



Enable people to live more sustainable lifestyles through information, services and products that save precious resources such as energy and water.

Kao's creating value to address social issues

Social issues we are aware of

Our rich lifestyles are supported by consuming the planet's resources. Progress in science and technology has enhanced humanity's standard of living, but at the same time, inappropriate economic activity is exhausting resources and destroying the environment.

To build a sustainable society, it behooves private enterprise not only to use its strengths to offer products and services, but to offer new, sustainable lifestyles, along with information to help more people learn about those lifestyles.

Kao's creating value

Responsible consumption is also an important theme of the SDGs. Our mission is to support consumer cleanliness, beauty and health in daily life through our cosmetics and daily use products. This positions us to offer consumers new ways of living through products and services, and collaborate with consumers around the world to realize enrichment of the lives of people globally and contribute to the sustainability of the world.

Our aim is for a little adaptability and product selection on the part of consumers in daily life to contribute effortlessly to the realization of a sustainable society. We will achieve this through *Yoki-Monozukuri* and daily life solutions, which reflect our responsibility to drive innovation in a way that will contribute to overall social evolution. In this way, we will become an enterprise chosen by consumers and customers.

Risks related to realization of our vision by 2030

We believe that if we fail to practice the sustainable manufacturing society demands, or to offer lifestyle-transforming products and services, we could not only damage the value of our brand, but also negatively impact new global and social values and hinder the realization of a sustainable society.

Opportunities related to realization of our vision by 2030

Since our founding, we have influenced lifestyles through our business activities in continuous collaboration with consumers. We have also contributed to the realization of a sustainable society with 130 years of accumulated original technology, and by never compromising on convenience and comfort in our product driven lifestyle solutions. We believe this is what has enabled us to achieve a global profile. In addition, by offering new ideas for living reinforced by educational and awareness-raising efforts, we can maximize the global effect of a significant number of consumers adopting the habit of making more sustainable choices. In this way, we will contribute to addressing the challenges facing the global environment.

Contributions to the SDGs



Policies

Our product lineup has become a part of many people's daily lives, helping to make their lives more comfortable. We believe it is our responsibility to take the lead in setting an example for society by building sustainable lifestyles.

In particular, we will actively promote technical innovations that are characteristic of Kao as well as lifestyle solutions, to realize sustainable human life with respect to climate change, which is an important societal challenge, starting with the SDGs.

Specifically, we will offer environmentally friendly, sustainable products through the *Yoki-Monozukuri* of daily-life products themselves. Our goal is to generate returns to every aspect of the environment and society whenever consumers choose our products.

In addition, through our wide range of marketing, information dissemination, education and awareness-raising activities, we will strive to foster understanding by consumers themselves of the importance of sustainable lifestyles, and collaborate with them to promote contributions to sustainability, in order to achieve a major impact on society.



Four actions

1. Propose sustainable solutions through manufacturing and products themselves.
2. Disseminate information related to sustainable lifestyle solutions.
3. Offer opportunities for hands-on learning.
4. Conduct educational activities in collaboration with companies, organizations and public institutions.

Through the foregoing activities, we will educate consumers at the point of product selection, so that each of their daily life choices contributes to making sustainable lifestyles more achievable. In addition, with respect to our consumer contact points and outlets of our retail customers, we will engage actively in communication relating to the environment and hygiene as well as water and energy conservation, and promote awareness-raising activities. In particular, we will engage in awareness-raising activities for the next generation, to learn about and realize the importance of responsible choice.

Collaboration and engagement with stakeholders


Collaboration with our diverse stakeholders is essential to enhance consumer awareness and spark a movement to change people's lives and lifestyles.

As such, we are promoting collaboration with stakeholders with respect to the following.

- Collaboration with distributors to boost transport efficiency and reduce environmental impact, and realize "white logistics."
- Collaboration with retailers and distributors to offer

sustainable life solutions and ethical consumption options at the point of brand selection and purchase.

- By offering information to consumers about the basic functionality of our products as well as guidance for their use, promote reductions in environmental impact when the product is used ("eco together" with consumers/customers).
- Collaboration with distributors and local government to ensure appropriate waste disposal after the product is consumed.

 → p. 85 Making the world healthier & cleaner > Decarbonization/Education and promotion: "eco together" with consumers/customers

→ p. 114 Making the world healthier & cleaner > Zero waste: Collaboration with stakeholders based on "eco together"


→ p. 119 Making the world healthier & cleaner > Water conservation/Education and promotion: "eco together" with consumers/customers

→ p. 124 Making the world healthier & cleaner > Water conservation: Implementing education and activities based on "eco together"

Framework

In FY2019, we announced a major shift to ESG management, and formulated the Kirei Lifestyle Plan, which is the vision of that management. The ESG Division will lead collaboration with our Business, Manufacturing, Supply Chain Management & Logistics and Sales divisions to promote ESG-based manufacturing, toward promotion of the Kirei Lifestyle Plan. Each individual activity will be performed in

accordance with the 19 actions of our Kirei Lifestyle Plan. Activity progress status reports are issued at company-wide ESG Promotion Meetings hosted by the ESG Promotion Department, and progress for individual company divisions is monitored at monthly ESG Promotion Meetings.

