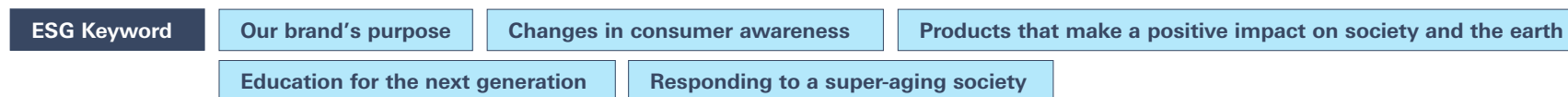


Purpose driven brands 102-12, 102-15, 103-1



Every Kao brand will have a purpose that offers solutions to social issues within the communities or societies it touches.



Kao's creating value to address social issues

Social issues we are aware of

The situation we live in is changing dramatically—globally, there are environmental issues such as climate change and marine plastics, and within Japan, an approaching super-aging society along with diversity in values and in race.

As with changes in society and the global environment, consumer awareness is also changing. Not wanting to add to waste caused by mass consumerism and purchasing, in response to this more steps are being taken to choose only those things which are necessary. In light of this, the definition of the concept of ownership is as something owned by a single individual is expanding to include sharing. Now there is demand for a mindset where lifestyle is something created together with consumers.

Kao's creating value

We aim to setting a clear purpose for each of our brands, and with our various practices, foster empathy and activity through communication between stakeholders such as consumers, in order to enrich the lives of people as well as contribute to the sustainability of society as well as the Earth.

Contributions to the SDGs



The social issues each brand contributes to depend on its category and the value it provides. For example, in order to contribute to the fundamental SDG goal of “no one will be left behind,” we are developing and providing easy-to-use containers for our products. The zigzag notches on our shampoo bottles make it possible to distinguish shampoo from rinse through touch. This enables not only people with visual impairments, but anyone with their eyes closed to identify bottles by touch when washing their hair.

Regardless of disability or age, we strive to develop products that are safe, easy to understand and easy to use for all people.

In addition, our products that require fewer rinse cycles and less quantity save on water and electricity, helping to reduce environmental impact.

Each of our brands has a different purpose based on various social issues, and by responsibly manufacturing products and providing them to consumers, we believe that their usage is able to contribute to the achievement of the 12th SDG Goal.

Containers that anyone can easily use



Shampoo bottle notches

One-hand push type *Attack ZERO* dispenses liquid with light touch

Hand soap that easily allows children who experience difficulty creating enough foam using regular soaps to dispense enough foam to cover their entire hand



- Easy to Use for All—Tactile Marks on Shampoos
www.kao.com/global/en/sustainability/topics-you-care-about/universal-design/shampoo-notches/
- History of Major Initiatives
www.kao.com/global/en/sustainability/topics-you-care-about/universal-design/initiatives-history/
- “eco together”: Ways we can save water in our daily lives
www.kao.co.jp/lifei/support/50/ (Japanese)

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Policies

When it comes to Kao's brand purpose, we refer to what positive impacts we can make on daily life, society and the Earth.

The activities of our purpose driven brand include the following efforts: (1) an explanation of why the brand exists, (2) specific brand actions, (3) communication.

During our first year of these activities in 2019, we focused on (1) an explanation of why the brand exists. From 2020 onward, we have been focusing on making changes in the world through the result of (2) specific brand actions, in order to give them meaningful purpose when it comes to consumers and society.

Education and promotion

Communication with consumers is essential for making a positive impact on daily life, society and the Earth. In order to achieve this, we provide educational training to staff in order to reconfirm the significance of our existence as a brand based on consumer perspective, working with ESG management and global unity.

In addition, conveying brand attitude and participating in awareness-raising activities in order to create social change together with consumers is important. For instance, with *Bioré u*, we were able to develop a foam hand soap that makes hand washing easier, along with a Foaming Hand Washing Song children can enjoy singing as they wash their hands with it.



→ p. 50 Making my everyday more beautiful > Habits for cleanliness, beauty & health / Educational program to cultivate habits for cleanliness, beauty & health

Collaboration and engagement with stakeholders

Important stakeholders

Consumers are the most important stakeholders concerning our business activities. It's important to foster empathy and action by creating consumer awareness using various means beyond utilizing different types of media and storefronts. These means include school education for the next generation and working with local governments and worksites to take initiatives toward a super-aging society.

Next-generation awareness raising

As part of our activities to educate the next generation, since 2009 we have been providing hand-washing lessons as visiting classes for lower grades at elementary schools with our *Bioré u* brand, which promotes good physical hygiene.

