

Kirei Lifestyle Plan KPI definitions 103-1, 103-2, 103-3

Regarding the mid- to long-term targets of the Kirei Lifestyle Plan that are noted on page 27 and 28, the formulas and factors that each indicator is comprised of, and the scope of each indicator, are as shown below.

Making my everyday more beautiful

Kao Actions	Indicator			Target value	Target year
	Formula	Factor	Scope		
Making my everyday more beautiful					
Commitment	The number of people empowered to enjoy more beautiful lives—greater cleanliness, easier aging, better health and confidence in self-expression			1 billion	2030
	Plan to disclose in 2022				
Improved quality of life	The number of products which contribute to a comfortable, beautiful, healthy life and touch the heart of people			7 billion	2030
	A (products)	A: The number of sold products of brands certified as contributing to improving quality of life according to standards set by Kao	• Consumer products of the Kao Group		
Habits for cleanliness, beauty & health	Cumulative number of people reached by awareness-raising activities for acquiring habits for cleanliness, beauty & health using Kao products and services (cumulative since 2016)			0.1 billion	2030
	A (persons)	A: Cumulative number of people reached by Kirei awareness-raising activities for acquiring habits for cleanliness, beauty & health • Number reached by awareness-raising activities using products and services provided by Kao employees • Number reached by communication-based awareness-raising activities (websites, social media, etc.)	• Kao Group • Reporting period: Since 2016		
Universal product design	% of new or improved products that meet Kao's Universal Design Guidelines			100%	2030
	A / B × 100 (%)	• A: The number of products that meet conformance criteria (pcs) • B: Total number of products (pcs)	• Consumer products of the Kao Group • New or improved products		
Safer healthier products	% of targeted ingredients of concern on which views are disclosed			100%	2030
	A / B × 100 (%)	• A: The number of ingredients of concern on which views are disclosed (ingredients) • B: Total number of established ingredients of concern (ingredients)	• Kao Group		

Making thoughtful choices for society

Kao Actions	Indicator		Target value	Target year
	Formula	Factor	Scope	
Making thoughtful choices for society				
Commitment	% 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
	Plan to disclose in 2022			
Sustainable lifestyle promotion	Cumulative number of people reached by awareness-raising activities for promoting environmentally friendly lifestyles and realizing a sustainable world (cumulative since 2016)		0.1 billion	2030
	A (persons)	A: Cumulative number of people reached by environmental awareness-raising activities for realizing sustainable lifestyles <ul style="list-style-type: none"> Number reached by awareness-raising activities using products and services provided by Kao employees Number reached by communication-based awareness-raising activities (websites, social media, etc.) 	<ul style="list-style-type: none"> Kao Group Reporting period: Since 2016 	
Purpose driven brands	% of Kao brands that make a contribution to solving social issues and that make people feel and sympathize with the brand's social usefulness		100%	2030
	Plan to disclose in 2022			
Transformative innovation	Cumulative number of proposed or realized products with big positive impact on lifestyles (cumulative since 2019)		10 or more	2030
	A (announcements)	<ul style="list-style-type: none"> A: Cumulative number of announcements relating to products that incorporate innovations able to create transformative sustainable impacts on lifestyles, society and / or the environment 	<ul style="list-style-type: none"> Consumer products and industrial-use products of the Kao Group Reporting period: Since 2019 	
	Cumulative number of proposed or realized businesses and systems with big positive impact on lifestyles (cumulative since 2019)		10 or more	2030
	A (announcements)	<ul style="list-style-type: none"> A: Cumulative number of announcements relating to business and systems able to create transformative sustainable impacts on lifestyles, society and / or the environment 	<ul style="list-style-type: none"> Kao Group businesses and systems Reporting period: Since 2019 	
Responsibly sourced raw materials	% of certified paper products and pulp for consumer products		100%	2025
	A / B × 100 (%)	<ul style="list-style-type: none"> A: The weight of certified paper products and pulp (FSC, PEFC, SFI) for consumer products of the Kao Group (t) B: The weight of paper products and pulp for consumer products of the Kao Group (t) 	<ul style="list-style-type: none"> Paper products and pulp for consumer products of the Kao Group Office paper and other paper used in the Kao Group 	
	Confirm traceability to small oil palm farm		Finish	2025
	A (farms)	<ul style="list-style-type: none"> A: The number of small oil palm farms for which traceability is confirmed (farms) 	<ul style="list-style-type: none"> Small oil palm farms 	