 → p. 44 Making my everyday more beautiful > Improved quality of life/Framework

Mid- to long-term targets and performance

Mid- to long-term targets

Based on "Making thoughtful choices for society," one of the three Kirei Lifestyle Plan commitments, all Kao brands will facilitate small but meaningful choices on the part of the consumer to realize a more resilient and compassionate society.

Anticipated benefits from achieving mid- to long-term targets

By engaging in awareness-raising activities related to sustainable lifestyles, we believe we can further reinforce consumer preference for ethical consumption, and even contribute to solving social challenges. In addition, if consumers with heightened awareness actively choose our products, we will contribute to the realization of abundant, comfortable lifestyles as well as the solution of social challenges, and reinforce long-term consumer loyalty to our brands.

Our initiatives

Solving problems through manufacturing and products themselves

We will create environmentally friendly products and product packaging innovations—exemplified by our sustainable detergent base, single-rinse laundry detergents and rapid-rinse shampoos—and promote sustainable lifestyle solutions based on manufacturing and products themselves.

Solutions from materials:

Development of sustainable detergent base Bio IOS

Bio IOS is a unique surfactant, highly soluble in water while at the same time retaining its high affinity to oils. With a view through to globalized, stable production and procurement, we are reviewing our existing research results and manufacturing technology, and using the fruits of that review to design and develop new molecules.

Most cleaning surfactants made from naturally derived fatty materials have chains of 12 to 14 carbon atoms, because agents with longer chains are less soluble in water. However, fat raw materials with 12 to 14 carbon atoms account for only about 5% of total oil-based ingredients, and manufacturers must compete for supplies of this scarce raw material.

Bio IOS is extracted from the residue remaining when palm oil is extracted from the fruit of oil palm. Out of all the natural vegetable oil ingredients marketed in the world (190 million tons in FY 2017), palm oil is the most widely used multipurpose oil. The solid fats obtained from the residue of the oil have long carbon chains and have conventionally only been

used for limited purposes. The ability to utilize this heretofore hardly-used fat source effectively, and the future prospect of using fats extracted from algae, make Bio IOS a highly sustainable detergent base for the future.

Bio IOS first saw practical use as a sustainable detergent base in *Attack ZERO*, a concentrated liquid laundry detergent launched in 2019.



Bio IOS molecular structure model.

Hydrophilic group: part with high affinity to water.

Lipophilic group (hydrophobic chain): part with high affinity to fats. Its special structure has a long lipophilic group with a hydrophilic group at its midsection.

Addressing the environmental challenges presented by containers

Our aim is to deploy new technology effectively to reduce the environmental impact, for example by transitioning almost completely from plastic bottles to refillable film containers for products like shampoo and conditioner by 2030. In addition, we have set a goal of boosting production of environmentally friendly containers to 300 million units by 2030.

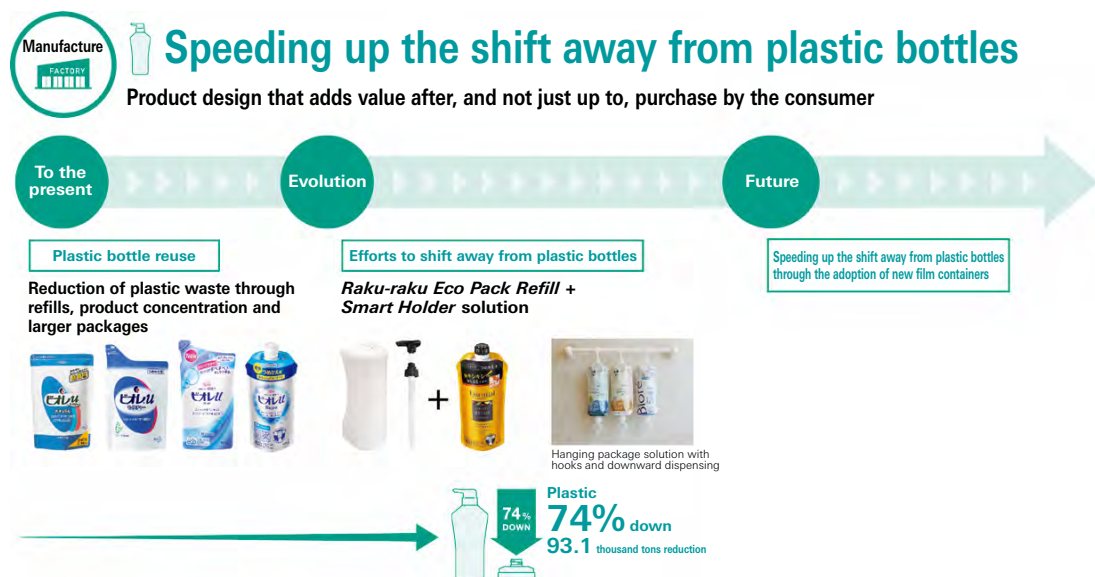
The acceleration away from plastic bottles is being driven not only by our activities to date, but also our efforts to expand the deployment of our proprietary *Raku-raku Eco Pack Refill*, which dramatically simplifies the product refilling process, as a primary package.

