

June 9, 2023

Kao Concludes One of the Largest VPPAs in Japan

Additive Renewable Energy to Be Used for All Electric Power at Kao's Sumida Office

Kao Corporation (Kao), Mizuho Bank, Ltd. (Mizuho Bank) and Mizuho Leasing Company, Limited (Mizuho Leasing) have announced the recent conclusion of a virtual power purchase agreement (VPPA) between Kao and the Mizuho Leasing Group.

Kao will purchase all of the additive^{*1} environmental value generated by a solar power plant with a total capacity of 15.6 MW, one of the largest such plants in Japan^{*2}, and will use the electric power at its Sumida Office (located in Bunka, Sumida-ku, Tokyo) as it becomes available starting in July 2023. This is the first time that Kao has concluded a VPPA and its second corporate PPA^{*3}, following a PPA for the Kao's headquarters, which began receiving the electric power in 2022.

^{*1} Procuring electricity generated from renewable energy sources to encourage construction of and investment in renewable energy facilities, thereby increasing the renewable energy available (as a result of this VPPA, a total of 15.6 MW of new photovoltaic power generating facilities will be constructed).

^{*2} On a concluded contract basis (based on publicly available information).

^{*3} A scheme whereby electric power users purchase renewable energy directly from power providers over an extended period.

Mizuho's participation in this project includes overall coordination by Mizuho Bank and ownership and operation of the new solar power plant by the Mizuho Leasing Group.

About VPPAs

A VPPA is a type of corporate PPA whereby only the environmental value, which is based on the amount of electricity generated by newly constructed photovoltaic power generating facilities, is directly purchased. The electricity that is actually used is supplied under existing electricity supply and demand agreements with the current retail electricity suppliers, the same as before. Also, since all of the created environmental value is purchased in the form of renewable energy certificates, even though the electricity is derived from solar power, all purchased electric power can be 100% renewable energy, including the electric power used at night at the Kao site. In addition, the project is "additive," meaning that it adds renewable energy, because of the direct investment in new renewable energy generation facilities, so it contributes to increasing renewable energy throughout society. By combining this project with the Japanese government's feed-in premium (FIP^{*4}) program,

an upper limit to the amount paid can be set, which creates a mechanism that reduces the payment risk for users.

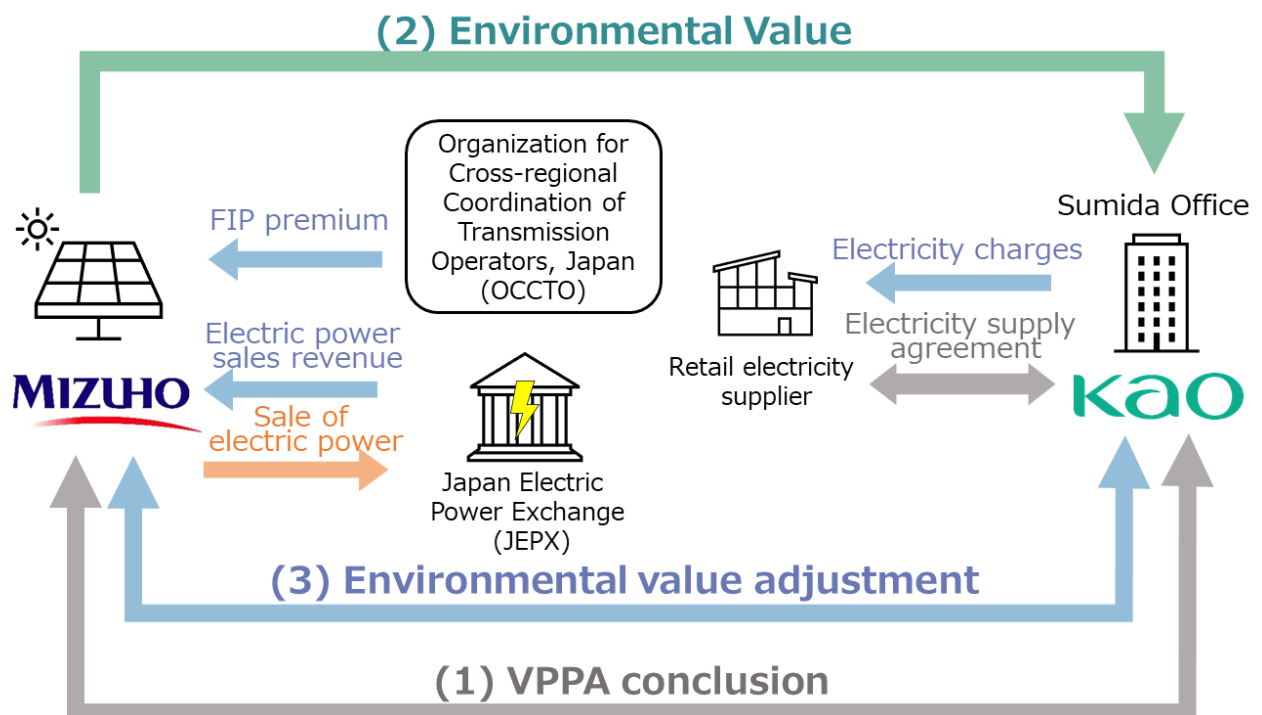
*4 A system that went into operation in April 2022 and is intended to encourage the introduction of renewable energy by providing fixed subsidies (premiums) for power generation projects and linking electric power sales revenue to market prices.