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Making the world healthier & cleaner

Kao Actions	Indicator			Target value	Target year
	Formula	Factor	Scope		
Making the world healthier & cleaner					
Commitment	% of Kao products that leave a full lifecycle environmental footprint that science says our natural world can safely absorb			100%	2030
	Plan to disclose in 2022				
	Kao recognition or achievement level by external ratings firms			Highest evaluation level	Every year
	—	Obtain A rankings in CDP for Climate Change, Water Security and Forest simultaneously	• Kao Group		
Decarbonization	% reduction in absolute full lifecycle CO ₂ emissions (Base year: 2017)			22%	2030
	$(1 - A / B) \times 100 (\%)$	<ul style="list-style-type: none"> • A: Annual lifecycle CO₂ emissions of the year in question (t-CO₂) • B: Annual lifecycle CO₂ emissions of the base year (t-CO₂) * Base year: 2017 	<ul style="list-style-type: none"> • Entire lifecycle process for consumer products of the Kao Group • Raw materials procurement, manufacturing and distribution of industrial-use products of the Kao Group 		
	% reduction in absolute scope 1 + 2 CO ₂ emissions (Base year: 2017)			14%	2025
				55%	2030
	$(1 - A / B) \times 100 (\%)$	<ul style="list-style-type: none"> • A: Annual scope 1 + 2 CO₂ emissions for the year in question (t-CO₂) • B: Annual scope 1 + 2 CO₂ emissions for base year (t-CO₂) * Base year: 2017 	• Factories, offices, logistics centers and company cars owned by the Kao Group		
	% of renewable energy in electricity consumption			100%	2030
$A / B \times 100 (\%)$	<ul style="list-style-type: none"> • A: Amount of consumed electricity produced from renewable energy (kWh) • B: Amount of electricity consumption (kWh) 	• Kao Group factories, offices and logistics centers			
Zero waste	Quantity of innovative film-based packaging penetration for Kao and others per annum			300 million	2030
	A + B (pcs)	<ul style="list-style-type: none"> • A: Sales quantity of innovative film-based packaging (Kao Group) (pcs) • B: Sales quantity of innovative film-based packaging using and applying Kao technologies (other companies) (pcs) 	• Kao Group and other companies		
	Practical use of innovative film-based packaging made from collected pouches			Products launch	2025
	Products launch	Launch of innovative film-based packaging made from collected pouches	• Kao Group		
	Use of PCR (recycled plastic) for PET containers			Plan to disclose in 2022	Plan to disclose in 2022
	Plan to disclose in 2022				
	Quantity of waste not for recycling from factories and offices			Zero	2030
	Plan to disclose in 2022				

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Making the world healthier & cleaner

