Information Security

We have established 30 Information Security Committees in various countries, areas, worksites and companies. These Information Security Committees take action to strengthen information security in order to protect information assets that include cybersecurity measures, trade secrets, and personal information as well as IT hardware, software and many kinds of data records.

Social issues

The “Information Security White Paper 2024,” issued by the Information-technology Promotion Agency, Japan (IPA) provides the following examples:

“The number of cyberattacks against businesses and organizations, along with the associated financial damages, continue to rise across the globe. In particular, network intrusion attacks suspected to be backed by governments are highly advanced and persistent, often lasting long periods of time and affecting a wide range of targets, leading to serious damage.”

“In June 2023 within Japan, a cloud service provider for labor and social security attorneys received a ransomware attack that caused service suspension for approximately a month. This affected most of the system’s approximately 3,400 users. In July 2023, a ransomware attack by LockBit caused the container terminal system at the Nagoya Port to stop for two and a half days, causing a major impact on container loading and unloading operations. The disruptions to systems and services through cyberattacks reaffirmed the impact on social infrastructures such as logistics.”

“The number of incidents concerning personal information leaks and losses in Japan, along with the amount of leaked personal information, has been on the rise and reached a record high. In 2023, large-scale information leaks due to internal corruption were also reported. These included cases at two group companies of a major telecommunications provider, where it was reported that more than 15 million customer records were compromised. Internal corruption poses a risk to the social credibility of an organization and must be addressed as a management issue.”

Thus, Cyberattacks and internal corruption targeting companies and organizations within and outside Japan have resulted in a significant number of incidents, including the leakage of trade secrets and personal information and the halting of production activities and business activities due to ransomware. Consequently, security measures to prevent cyberattacks are recognized as social issues.

Also, protection of personal information has been reinforced in recent years under the EU General Data Protection Regulation (GDPR) and the laws of individual countries. We are aware that responding to the increasingly rigorous protection of personal information in each country is a social issue.

Strategy

Risks and opportunities

Risks

The occurrence of cyberattacks that can cause the long-term suspension of production,sales,marketing and R&D activities, along with the loss of corporate trust due to leaks of information including TS and personal information, is a major risk.

Opportunities

By strengthening cybersecurity measures and the management of information assets including TS and personal information, such data can be utilized in new ways, new business can be created, and new workstyles will become possible through the use of the ICT.

Strategy

We have implemented cybersecurity measures in line with the security strategy roadmap, considering their urgency and budget. In 2024, we launched DMARC (Domain-based Message Authentication Reporting and Conformance) to implement the most robust and proactive defense toward business email fraud, phishing attacks, and email spoofing.

Additionally, Microsoft 365 E5 Compliance has been incorporated to protect confidential data and implement data governance, allowing us to establish comprehensive compliance and data governance for emails.

Furthermore, we are globally expanding a Security Operation Center (SOC) that monitors the networks, servers, and PCs 24 hours a day, 365 days a year, detects suspicious behaviors including cyberattacks and viruses, and responds to them immediately.

In addition to these efforts, we continuously provide a security education program to Kao Group members within and outside Japan.

Social impact

Kao helps improve security measures in the industry and of all companies in Japan by sharing information on the cyberattacks Kao Corporation experienced through the information-sharing network.

For this purpose, we participate in the following initiatives:

- the Initiative for Cyber Security Information Sharing Partnership of Japan (J-CSIP) of the Information-technology Promotion Agency, Japan (IPA)
- Cyber Intelligence Information Sharing Network of the National Police Agency and
- the Japan Computer Emergency Response Team Coordination Center’s (JPCERT/CC) Information Security Early Warning Partnership scheme.

We also participate in the Security Information Management Subcommittee established by the Japan Chemical Industry Association, an industry organization, and are working to exchange information with other companies.

Carrying out cybersecurity measures for the entire supply chain also plays a part in improving cybersecurity for the entire industry and for Japanese companies overall.

