

Sustainable lifestyle promotion 102-15, 103-1, 306-1 (Waste 2020)



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

ESG Keyword

Lifestyle suggestions

Total elimination of eye-catching plastic stickers

Plastic cycling in collaboration with peer companies

Dissemination of information to consumers

Environmental challenges relating to container packaging (*Raku-raku Eco Pack Refill, Smart Holder, Raku-raku Switch, Air-in Film Bottle, Tube-Like-Pouch*)

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.

For example, average atmospheric concentrations of CO₂, which is a cause of global warming, have been increasing since the Industrial Revolution, and currently exceed 400 ppm. One of the causes is burning of waste. According to the Ministry of the Environment's FY2017 report on greenhouse gas (GHG) emissions in Japan, CO₂ emissions from waste disposal, including burning, for FY2017 totaled 29.8 million tons, an increase over FY2013 of 1.6%, and over FY2016 of 0.5%.



→ Ministry of the Environment report: GHG Emissions in Japan
www.env.go.jp/press/798.pdf

Japan's Consumer Affairs Agency report, Promoting Consumer-oriented Management, calls for businesses to realize their social responsibilities and conduct business activities that will lead to building a sustainable, desirable society, and as one major pillar to this end, to

provide consumers with abundant information and conduct two-way information exchange.



→ Consumer Affairs Agency report: Promoting Consumer-oriented Management
www.caa.go.jp/policies/policy/local_cooperation/local_consumer_administration/meeting_001/pdf/meeting_001_190416_0007.pdf (Japanese)

Building a sustainable society will require not only products and services that leverage enterprise strengths, but new sustainable lifestyle ideas and information.

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. 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.

Risks related to realization of What Kao Aims to Be by 2030

We believe that if we cannot realize the sustainable manufacturing desired by society, or we are unable to offer products and services that change the way people live, there will be a negative impact on progress toward a sustainable society, we will lose the sympathy of consumers and society, and this will impair our brand value as well as our profitability and competitiveness in the market.

Opportunities related to realization of What Kao Aims to Be by 2030

Since our founding, we have strived to enrich daily life through our business activities by listening closely to consumers, and developing and accumulating our own unique technologies over a period of 130 years. We believe that by contributing to decarbonization and zero waste, water conservation, and air and water pollution prevention, we can help realize a sustainable society and demonstrate our commitment on a global basis.

In addition, through new ideas for living reinforced by educational and awareness-raising efforts, we are encouraging consumers around the world to make more sustainable choices, and by maximizing the results of those efforts, we are helping solve global environmental challenges.

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Contributions to the SDGs



Policies

To realize the goals embodied in “making thoughtful choices for society” and “making the world healthier & cleaner” in the Kirei Lifestyle Plan (KLP), we will actively promote technical innovations that are characteristic of Kao as well as lifestyle solutions, to realize sustainable human life.

By offering environmentally friendly, sustainable products, and receiving support for our products through the choices consumers make, we will build a sustainable society.

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.

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 these activities, we will raise consumer awareness that the individual daily life choices they make can help realize sustainable lifestyles. In addition, through our contact with consumers and in-store sales promotions, we will promote awareness-raising activities for a range of topics, including the environment, water conservation and hygiene. Moreover, we are helping the next generation understand the importance of responsible choices.

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.

- Consumers
By providing information about the basic functionality of our products as well as guidance for their use, we promote reductions in environmental impact when the product is used.



→ p. 90 Making the world healthier & cleaner > Decarbonization / Collaboration and engagement with stakeholders: “eco together” with consumers / customers

→ p. 128 Making the world healthier & cleaner > Water conservation / Implementing education and activities based on “eco together” / Customers

- Corporate customers (retailers)
We maintain ongoing information exchange to provide in-store suggestions for realizing a sustainable lifestyle, and promote the achievement of highly productive logistics that incorporates the realization of work-style reforms.

- Suppliers
At each stage, from raw material procurement to production and transport, we coordinate with numerous business partners in our efforts to realize a sustainable society.



→ p. 128 Making the world healthier & cleaner > Water conservation / Implementing education and activities based on “eco together” / Business partners

- National and local governments
Today we are working with five local governments to collect used refill packs of soap, shampoo and other products, and promoting their reprocessing into resin.



→ Kao’s RecyCreation Project Gives Back in Kitami, Hokkaido
www.kao.com/global/en/news/sustainability/2019/20191128-001/



• Peer companies

The resource-circulating society cannot be realized by a single enterprise. An industry-wide change in awareness will be necessary. One symbol of this change is our collaboration with our industry peers to recycle film packaging.



