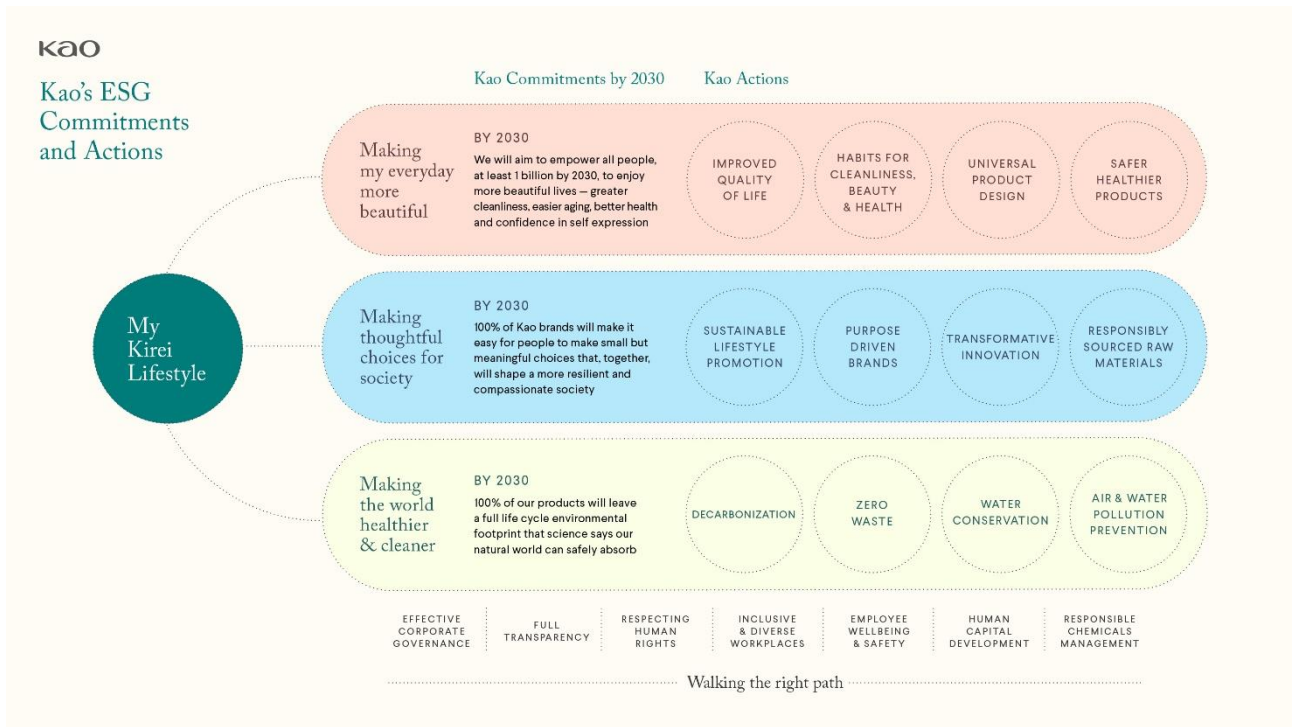
News Release from March 2023

[Kao Included in the World’s Most Ethical Companies® List for a Record 17th Consecutive Year](#)

New Initiatives to Promote a Kirei Lifestyle

Release of Results of 2022 Activities for the Three Kao Commitments

The ESG strategy the Kirei Lifestyle Plan consists of the vision, the Kao commitments and 19 leadership action themes (Kao Actions) to realize a Kirei Lifestyle. The three Kao commitments with a target year of 2030 are “Making my everyday more beautiful,” “Making thoughtful choices for society” and “Making the world healthier & cleaner.” The results for each target have been released for the first time in the Kao Sustainability Report 2023. Kao aims to empower people to enjoy more beautiful lives by achieving the three Kao commitments.