However, in 2020, the visiting classes had to be suspended because of the COVID-19 pandemic, but we made the teaching materials available free of charge so that teachers could teach the classes themselves. Besides providing Hand-washing Posters for approximately 20,000 elementary schools throughout Japan, we also uploaded materials for online teaching to our website.



→ Foaming Hand Washing Song
www.kao.co.jp/bioreu/family/hand/song/en/

Initiatives for a super-aging society

In cooperation with local governments and worksites, we are working to extend healthy life expectancy through visualizing how much visceral fat they have at measurement sessions, encouraging citizens to walk and offering them healthy meal menus.

Under the *Healthya* brand, through the service LINE we are conducting a campaign that allows users to easily check their percentage of visceral fat.



→ Monitoring Health with *Healthya*
www.kao.co.jp/healthya/product/monitoring/ (Japanese)

Framework

Of the 19 actions included in our Kirei Lifestyle Plan (KLP), improved quality of life, habits for cleanliness, beauty & health, universal product design, sustainable lifestyle promotion and purpose driven brands are being promoted as a common framework.



→ p. 18 ESG promotion structure

Kirei Lifestyle Plan

Making my everyday more beautiful

Making thoughtful choices for society

Making the world healthier & cleaner

Walking the right path



Mid- to long-term targets and performance

2025 mid-term targets

Clarify the purpose of all of our brands. State the purpose of our brands in a way that is obvious to consumers, and promote consistent communication.

Following the completion of our educational training for brand managers in 2019, we clarified a purpose for each brand. From 2020, we began communicating these purposes publicly and began taking clear, concrete actions in line with them. By 2025 we aim to realize all target activities regarding each of our brands.

2030 long-term targets

Become a brand with meaningful purpose by appealing to consumer and social empathy by responding to consumer lifestyle, social and environmental issues through all of our brands.

In addition, we will formulate brand evaluation criteria to inspect the conditions of each brand in 2021 as we look toward 2030.

Anticipated benefits from achieving mid- to long-term targets

Business impacts

The support of meaningful brands leads to the growth of brands and the company, and as a result, makes it possible to invest in new social issues.

Social impacts

Through empathy and support from consumers, we are able to make a positive impact on daily life, society and the Earth.

Performance in 2020

In 2019 we reviewed our brand designs from the perspective of KLP, clarifying the purpose of each brand and what kind of positive impact it has on our lives, society and the Earth.

From 2020, we began taking clear, concrete actions in line with these purposes.

For example, we stated that both the purpose of our *MyKirei by KAO* brand, launched in the U.S. in April 2020, as well as our *athletia* brand, launched in Japan in February 2020, would be to contribute to a sustainable global environment.



Our initiatives

Brands launched in 2020 that epitomize the Kirei Lifestyle

MyKirei by KAO (by KAO USA in the U.S.)

MyKirei by KAO brand, epitomizing Kao's Kirei Lifestyle, was launched in the U.S. in April 2020.

MyKirei by KAO was created with the brand concept "Every facet of daily life is filled with caring," and a brand purpose of providing unique products with low environmental impact that anyone can use with ease, made possible through our Essential Research.

We used our company developed *Air-in Film Bottle* for the first time with MyKirei by KAO. Made with flexible materials, these bottles gain their rigidity through an air fill, allowing them to stand upright like a traditional bottle, and compared to pump bottles, uses 50% less plastic. Furthermore, our line of refills encourages consumers to keep using the same bottle pump again and again. Additionally, compared to other conventional bottles it allows one to finish using product in them with less liquid waste, making it more environmentally friendly.



MyKirei by KAO



→ Kao USA, Inc announces the launch of MyKirei
www.kao.com/global/en/news/sustainability/2020/20200407-001/

athletia (known in Japan as e'quipe)

athletia is for people who live active lives. It was designed for people of any gender or age. No matter how one's skin condition fluctuates, *athletia* preserves skin's natural suppleness. Launched in February 2020, it was founded on these concepts as well as controlling the balance between "dynamic" and "tranquil."

Everything from its ingredients and raw materials incorporates the concept of clean beauty, in consideration of its impact on people, society and

nature.

Common ingredients found in the brand such as *ashitaba* and perilla are cultivated on farms using circulation type agriculture free from agrochemicals or fertilizers, and 90%–100% of fragrances are derived from natural, plant-based essential oils.

We use as much recycled and bio-based materials for packaging as possible, and actively use recycled and recyclable materials for the interior, flooring, fixtures and decorations that make up our flagship store in Omotesando. We strive to make the best choices possible, aiming for a more sustainable future.



→ *athletia*
www.athletia-beauty.com/jp/ja/about-us/clean-beauty/ (Japanese)