Business impact

By using cybersecurity measures to fend off business interruptions and the leakage and exposure of TS and personal information due to cyberattacks, we can prevent the loss of trust on our company. At the same time, we can avoid compensation payments and costs associated with cause location, measure implementation and the like in the event that damage does occur. Also, damage can be minimized if measures are in place to respond to cyberattack incidents and the leakage of TS and personal information.

The Kao Group can enhance trust in security measures and facilitate new ways to use data, new businesses, and diverse styles of working using the ICT by putting strong security measures against cyberattacks in place.

Governance

Framework

Information security management framework

The Information Security Policy, which is the primary provision regarding information security, stipulates that the President & CEO shall appoint a Chief Information Security Officer (CISO) to take command of, and be responsible for, supervising the formulation and maintenance of information security measures. The CISO is a Managing Executive Officer carefully selected for their extensive knowledge and experience in DX and security. The CISO takes on the position of chairperson of the ISC. The ISC supports the protection of information assets (including hardware, software and various types of data files) such as trade secrets and personal information, in order to achieve management goals, takes measures against cyberattacks on the Kao Group as a whole, and responds to the personal information protection laws of each country.

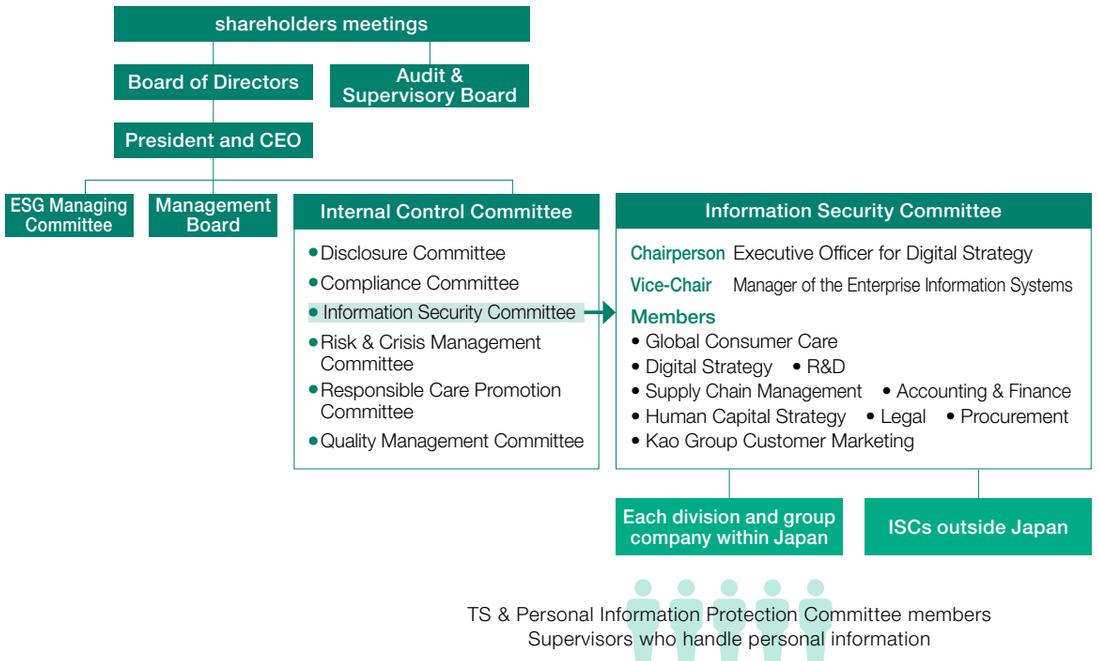
In Japan, we have appointed executive officers to serve as Chair and Vice-Chair of the ISC, and both the committee members and the staff of the committee's secretariat are appointed from different divisions, including Human Capital Development, Enterprise Information Solutions, Marketing, Research and Development, Intellectual Property Management, Supply Chain Management, and Legal. This enables us to benefit from a wide range of perspectives when determining policies, formulating internal rules, putting management systems in place, and implementing awareness-raising activities.