Kao's ESG Strategy Kirei Lifestyle Plan

2022 Results

Kao Commitment by 2030	Indicator	Mid-to long-term targets Target value	Mid-to long-term targets Year	2022 Results
Making my everyday more beautiful	The number of people empowered to enjoy more beautiful lives—greater cleanliness, easier aging, better health and confidence in self-expression	1 billion	2030	0.49billion
Making thoughtful choices for society	% of Kao brands that make it easy for people to make small but meaningful choices that, together, shape a more resilient and compassionate society	100%	2030	63%
Making the world healthier & cleaner	% of Kao products that leave a full lifecycle environmental footprint that science says our natural world can safely absorb	100%	2030	12%

Analysis of the Relationship between Kao's Business and Biodiversity Based on TNFD's LEAP Approach

Kao operates by benefiting from many biological resources such as palm oil, paper and pulp. In 2011,

Kao formed the Basic Policy on Biodiversity and has been working to realize sustainable raw material procurement and develop new technologies that contribute to biodiversity conservation. Kao revised the basic policy last year with the goal of shifting from biodiversity loss to biodiversity regeneration by reducing its dependency and adverse impacts on nature and biodiversity, and increasing actions that have positive impacts.

[Basic Policy on Biodiversity](#)

In order to promptly respond to developments regarding information disclosure, Kao has participated in TNFD Forum since April 2022 and is collecting information and providing feedback on the information disclosure framework currently under development. In the Kao Sustainability Report 2023, Kao releases the results of its analysis of the relationship between its business and biodiversity related to detergents, one of its leading product categories, based on TNFD's LEAP approach. Kao identified material issues in each of the areas of upstream supply chain, direct operations and downstream supply chain as well as the risks and opportunities, and examined what actions to take accordingly.

[Kao Sustainability Report 2023: Biodiversity](#)

In addition to specifying the relationship between Kao's business and biodiversity in collaboration with Accenture Japan Ltd., Kao examined scenarios taking into account future natural and economic conditions and changes in the consumer products market. The details of the analysis were released in a report titled "Business Risk and Opportunity on Biodiversity – TNFD case study with location analysis –" in April 2023.

News Release from April 2023

[Kao Releases Biodiversity Report Based on the TNFD Framework](#)

Release of 2022 Progress on Targets Based on the Findings of an Employee Engagement Survey

In the ESG strategy the Kirei Lifestyle Plan, which aims for the realization of a Kirei Lifestyle, "Walking the right path" is the foundation that supports actions for the three Kao commitments of "Making my everyday more beautiful," "Making thoughtful choices for society" and "Making the world healthier & cleaner." Kao has established seven key leadership action themes to promote walking the right path. Kao aims to empower people around the world to live more beautiful lives by having all employees conduct fair and honest business activities at all times. Of the seven key leadership action themes, Kao has set the response rate for "Inclusive & diverse workplaces," "Employee wellbeing and safety" and "Human capital development" in the employee engagement survey as mid- to long-term target indicators.

In 2022, Kao conducted its first employee engagement survey in four years for Kao Group companies

in Japan. People are Kao’s greatest asset, and “maximizing the power and potential of employees” is one of Kao’s strategic approaches in its Mid-term Plan 2025 (K25). To this end, Kao has redesigned the survey content and added new items in the Kao focus areas of tackling challenges, collaboration, dialogue and job satisfaction. While utilizing the new survey, Kao will strive to improve its human capital development measures and workplace environments as well as increase employee engagement.

2022 Results

Kao Actions	Indicator	Mid-to long-term targets Target value	Mid-to long-term targets Year	2022 Results
Inclusive & diverse workplaces	Affirmative answer rate to a question on “Inclusive organizational culture” on our employee engagement survey	75%	2030	69% (Japan)
Employee wellbeing & safety	Affirmative answer rate to a question on “Degree of vitality” on our employee engagement survey	85%	2030	77% (Japan)
Human capital development	Affirmative answer rate to a question on “Organizational culture in which employees are encouraged to take on challenges” on our employee engagement survey	75%	2030	79% (Japan)
	Affirmative answer rate to a question on “Effective and flexible work style” on our employee engagement survey	75%	2030	74% (Japan)

Key Leadership Action Themes: 2022 Activity Results

Decarbonization

As Kao works toward the goal of becoming carbon zero (reducing CO₂ emissions to net zero) by 2040, and becoming carbon negative by 2050, besides aiming to reduce CO₂ emissions in its own business activities, Kao also aims to contribute toward realizing a decarbonized society by helping to reduce emissions in society as a whole, and through carbon fixation to reduce the

amount of carbon dioxide in the atmosphere.