Kao Actions	Indicator			Target value	Target year
	Formula	Factor	Scope		
Making the world healthier & cleaner					
Zero waste	Reduction from discarded products and discarded sales promotion materials			Plan to disclose in 2022	Plan to disclose in 2022
	Plan to disclose in 2022				
	% of products which have eliminated eye-catching plastic stickers			100%	2021
	$A / B \times 100 (\%)$	<ul style="list-style-type: none"> A: Number of products which have eliminated eye-catching plastic stickers B: Number of applicable products 	• Consumer products of the Kao Group		
Water conservation	% reduction in full lifecycle water use per unit of sales (Base year: 2017)			10%	2030
	$[1 - (A_1/A_2) / (B_1/ B_2)] \times 100 (\%)$	<ul style="list-style-type: none"> A₁: Annual lifecycle water use for the year in question (million m³) A₂: Sales for the year in question (hundred million yen) B₁: Annual lifecycle water use for the base year (million m³) * Base year: 2017 B₂: Sales for the base year (hundred million yen) 	<ul style="list-style-type: none"> Entire lifecycle process for consumer products of the Kao Group Raw materials procurement, manufacturing and distribution of industrial-use products of the Kao Group 		
	% reduction in full lifecycle water use per unit of sales in regions with water scarcity (Base year: 2017)			40%	2030
	Plan to disclose in 2022				
Air & water pollution prevention	% of factories which disclose VOC and COD emissions			100%	2025
	$A / B \times 100 (\%)$	<ul style="list-style-type: none"> A: The number of factories which disclose VOC and COD emissions (factories) B: Total number of factories (factories) 	• Factories owned by the Kao Group		

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Walking the right path

Kao Actions	Indicator			Target value	Target year
	Formula	Factor	Scope		
Walking the right path					
Effective corporate governance	Kao recognition or achievement level by external ratings firms			Highest evaluation level	Every year
	Selected	Listed as one of the “World’s Most Ethical Companies®” by Ethisphere Institute	• Kao Group		
	Number of serious compliance violations per annum			Zero	Every year
	A (cases)	<ul style="list-style-type: none"> • Compliance violations that have a significant impact on management and significantly damage corporate value • These violations are decided through deliberations by the Compliance Committee and the Management Committee considering the maliciousness of the violation and its impacts inside and outside our company, and are reported to the Board of Directors 	• Kao Group		
Full transparency	% of consumer product brands for which people can easily access complete ingredients information			100%	2030
	A / B × 100 (%)	<ul style="list-style-type: none"> • A: The number of brands that satisfy the following conditions (brands) <ul style="list-style-type: none"> • Brands that disclose the ingredient names for designated ingredients above a defined amount • B: The number of all brands owned and marketed by the Kao Group (brands) 	<ul style="list-style-type: none"> • Consumer products of the Kao Group * The number of brands as of December 31 each year * Excludes foods and tools 		
Respecting human rights	% response rate to human rights due diligence (internal risk assessment)			100%	2030
	A / B × 100 (%)	<ul style="list-style-type: none"> • A: The number of factories (factories) and companies (companies) that conduct due diligence assessments • B: The total number of factories (factories) and companies (companies) of the Kao Group 	• Factories and offices owned by the Kao Group		
	% response rate to human rights due diligence (supplier risk assessment)			100%	2030
	A / B × 100 (%)	<ul style="list-style-type: none"> • A: The number of suppliers that have conducted due diligence assessments in the last three years from the applicable year (suppliers) • B: The number of suppliers that Kao does business with in the applicable year (suppliers) 	• Direct materials suppliers of the Kao Group		
	% response rate to human rights due diligence (contractor risk assessment)			100%	2030
	A / B × 100 (%)	<ul style="list-style-type: none"> • A: The number of contractors that have conducted due diligence assessments in the last three years from the applicable year (contractors) • B: The number of contractors that Kao has contracted in the applicable year (contractors) 	• Contractors in factories and offices owned by the Kao Group		
Inclusive & diverse workplaces	Affirmative answer rate to a question on “Inclusion and Diversity” on our employee engagement survey			75%	2030
	A / B × 100 (%)	<ul style="list-style-type: none"> • A: The number of affirmative answers to a question on “Inclusion and Diversity” on our employee engagement survey (answers) • B: The total number of answers to a question on “Inclusion and Diversity” on our employee engagement survey (answers) 	• Employees of the Kao Group		
	% of female managers			Same as % of female employees	2030
	A / B × 100 (%)	<ul style="list-style-type: none"> • A: The number of female managers (persons) • B: The total number of managers (persons) 	<ul style="list-style-type: none"> • Employees of the Kao Group • All managers 		