The ISC provides a report to the Board of Directors through the Internal Control Committee every quarter. The report contains the activity targets of the current fiscal year, progress status and performance evaluations, and in the fourth quarter, the activity targets for the coming fiscal year are also reported. In the event of an incident that requires an emergency response, the ISC works in collaboration with the Risk & Crisis Management Committee and reports to management immediately.

Overseas ISCs comprise members of the Management Boards of each company, and the ISCs are positioned under Japan's ISC. As is the case with Japan, the activities of the ISCs include quarterly activities based on the PDCA cycle, and ISCs are required to submit reports to the ISC in Japan in March of each year.

Our ESG Vision and Strategy > Governance
https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sustainability2025-e-11.pdf

Kao information security promotion framework



Report format for submission to the ISC in Japan

No.	Item	Content
1	Self-awareness raising activities	Conducted for all employees. Describe the details of awareness raising and the targets.
2	Self-checks	Describe the details of self-checks and the respondents. Which of the following patterns does the respondent belong to? • Respondents are selected through sampling of employees in each division • Managers ascertain conditions in their divisions and respond • Other
3	Setting improvement targets and taking action	Based on the results of self-checks, set improvement targets for those items with poor results and describe an improvement plan.
4	Number of incidents	State the number of cases of theft, loss, erroneous transmission of trade secrets, and theft or loss of information equipment for each type. Describe the details in an incident report.
5	Information relating to personal information	State the amount of personal information that is held, the number of complaints regarding personal information, and the number of requests to delete personal information.
6	Other	Describe reports relating to TS, personal information and cyberattacks, if any.

Establishment status of Information Security Committee

Division	Number	Company / Region
Headquarters	1	Kao Corporation
Consumer Products	2	Kao (Taiwan)
	3	KPSS Taiwan Ltd.
	4	Kao (Hong Kong) Limited
	5	KPSS Hong Kong Ltd.
	6	Kao Industrial (Thailand) Co., Ltd. / Kao Consumer Products (Southeast Asia) Co., Ltd.
	7	PT Kao Indonesia
	8	Kao Singapore
	9	Kao (Malaysia) Sdn. Bhd.
	10	Kao Vietnam Co., Ltd.
	11	Kao Consumer Products (EMEA)
	12	Kao Consumer Products (EMEA) U.S.
Chemical	13	Kao Penang Group
	14	Pilipinas Kao, Incorporated
	15	PT Kao Indonesia Chemicals
	16	Kao Corporation, S.A. (Spain)
	17	Kao Chemicals GmbH
	18	Quimi-Kao, S.A. de C.V.
	19	KAO Chimigraf, Sociedad Limitada
	20	Kao Specialties Americas LLC
	21	Kao Collins Inc.
China	22	Kao Group companies in China
Kanebo Cosmetics Inc.	23	Kanebo Cosmetics (Europe) Ltd.
	24	Kanebo Cosmetics Deutschland GmbH
	25	Kanebo Cosmetics Italy S.p.A
	26	Taiwan Kanebo Cosmetics, Co., Ltd.
	27	Kanebo Cosmetics (Thailand) Co., Ltd.
	28	Kanebo Cosmetics Malaysia Sdn. Bhd.
	29	Kanebo Cosmetics Korea Co., Ltd.
	30	Kanebo Cosmetics Rus LLC