The use of our *Smart Holder* in conjunction with our *Raku-raku Eco Pack Refill* has already been commercialized. Going forward, we are considering a solution for the bath area in which *Raku-raku Eco Pack Refill* would be suspended from a *Smart Holder*, with appropriate amounts of product dispensable with a single push.



Promoting the shift away from plastic bottles through the adoption of new film containers

The *Air-in Film Bottle* is a revolutionary new container type. While consisting of film alone, the insertion of air allows the bottle stand on its own and function as primary packaging. We will continue to develop this package type, which will be completely recyclable.



The challenge of eliminating eye-catching plastic stickers

Eye-catching plastic stickers provide consumers with information on product advantages and correct usage. At the same time, after their role is over, they become waste.

We are working to completely eliminate the use of these stickers by 2021, for example by printing the information they convey on the package itself.

Total elimination of eye-catching plastic stickers

- Going forward, we will promote the total elimination of eye-catching plastic stickers.
- Where necessary to call consumers' attention, we will do so using paper, in an environmentally conscious way.
- Seeking alternative communication methods to eye-catching stickers.



Disseminating information related to sustainable living

Responding to active questions from consumers

We are drawing praise for our efforts to offer active support through social media, such as Yahoo! Chiebukuro, to consumers with housekeeping- and beauty-related concerns.

We offer information related to housekeeping, beauty and health, and have provided answers to a cumulative total of over 4,000 queries since 2015. Our responses based on specialist knowledge are posted to social media, which enables other consumers with similar concerns to benefit from the responses. We received the Consumer-Oriented Activity Prize of the 3rd ACAP Consumer-Oriented Activity Awards in 2018.

Environmental website eco together

Through our eco together website, we disseminate information that contributes to environmental learning, principally for elementary school students. In addition, we promote awareness-raising for consumers of all ages as well as children, related to environmentally friendly activities and lifestyles.

Ideas for living from products

We strive to achieve social impact by advocating environmentally friendly living through our product communication, and by raising consumer awareness of sustainable lifestyles.

In addition, we hope that our product standards will be adopted by competing companies, enabling us to demonstrate an even greater impact.



Offering environmentally conscious ideas for living.

→ Lifestyle Research introduces Kirei Living
www.kao.co.jp/lifei/support/ (Japanese)

Offering opportunities for hands-on learning

Education programs with hands-on environmental experiences at worksites and plants

At our worksites, plants and museum, we offer opportunities to learn about environmental technologies and raise awareness through hands-on experience, primarily for elementary and junior high school students. Approximately 32,000 elementary and junior high school students from around 870 schools have participated in plant tours.

Promoting hand-washing lessons and housecleaning classes on participating educational frontlines nationwide

Since 2009, we have been offering visiting classes to teach young students correct hand-washing technique, as well as classes in cleaning. To date, 81,000 kindergarten and elementary school students have experienced these classes.

→ Corporate citizenship activities: Education for the next-generation through providing education in the classroom and educational materials
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2020-e-all.pdf#page=77

→ Corporate citizenship activities: Support for school education through plant and museum tours
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2020-e-all.pdf#page=78

Awareness-raising activities carried out with society, organizations and public institutions

Utilizing awareness-raising opportunities at EcoPro and other exhibitions

At our annual EcoPro exhibition, we engage in direct communication with the next generation designed specifically to foster environmental awareness, with higher-grade elementary school students as the main target.

→ Corporate citizenship activities: Awareness-raising activities at EcoPro 2019
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2020-e-all.pdf#page=79

The Kao International Environment Painting Contest for Children

Our International Environment Painting Contest for Children aims to raise environmental awareness among the next generation, with paintings expressing how we should preserve our critical global environment for the future.

Our tenth contest, held in 2019, drew a total of 16,552 entries from around the world.

→ Corporate citizenship activities: The Kao International Environment Painting Contest for Children
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2020-e-all.pdf#page=78