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	Formula	Factor	Scope	
Walking the right path				
Employee wellbeing & safety	Lost time accident frequency rate (per million hours worked)		0.1	2030
	$A / B \times 1,000,000$ (persons / million hours)	<ul style="list-style-type: none"> A: The number of dead and injured (persons who were absent one or more days from work and lost a part of body or function) (persons) B: Total number of actual working hours (hours) 	• Employees of the Kao Group	
	Average number of lost long-term work days (days/people) * Starting from Japan		105	2030
	$(A_1 + A_2 + \dots + A_n) / B$ (days / persons)	<ul style="list-style-type: none"> A: The number of days of leave that satisfy following conditions (days): <ol style="list-style-type: none"> Extended leave of absence of 30 or more consecutive calendar days Personal illness or injury leave, absence from work or leave of absence, except for leave with pay Applicable illness: Personal illness or injury B: Total number of employees who took leaves of absence from work (persons) 	• Employees of the Kao Group in Japan * To expand to all employees of the Kao Group	
	Ratio of employees who have lost long-term work days per one thousand employees * Starting from Japan		0.12	2030
	$A / B \times 1,000$ (%)	<ul style="list-style-type: none"> A: The number of employees who took extended leaves of absence, satisfying the following conditions (persons): <ol style="list-style-type: none"> Extended leave of absence of 30 or more consecutive calendar days Personal illness or injury leave, absence from work or leave of absence, except for leave with pay Applicable illness: Personal illness or injury B: Total number of employees (persons) 	• Employees of the Kao Group in Japan * To expand to all employees of the Kao Group	
Human capital development	Affirmative answer rate to a question on “Development Opportunities & Climate” on our employee engagement survey		75%	2030
	$A / B \times 100$ (%)	<ul style="list-style-type: none"> A: The number of affirmative answers to a question on “Development Opportunities & Climate” on our employee engagement survey (answers) B: The number of answers to a question on “Development Opportunities & Climate” on our employee engagement survey (answers) 	• Employees of the Kao Group	
	Affirmative answer rate to a question on “Engagement/Employer of Choice” on our employee engagement survey		75%	2030
	$A / B \times 100$ (%)	<ul style="list-style-type: none"> A: The number of affirmative answers to a question on “Engagement/Employer of Choice” on our employee engagement survey (answers) B: The number of answers to a question on “Engagement/Employer of Choice” on our employee engagement survey (answers) 	• Employees of the Kao Group	
Responsible chemicals management	% of chemical products and raw materials with disclosed information of benefit and safety to ensure safe usage for our customers		100%	2030
	$A / B \times 100$ (%)	<ul style="list-style-type: none"> A: The number of chemical substances for which risk assessments are done and safety assessment documents are made, and are disclosed on the website (substances) B: The number of Kao prioritized chemical substances selected from 2020 to 2030 according to production amounts, emissions amounts and public concern (substances) 	• Substances handled by the Kao Group	
	% of areas where impacts on health, environment and safety from chemicals are managed responsibly and sustainably considering their stages from raw materials procurements to disposal		100%	2030
	$\frac{(A_1 + A_2 + \dots + A_n) + \dots + (A_1 + A_2 + \dots + A_n)^D}{(B_1 + B_2 + \dots + B_n) + \dots + (B_1 + B_2 + \dots + B_n)^D} \times 100$ (%)	<ul style="list-style-type: none"> A: The number of items assessed by risk assessments for chemical substances (items) B: The number of target items of risk assessments for chemical substances (items) C: The number of factories (factories) D: The number of target items of risk assessments (1. Display of GHS at workplaces, 2. Maintenance of SDS, 3. Qualitative assessment, 4. Measures to reduce risks) 	• Factories owned by the Kao Group	