Kao's incident response members and their roles

Name	Members	Roles, tasks, etc.
Top management	• Representative Director • Audit & Supervisory Board Members	• Identifying major incidents • Determination and approval of response measures, disclosures and measures to prevent recurrence
Risk & Crisis Management Committee	• Chairperson • Secretariat	• Escalation by the cyberattack / personal information protection response team
Emergency Countermeasure Meeting CSIRT Computer Security Incident Response Team	• ISC Chairperson • ISC Members • ISC Secretariat • Risk Management & Responsible Care • Strategic Public Relations • Employee Services & General Affairs • MK Innovation Center • Consumer CC • Responsible divisions	• Identifying and responding to incidents • Immediate response: determination of network isolation, suspension of server operation, suspension of accounts and other related issues • Report to top management: Preparation, reporting and implementation of immediate response measures and measures to prevent recurrence, decisions on disclosure to stakeholders and relevant external organizations
SOC Security Operation Center	• Enterprise Information Systems : Networks, servers and security services • Strategic Public Relations: Responses to mass media, preparation of news releases • Risk Management & RC: Social media monitoring • D2C Business: Management of memberships and campaignrelated website • Consumer CC: Management of external reports • ISC Secretariat: Management of reports from the National Police Agency, IPA and JPCERT/CC	• Implementation of various types of monitoring and detection of outliers. If an outlier is detected, report to CSIRT, investigate the cause, and implement technical responses • Receive external reports, confirm facts and report to CSIRT
Stakeholders / Relevant external organizations	• Suppliers • Employees • Consumers • Mass media • Supervisory authorities • Police • IPA • JPCERT/CC • Information-sharing networks	• Disclosure of information to stakeholders, reporting to supervisory authorities • Request for support to police, IPA and JPCERT/CC • Provision of information to information sharing networks

Note: Risk Management & RC: Risk Management & Responsible Care, Consumer CC: Consumer Communication Center

Kao's incident response flow

	Detection	Identification	Response
Top management and Audit & Supervisory Board Members Risk & Crisis Management Committee		Day of initial report	• Report • Response measures, announcement, approval of measures to preventrecurrence Next day and later
ISC (CSIRT)	Immediately	• Understanding the facts • Decision on urgency • Emergency Countermeasure Meeting • Preparation of management report • Requests for external support Day of incident	• Response measures, warnings, announcement, recurrence prevention measures, examination of responses to inquiries, etc., preparations
SOC	• Monitoring • Reports from employees • Reports from outside • Social media posts	• Continuous analysis • Investigation of causes	• Response measures, warnings, announcement, recurrence prevention measures, responses to inquiries
Stakeholders Stakeholders (Relevant external organizations, security companies)		• Request for support to police, IPA and JPCERT/CC • Coordination with contract counterparties	• Warnings, announcements, incident reports, information sharing

Incident response system

An incident response system has been established and measures are taken to minimize damage in preparation for potential cyberattacks, leaks of information, and other such incidents. To prepare for actual incidents, tabletop exercises are conducted multiple times each year.

Education and promotion

Internal education is conducted by each division to ensure that employees throughout the group fundamentally understand the issues of protecting TS and personal information, in principle. To this end, a general meeting is held in Japan each November with Trade Secret & Personal Information Protection Committee members and Personal Information Controllers from each division to:

(1) provide lectures and training on TS, personal information and information security;
(2) analyze the number of incidents and trends related to Kao's TS and personal information and provide feedback;
(3) set improvement targets; and
(4) discuss topics on promoting TS and personal information protection and information security

The 2024 meeting took place both offline and online with 256 TS & Personal Information Protection Committee members and supervisors who handle personal information participating. Company-wide educational materials are posted and timely warnings for all staff are provided via the company intranet portal site. Also, to evaluate the effectiveness of the internal education, self-checks are performed. On the basis of the results obtained, any problems that may exist are identified, improvement targets are set, and improvement activities are implemented.

Overseas, each ISC prepares an education and self-inspection plan, carries it out, and submits a report to Japan in March.

Collaboration with stakeholders

Cybersecurity measures

Kao has conducted the security evaluations listed below in collaboration with contractors and suppliers as security measures for the entire supply chain.

- Security evaluation of third-party logistics (17 sites in Asia and 20 sites in the Americas/EMEA) in 2020
- Security evaluation of 107 packaging suppliers and 86 raw-material suppliers in 2022 (Procurement has consultations on effective measures for suppliers that are considered high-risk.)
- Security check evaluation of nine contract manufacturers in 2023
- Crisis management to address cyberattacks targeting business partners planned for 2024

Paper audits of outsourcing partners handling personal information in Japan

We conducted paper audits of 219 service provider companies, confirmed the status of personal information management systems, rules and security management measures, and supervised service providers.