About the New Agreement

Mizuho Bank will coordinate the entire project, while the Mizuho Leasing Group, which is the power generation operator, will own and operate the new solar power plant. Kao will use all of the purchased environmental value for its Sumida Office and other sites. The electric power used at the Sumida Office is already generated from 100% renewable energy as a result of using FIT non-fossil fuel energy certificates with tracking^{*5}. With the new VPPA, the office will switch entirely to additive renewable energy. The electricity generation capacity is projected to be approximately 16,200,000 kWh, equivalent to 108% of the Sumida Office's annual electricity consumption, contributing to a reduction in CO₂ emissions of 7,336 tons annually.

*5 Certificates for segregated non-fossil fuel value under the feed-in tariff program where the power source is identified.

Diagram of the VPPA Scheme Using the FIP Program



Kao's ESG Initiatives and Decarbonization

Kao established its ESG strategy, the Kirei Lifestyle Plan, in April 2019 and has set 19 key leadership actions. Decarbonization, which the new VPPA falls under, is positioned as one of these actions. With the aim of realizing a decarbonized society, Kao announced its targets to become carbon zero by 2040

and carbon negative by 2050. To date, Kao has made progress in switching the electricity that it uses to renewable energy. For example, Kao has installed photovoltaic power generating facilities for its own use, adopted a corporate PPA and procured electric power using non-fossil fuel certificates. This VPPA represents a new means to achieve progress toward decarbonization.

Kao adopted the Kao Group Mid-term Plan 2025 (K25) in 2021, promoting the vision of “protecting future lives” and “sustainability as the only path.” Kao will continue to integrate its ESG strategy into its management practices, 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.”

News Release from April 2023

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

Mizuho’s Initiatives

Mizuho is reinforcing its sustainability initiatives (sustainability action). By leveraging its knowledge as a comprehensive financial services group, Mizuho will actively engage in providing advice and developing and providing varied solutions that contribute to strengthening and transitioning business toward decarbonization, including financing support based on sustainable and environmental financing.

The introduction of this renewable energy initiative makes use of a Green Purchase Agreement (GPA)[®] provided by Digital Grid Corporation, a service provider of VPPA schemes. Mizuho is contributing to the widespread use of additive renewable energy in collaboration with an outside companies.

* This news release is a translation of a Japanese-language news release dated April 28, 2023.

Company Profiles

Kao Corporation

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.

Mizuho Bank, Ltd.

Mizuho Bank is a wholly-owned subsidiary of Mizuho Financial Group, Inc., one of the largest, full-

service financial institutions in the world, with approximately 60,000 employees in 35 countries/regions outside of Japan, nearly 150 years of banking experience, and assets of almost USD 2 trillion. Mizuho Bank has one of the largest customer bases in Japan, and a global network of financial and business centers. At Mizuho, we will draw on our expertise as a financial services group to proactively provide financing support, including sustainable finance and environmental finance, as well as advice and solutions to strengthen and shift businesses towards decarbonization. Please visit the [Mizuho Bank](#) website for updated information.

Mizuho Leasing Company, Limited

Mizuho Leasing leverages its expertise in equipment and properties, in-depth understanding of commercial distribution, and sophisticated financial knowledge to provide a wide range of financial and business services. Through combining its new business strategy to increase the sophistication of client business models, its initiatives in core business areas of the Mizuho group, and its strategic initiatives in cooperation with alliance partners, the firm seeks to capture increased business opportunities inside and outside Japan, achieve joint value creation with clients, and develop new business areas. Mizuho Leasing Group generates about 555 billion yen in annual sales. Mizuho Leasing Group employs about 1,864 people. Please visit the [Mizuho Leasing](#) website for updated information.

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