→ RecyCreation activities in collaboration with Lion Corporation

www.kao.com/global/en/news/sustainability/2020/20200929-002/

www.kao.com/global/en/news/sustainability/2020/20201124-001/

Framework

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 KLP. Each individual activity will be performed in accordance with the 19 actions of our KLP. Activity progress status reports are issued at company-wide ESG Promotion Meetings hosted by ESG Promotion, and progress for individual company divisions is monitored at monthly ESG Promotion Meetings. Activities to totally eliminate eye-catching plastic stickers, and to promote the use of recycled polyethylene terephthalate (PET) bottles, were chosen at these meetings and are being promoted.



→ p. 18 ESG promotion structure

Mid- to long-term targets and performance

Mid- to long-term targets

- Cumulative number of people reached by awareness-raising activities for promoting environmentally friendly lifestyles and realizing a sustainable world
Target for 2030: 0.1 billion people

Based on two of the three commitments in the KLP (“making thoughtful choices for society” and “making the world healthier & cleaner”), we will raise awareness of more sustainable lifestyles in collaboration with consumers.

To help accomplish this, we will make the purpose of all Kao brands clear, and engage in a wide range of activities, including communication with consumers.

Anticipated benefits from achieving mid- to long-term targets

Social impacts

By raising awareness of sustainable lifestyles, we promote ethical consumption and solution of social challenges.

Business impacts

Aware consumers choose Kao products actively. This leads to greater loyalty to Kao products, and enhances our brand value, profitability and competitiveness.

Performance in 2020

- Cumulative number of people reached by awareness-raising activities for promoting environmentally friendly lifestyles and realizing a sustainable world
Performance in 2020: 3.07 million people
- Strengthening in-store sales of *Smart Holder*
- Launch of products using *Raku-raku Switch*
- *Air-in Film Bottle*-equipped product sales launch in the U.S.
- Launch of activities to eliminate eye-catching plastic stickers (attention stickers) attached to packages
- Recycled PET for use in PET bottles. Start using them with improved *Attack Zero* and *CuCute Clear Foam Spray* in spring 2021

Reviews of performance

In 2020, as planned, products were offered with innovative packaging technologies. We also began to employ recycled materials, including recycled resin. Specific targets will be formulated in FY2021.

Also due to the impact of the COVID-19 pandemic, activities to eliminate the use of eye-catching plastic stickers were affected for some products, but due to strengthening of sales promotion and of other measures, we anticipate complete elimination in 2021, as planned.

These activities have drawn praise on social media and are being received positively. Going forward, in addition to the use of recycled materials, we will develop recycling technologies and install recycling infrastructure. As part of this initiative, we have begun RecyCreation Field Testing in collaboration with Lion Corporation.



Our initiatives

Solving problems through *Yoki-Monozukuri* manufacturing and through products

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

In 2019, we commercialized products using Bio IOS sustainable detergent base. During 2020 in particular, we proposed various new packaging concepts.

Addressing the environmental challenges presented by containers

We announced our intention to transition almost completely from plastic bottles to refillable film containers for products like shampoo and conditioner by 2030, and are aiming to deploy new technology effectively to reduce the environmental impact. In addition, we have set a goal of boosting production of environmentally friendly containers to 0.3 billion units by 2030.

We have strived to drive adoption of disposable refill pouches, which have reduced plastic waste from original containers by approximately 78%, as well as *Raku-raku Eco Pack Refill* containers, which have reduced the same type of waste by around 80%. Now we are working to accelerate the propagation of these products even further and develop new technologies to further bolster their effectiveness.

Full-scale in-store sales of *Smart Holder*

Installing the *Raku-raku Eco Pack Refill* lets you use the product repeatedly without refilling, and with our

proprietary *Smart Holder* pump, you can use nearly all of the contents.

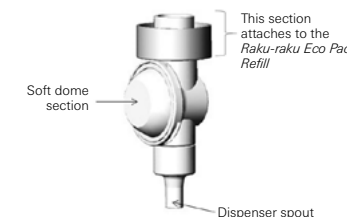
After the product was developed in 2017, it was available principally online, but through collaboration with retailers, in-store sales have begun. We will promote the product widely.