In May 2021, to reach its goals of zero CO₂ emissions by 2040, and to become a carbon negative company by 2050, Kao announced new decarbonization targets. Kao's mid- to long-term goal is to achieve these targets, and this has been certified by the global Science Based Targets initiative (SBTi) as a 1.5°C target. Kao is also a member of RE100, which is a global initiative bringing together the world's most influential businesses committed to 100% renewable electricity. In 2022, Kao used its internal carbon price, the set price of which was increased from ¥3,500/ton-CO₂ to \$168^{*3}/ton-CO₂ in 2021, offered products that contribute to CO₂ reductions and formulated new mid- to long-term initiatives for reducing Scope 3^{*4} emissions, which account for a large amount of CO₂ emissions related to procurement of raw materials and product use. For more information, please see the news release on decarbonization progress made in 2022.

*3 Changed from JPY to USD as the baseline currency beginning in February 2023.

*4 Greenhouse gas emissions by other than businesses and other entities.

News Release from April 2023

[Accelerating Efforts to Reach Carbon Zero by 2040 and Carbon Negative by 2050](#)

News Release from May 2021

[Kao Is Aiming to Reduce Its CO₂ Emissions to Zero by 2040, and to Be Carbon Negative by 2050](#)

2022 Results

Indicator	Mid-to long-term targets Target value	Mid-to long-term targets Year	2022 Results (2021 Results)
% reduction in absolute full lifecycle CO ₂ emissions (Base year: 2017)	22%	2030	6% (4%)
% reduction in absolute scope 1+2 CO ₂ emissions (Base year: 2017)	55%	2030	26% (20%)
% of renewable energy in electricity consumption	100%	2030	49% (40%)

Zero Waste

Inspired by a philosophy of “Wastefulness—Mottainai, never today, nor tomorrow.”, Kao aims to contribute to the realization of a zero waste society by ensuring that used products and product packaging are utilized to the maximum possible extent, if necessary by changing their function.

Aiming to realize resource circulation in society, regarding plastic containers used and released in its business activities, Kao publicly set the target of achieving net zero waste^{*5} for plastic packaging by 2040 and negative waste^{*6} for plastic packaging by 2050 in the Sustainability Report 2022 released last year.

Of the 91,000 tons of plastics Kao currently used for its packaging in 2022, 88,000 tons came from fossil-based plastics. Kao aims to reduce the quantity of plastics used in its packaging and in society by 200,000 tons by 2030, through promoting the use of refill and replacement products and adopting technology such as making products more highly concentrated. In 2022, the reduction achieved was 144,000 tons. For more information, please see the May 2023 news release on Kao's 2022 progress toward the zero waste targets.

*5 The amount of plastic used in Kao's packaging containers and the amount that Kao was involved in resource recovery (the amount of recycled plastic that is converted into valuable products by Kao's original technology + the amount of recycled plastic that Kao used in packaging containers + the amount of plastic Kao collected from society as a whole, which is then recycled, and turned into pellets) is roughly equal.

*6 Kao's involvement in plastic recycling is greater than Kao's plastic packaging container usage.

News Release from May 2023

[Announcing a Roadmap for Reaching Plastic Packaging Net Zero Waste by 2040 and Negative Waste by 2050](#)

2022 Results

Indicator	Mid-to long-term targets Target value	Mid-to long-term targets Year	2022 Results (2021 Results)
Quantity of fossil-based plastics used in packaging	Will peak and begin to decline	2030	88,000 tons (Previous year performance currently being recalculated)
Quantity of innovative film-based packaging penetration for Kao and others per annum	300 million	2030	13 million (11 million)
Plastic recycling rate with Kao involvement	50%	2030	3% (1%)
Practical use of innovative film-based packaging made from collected pouches	Product launch	2025	Ongoing development (ongoing development)
% of recycled plastic used in PET containers (Japan)	100%	2025	69% (19%)
Of the waste generated from Kao sites*, ratio of waste that cannot be recycled * Beginning with production sites	Zero (less than 1%)	2030	4.2% (9.1%)
% reduction of discarded products and discarded sales promotion materials (Base year: 2020)	95%	2030	20% (14%)

Responsibly Sourced Raw Materials

Source our raw materials in a more sustainable way that protects natural resources, the environment, safety and human rights through supply chain traceability and dialogue with suppliers.

Kao has been taking action to help realize sustainable material procurement of one of its main raw materials—palm oil. Key actions include purchasing certified (RSPO^{*7} certified) sustainable palm oil and providing support to oil palm smallholders in Indonesia. Kao aims to use 100% RSPO certified palm oil for consumers and industrial applications by 2025. In 2022, the rate of usage was 34%.