Website Application Security Guidelines

To present Kao's security requirements to system development contractors and ensure they meet the requirements when carrying out design and development, we have formulated and implemented the Website Application Security Guidelines.

These guidelines contain internal procedures and points of consideration related to the security of system personnel, development personnel, and operations personnel.

Risk management

Policies

We seek to implement security measures that will prevent cyberattacks and to build and maintain mechanisms and systems that can minimize damage even if we are subjected to such attacks.Furthermore, we have implemented measures to prevent the leakage of trade secrets and personal information through internal corruption.

Specifically, at Kao, the ISC in Japan plays a central role in establishing incident response structures and preparing for incidents in collaboration with the Risk & Crisis Management Committee. For technical measures, the Enterprise Information Solutions Center takes the initiative in assessing risk, creating a roadmap for security measures, and implementing measures in line with it.

In Japan,

- Information Security Policy
- Guidelines on Handling Trade Secret Information
- Guidelines on Handling Personal Information
- IT Security Guidelines (for Administrators)
- IT Security Guidelines (for Users)
- Website Application Security Guidelines

Overseas,

- Information security policy
- Global Trade Secret Regulation
- Global IT security guidelines (some sections are currently being formulated)

We have formulated policies and guidelines including those above to carefully manage cybersecurity measures, trade secrets (TS), and personal information in accordance with them.Furthermore, employment regulations clearly state that the theft or attempted theft of personal information is considered to be grounds for disciplinary dismissal. Such efforts are not only carried out in accordance with laws and regulations and the guidelines set forth by government agencies and committees, but are also designed to clarify our policies for the management framework and management methods.

The definition of personal information and the obligations of companies to handle personal information vary from country to country, depending on their laws. We ascertain the details of these laws that are enacted and amended, implement the measures that the Kao Group should take, and comply with the laws of each country.

Regarding our personal information handling policy and contact information, we have released the “Privacy Policy (Personal Information Protection Policy)” on the websites of our domestic and overseas companies.

- Kao Group Company Privacy Policy
  Japanese version https://www.kao.com/jp/privacy/
  English version https://www.kao.com/global/en/privacy/
- For EMEA (Europe, the Middle East and Africa) (GDPR compliant)
  https://www.kao.com/emea/en/privacy/
- Kao Group Company Inquiries and Complaint Reception Desk Regarding Personal Information
  Japanese version https://www.kao.com/jp/privacy/privacy-contact/
- For the EU (GDPR compliant)
  https://privacyportal-eu.onetrust.com/webform/4d856428-3bc6-45cd-82ac-13948107e0b3/5d905f69-ba05-479c-849a-4178fd4cb6e7

Activities to promote TS and personal information protection conducted in Japan using the PDCA cycle were as follows.

Plan: Plan formulation and review
- Review of the promotion system and updating of information access authorizations
- Review of trade secrets lists
- Sharing of implementation plans for awareness raising and self-checks
- Report from the Information Security Committee outside Japan (previous year’s results and this year’s plan)

Do: Awareness-raising activities
- Re-inspection of the confidentiality level of trade secrets
- Secure written pledges from supervisors who handle personal information
- Awareness-raising activities for employees

Check: Self-checks and auditing of outsourcing partners
- TS and personal information
- Auditing of outsourcing partners that handle personal information