→ Kao Is Working to Accelerate the Shift Away from Rigid Plastic Bottle Use
The Full-Scale Launch of In-Store *Smart Holder* Sales Starts This Spring in Japan
www.kao.com/global/en/news/sustainability/2020/20200317-002/

Launch of products using *Raku-raku Switch*

We introduced products equipped with *Raku-raku Switch*, which when attached to *Raku-raku Eco Pack Refill*, makes it easy to dispense a uniform amount of liquid with a light touch. Compared to bottles with pumps, *Raku-raku Switch*-equipped products are reducing the amount of plastic used by around 50%.



→ Launch of the *Raku-raku Switch* for Dispensing a Fixed Amount from Film Packaging with One Light Push
www.kao.com/global/en/news/sustainability/2020/20200826-001/

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Launch of *MyKirei* by KAO using *Air-in Film Bottle*

MyKirei by KAO, launched in the U.S. in April 2020, uses a revolutionary *Air-in Film Bottle* as its original container. While consisting of film alone, the insertion of air allows the bottle stand on its own and function as primary packaging. Compared to bottles with pumps, this container is reducing the amount of plastic used by around 50%.

We are planning to extend the *MyKirei* by KAO brand, which embodies the Kirei Lifestyle, to a wide range of products.



Air-in Film Bottles



→ Kao USA, Inc announces the launch of *MyKirei*: New product collection inspired by the Kirei philosophy promotes sustainability and simplicity, without sacrifice
www.kao.com/global/en/news/sustainability/2020/20200407-001/

Launch of products using *Tube-Like-Pouch*

Tube-Like-Pouch uses material featured principally in our film packaging for refill packs as the original product container. As a result, use of plastic is reduced by 50%, and nearly all the liquid can be dispensed.

We are offering *Tube-Like-Pouch* containers for our *John Frieda* hair care brand products, which we market in Europe and the Americas. In July 2020, we offered these containers in-store and online at the U.S. retailer Walmart on a limited-edition basis.



Tube-Like-Pouch



→ Innovative Packaging Using 50% Less Plastic Launched by *John Frieda* Hair Care
www.kao.com/global/en/sustainability/topics/sustainability-20201007-001/

Activities to eliminate eye-catching plastic stickers completely

While eye-catching stickers made of plastic can convey product advantages or instructions for correct product use, they also lead to increased plastic waste and CO₂ emissions when burned. We aim to eliminate the use of

eye-catching plastic stickers by the end of 2021.

We will achieve this by moving information from conventional sticker to product bottle, and using other means to convey needed information. When it is essential to convey information regarding the use of the product, we use FSC-certified or other certified paper.

The impact of COVID-19 slowed the elimination of stickers for some products, but by the end of 2020, they had been eliminated for around 70% of items. We expect total elimination to be completed as planned by the end of 2021.



Eye-catching plastic sticker used

Eye-catching plastic sticker eliminated



→ Kao Is Promoting the Elimination of the Use of Eye-Catching Plastic Stickers on Products
www.kao.com/global/en/news/sustainability/2020/20200317-001/

Use of recycled PET in PET bottles

We are investing effort in Innovation in Recycling toward the realization of a circular society for plastics. Our goal is to use recycled PET in all of our PET bottles.

We are already using bottles made of 100% recycled PET in containers of *Attack ZERO* and *CuCute Foam Spray*, which were launched in spring 2021.

We will promote the transition to recycled PET containers by focusing on products most frequently used by consumers and which therefore have the



greatest impact on the environment.

Note: Excluding colorants, label film, pumps and caps



→ Kao to Start Using 100% Recycled Plastic for its Bottles in Japan
www.kao.com/global/en/news/sustainability/2021/20210331-002/

Launch of Recycling Field Testing activities in collaboration with Lion Corporation

To carry out field testing for segregated collection of used refill packs, we have begun working with Ito-Yokado Co., Ltd. on RecyCreation activities. Special recycling boxes are placed at stores for consumers to return used refill containers of detergent, shampoo and other products from Kao and Lion Corporation. Refill packs collected in this way can be recycled into blocks and other shapes for a variety of uses, such as events to convey the importance of recycling.



→ Kao and Lion Begin Collaboration on Recycling Field Testing
www.kao.com/global/en/news/sustainability/2020/20201124-001/

Disseminating information related to sustainable living

Dissemination and sharing of information with consumers

We use our website, social media and corporate communication activities to disseminate and share a wide range of information with stakeholders. These efforts convey our activities to consumers, and enable us to reflect consumer opinion in *Yoki-Monozukuri*.

We use principally the following to disseminate and share information relating to sustainable lifestyles with consumers.