^{*7} Roundtable on Sustainable Palm Oil: A roundtable to promote the production and use of sustainable palm oil

In the SMILE (SMallholder Inclusion for better Livelihood & Empowerment) program launched in 2020, Kao, together with Apical Group, a global palm oil processor and exporter, and Asian Agri, a plantation and palm oil company, is striving to build a sustainable palm oil supply chain and supporting productivity improvements and RSPO certification at independent oil palm smallholders in Indonesia. In Phase 1 of the program that began in 2020, education was provided to 628 smallholders on the island of Sumatra in the areas of farm management, occupational safety, fire management and obtaining RSPO certification. As a result, 390 smallholders obtained RSPO certification in 2022, and Kao has purchased all RSPO-Certified Credits from the oil palm smallholders that obtained the certification. RSPO-Certified Credits allow the smallholders to directly receive the premium that Kao has paid. In Phase 2 of the program, which began in November 2022, an agricultural land risk survey and survey of current plantation conditions for an additional 1,688 smallholders were undertaken. A demonstration experiment was conducted on the use of Kao's Adjuvant^{*8} series in North Sumatra starting in February 2022. Based on the results, Kao plans to begin distributing Adjuvant free of charge to approximately 600 smallholders in the provinces of North Sumatra, Riau and Jambi starting June 2023.

^{*8} A very efficient agricultural spreading agent developed by Kao that is derived from plant materials and helps spread pesticides when sprayed on plants.

News Release from October 2020

[Kao, Apical and Asian Agri Launch 'SMILE' Program to Help Oil Palm Smallholders Improve Yields, Acquire Certifications, and Secure Premiums](#)

News Release from April 2022

[Progress of Helping Oil Palm Smallholders in Indonesia](#)

In addition, in September 2022 Kao began operation of the Kao Grievance Mechanism, managed in collaboration with Caux Round Table Japan (CRT Japan)^{*9}, an NPO that forms a network of business leaders to promote sustainable and socially responsible business. The Kao Grievance Mechanism is available to independent oil palm smallholders in Indonesia connected to Kao's supply chain. Complaints and inquiries from smallholders are received and processed through the grievance

mechanism, from their investigation to addressing and resolving them as well as follow-up and reporting. Kao is striving to resolve fundamental social and environmental issues related to palm oil, which is one of the most important natural resources for Kao’s business, especially human rights issues at oil palm smallholders.

*9 Established a comprehensive initiative support program in partnership with global initiative organizations that focuses on the implementation of the United Nations Guiding Principles for Business and Human Rights in companies.

News Release from August 2022

[Kao Launches Grievance Mechanism for Indonesian Oil Palm Smallholders](#)

[Palm Oil Dashboard](#)

2022 Results

Indicator	Mid-to long-term targets Target value	Mid-to long-term targets Year	2022 Results (2021 Results)
% of certified paper products and pulp for consumer products	100%	2025	97% (96%)
Confirm traceability to oil palm smallholders	Finish	2025	Completed up to own farm managed by oleo chemicals supplier (Completed up to own farm managed by oleo chemicals supplier)

About the Kirei Lifestyle Plan

Over the past 130 years, Kao has worked to improve people’s lives and help them realize more sustainable lifestyles—a Kirei Lifestyle. The Japanese word ‘kirei’ describes something that is clean, well-ordered and beautiful, all at the same time. The Kao Group established its ESG strategy, the Kirei Lifestyle Plan in April 2019, which is designed to deliver the vision of a gentler and more sustainable way of living. By 2030, Kao aims to empower at least 1 billion people, to enjoy more beautiful lives and have 100% of its products leave a full lifecycle environmental footprint that science says our natural world can safely absorb. For more information, please click [here](#).

About Kao

Kao creates high-value-added products and services that provide care and enrichment for the life of all people and the planet. 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 business, which contributes to a wide range of industries, Kao generates about 1,550 billion yen in annual sales. Kao employs about 35,400 people worldwide and has 136 years of history in innovation. Please visit [the Kao Group website](#) for updated information.

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Related Information

- [Kao launches new ESG Strategy “Kirei Lifestyle Plan” to support consumer lifestyle changes](#)
- [Kao’s New Challenges for the Future: Accelerating Purposeful Business Commitment with ESG](#)
- [Kao sustainability website](#)