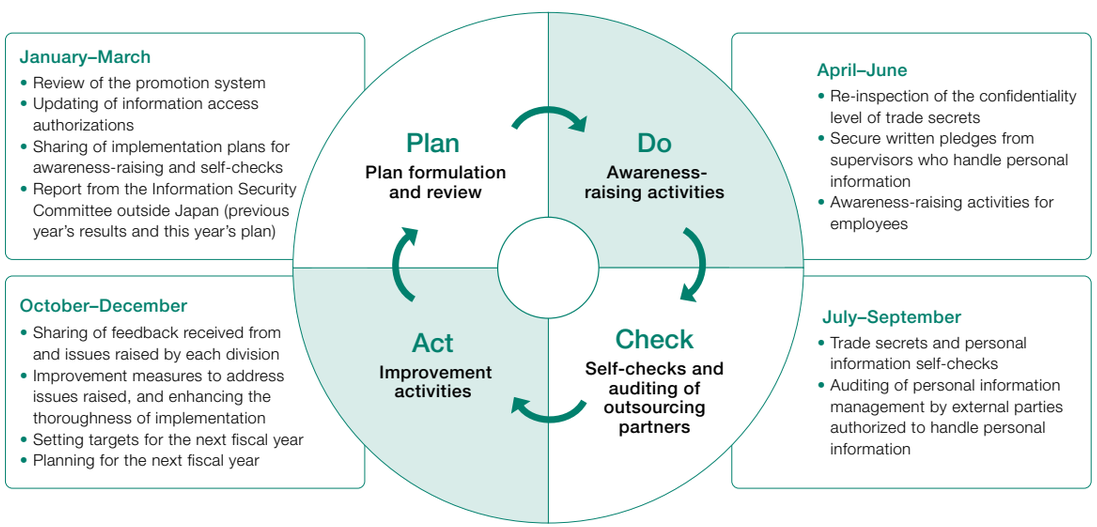
Act: Improvement activities
- Summarizing incidents related to TS and personal information
- Feedback of TS and personal information self-checks
- Setting improvement targets

Risk identification
- Kao identifies whether trade secrets, personal information, and security are managed and operated according to rules through self-checks.
- Kao identifies risks associated with operations that handle personal information with risk scores in the new personal information management system that was launched in July 2023. These scores are shared with Internal Audit and used to promote improvements across divisions, departments and group companies, to contribute toward risk reduction activities.

Risk reduction
- Kao reduces risks identified through self-checks by providing feedback and setting improvement targets in plenary meetings.

Our ESG Vision and Strategy > Risk and Opportunity Management
https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sustainability2025-e-12.pdf

PDCA cycle for information security activities



Metrics and targets

Mid- to long-term targets and 2024 results

Mid- to long-term targets

- Protection of information assets such as TS, personal information, hardware, software and many kinds of data records, including cybersecurity measures
- In the event of an information leak or other emergency, confirmation of facts, implementation of an emergency response, and formulation and implementation of measures to prevent recurrence

2024 results

At Kao, there were no serious incidents related to information security, including TS and personal information protection. No claims relating to personal information were directed to inquiry desks. Overseas, we received and promptly addressed 25 requests for deletion of personal information in the EU.

Plan: Plan formulation and adjustment

- Managing updates for committee members and supervisors with changes among the 318 TS & Personal Information Protection Committee members and 283 supervisors who handle personal information
- Review of trade secrets lists by 125 divisions, departments and affiliated companies in Japan
- Reports received from 28 ISCs outside Japan (Kanebo Cosmetics Rus LLC is currently inactive.)

Do: Awareness-raising activities

- Submission of pledges on personal information from 3,593 people
- Conducted awareness-raising activities in 139 divisions, departments, and affiliated companies in Japan