Kao Plaza

Kao Plaza is a community website for loyal Kao users in particular and consumers in general. We profile not only sustainable lifestyles but a wide range of our activities, and share opinions from consumers (member registration may be required).

In 2020, our profile of efforts to eliminate eye-catching plastic stickers generated significant consumer feedback.



→ Kao Plaza: Project to eliminate eye-catching plastic stickers
[www.kao.com/jp/kaoplaza/contents/esg/001/?taskid=T0000101362&adobe_mc=MCMID%3D53678356976548077853734051239738041008%7CMCORRID%3D952B02BE532959B60A490D4C%2540AdobeOrg%7CTS%3D1605682068](http://webmember.kao.com/jp/kaoplaza/contents/esg/001/?taskid=T0000101362&adobe_mc=MCMID%3D53678356976548077853734051239738041008%7CMCORRID%3D952B02BE532959B60A490D4C%2540AdobeOrg%7CTS%3D1605682068) (Japanese)
 → Communication with consumers
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2021-e-all.pdf#page=77

Kirei Lifestyle Plan

Making my everyday more beautiful

Making thoughtful choices for society

Making the world healthier & cleaner

Walking the right path

Sustainable lifestyle promotion 102-43



Kao corporate website

Our corporate website is another means for sharing information on a wide range of activities.



Plastic usage reduced by

40%

* When the product is used the same number of times

Original type

Concentrated type



→ Aiming to make our plastic packaging fully recyclable
www.kao.com/global/en/who-we-are/actions/recyclable-package/

Social media

We use social media extensively to disseminate information relating to our activities. We listen to consumers and draw on their opinions in our sustainability-related activities.



Twitter



Instagram



→ Kao Official Twitter
twitter.com/KaoCorporate_jp/status/1280695004147732481 (Japanese)

→ Kao Official Instagram
www.instagram.com/p/CEsgOtsD_MZ/ (Japanese)

Responding to questions from consumers

We are offering active support through social media, such as Yahoo! Chiebukuro, as well as our website, to consumers with housekeeping-and beauty-related concerns.

Our responses based on specialist knowledge are posted to social media, which enables other consumers with similar concerns to benefit from the responses.



→ Yahoo! Chiebukuro: Kao Official Support
chiebukuro.yahoo.co.jp/my/1020588266 (Japanese)

Offering ideas for living through product use

On our Go! Kurashi no Kirei website, we strive to achieve social impact by advocating environmentally friendly living through our product communication, and by raising consumer awareness of sustainable lifestyles.



→ Go! Kurashi no Kirei (lifestyle information website)
www.kao.co.jp/lifei/support/ (Japanese)



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

Using opportunities to raise public awareness Participation in Sustainable Brands 2020 Yokohama

Among the many presentations relating to such social issues as climate change and human rights that were held at the international conference, we profiled our activities aimed at making consumers agents of change, using the issue of plastic waste as a case study. In addition, our corporate booth featured a display relating to our activities to reduce the use of plastics.



The Senior Vice President of ESG addresses the conference



Booth displays profiled our KLP and activities to reduce the use of plastics

Participation in EcoPro Online 2020

We participate in the EcoPro exhibition every year to profile our activities. During the 2020 exhibition, which was held online, we gave a presentation titled Kao's Plastics Strategy, which outlined measures to reduce ocean plastic pollution.

→ EcoPro Online 2020
eco-pro.com/2020/ecopro/1125_2.html (Japanese)

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 11th contest, held in 2020, drew a total of 12,884 entries from around the world.



11th "eco together" Planet Earth Grand Prix
Artist: Liang-En Yu (age 8)
Title: The Color of Future

→ Kao Announces Winners of the Eleventh Kao International Environment Painting Contest for Children
www.kao.com/global/en/news/sustainability/2020/20201130-001/

Employees' voice

Ways to eliminate eye-catching plastic stickers

Momoko Tanaka

Bioré u Soap*, Skin Care Business, Health & Beauty Care, Kao Corporation



We wanted to convey the gentle, user-friendly qualities of *Bioré u* to consumers without using plastic eye-catching stickers. However, the limited surface area of the bottle made this difficult.

The solution was to arrange and condense the information in the original container and refill pack in order to convey it with maximum efficiency.

There are many different ESG initiatives under way, but I would like to find ways to contribute through the products I am handling.

* As of December 2020

This message regarding employee innovation and views on sustainable lifestyles with respect to activities to eliminate eye-catching plastic stickers, was originally posted on the Kao Plaza community website.