Check: Self-checks and auditing of outsourcing partners

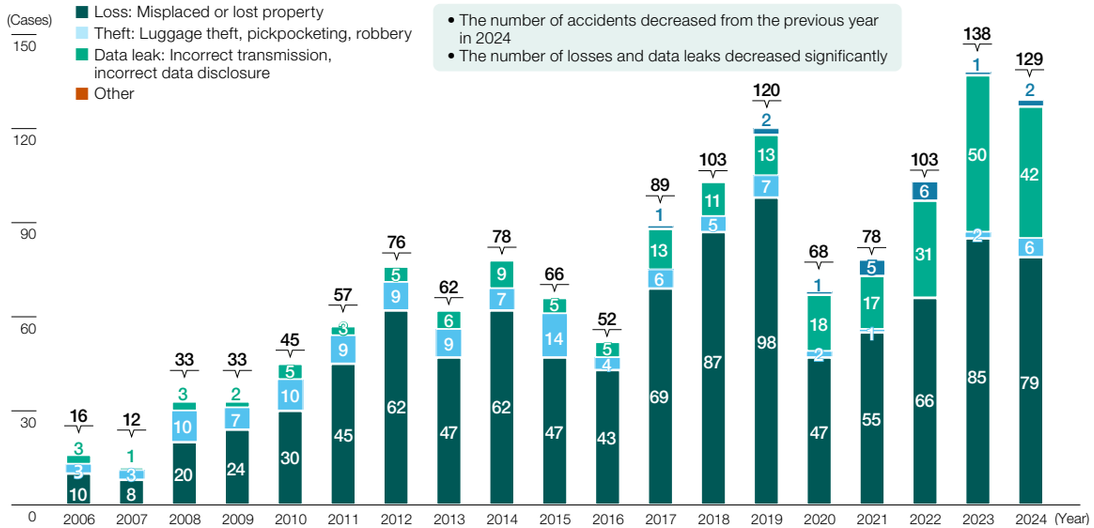
- Self-checks on TS in 146 divisions, departments and affiliated companies in Japan
- Self-checks on personal information in 116 divisions, departments and affiliated companies in Japan
- Audits of 219 outsourcing partners that handle personal information

Act: Improvement activities

At Kao, there were no serious incidents related to information security, including TS and personal information protection.

- On November 20, 2024, a plenary meeting was held both offline and online, with 256 TS & Personal Information Protection Committee members and supervisors who handle personal information participating.
- The number of incidents related to TS and personal information in 2024 was 129 by the end of October. Out of these incidents, 79 were losses, with the majority involving the loss of company cell phones. Since company cell phones and company PCs are encrypted, the loss of these devices does not result in information leakage.

Change in the number of incidents in the Kao Group in Japan



* KCMK, CMK and KC Groups were included in FY2008

Reviews of 2024 results

Since even those who fully understand TS and personal information protection lose clarity in their knowledge over the years, the risk of an incident occurring increases. Therefore, carrying out activities to protect TS and personal information on a continual basis every year is essential. It is important that all employees, including new hires and mid-career hires, understand and follow our TS and personal information protection rules.

In addition, 29 ISCs have been established overseas in overseas regions, corporate groups, and individual companies to promote the protection of TS and personal information throughout the Kao Group. We check the contents of the activities of ISCs outside Japan with activity reports they submit every March.

Initiatives

Activity targets for the Information Security Committees (ISC)

The following ISC activity targets for 2024 were set and measures were taken to achieve them.

(1) Reinforcement of cybersecurity measures

- To enhance security, we strengthened security measures in accordance with the security strategy roadmap.
- Installation and commencement of DMARC
- Installation and commencement of Microsoft 365 E5 Compliance
- Commencement of risk assessment and improvement activities through a new personal information management system

(2) Renewal of cyber insurance

- Coverage of cyber insurance
  - Crisis management costs
  - Third-party liabilities
  - Costs related to authorities in countries outside Japan
  - Economic damage to the Company (including data damage)
  - Costs related to business interruptions

(3) Identification of main activities of the 29 Information Security Committees outside Japan

- Kanebo Cosmetics Rus: Inactive
- Conducting awareness-raising activities: 26
- Conducting self-checks: 26
- Setting targets: 25
- Incidents occurred: 15 cases from 5 companies
- Request for deletion of personal information: 35 (already addressed)
- Request for deletion of EU cookies: 84
- Complaints about personal information: 2

(4) Strengthening of domestic personal information management

The new personal information management system that was launched in July 2023 records and visualizes the contents and amount of personal information, systems that process the information, how the information is applied, and the locations of the risks associated with the handling of personal information. The system also automatically calculates risk scores for each record. These are then used in collaboration with Internal Audit and the ISC Secretariat to promote improvements across divisions, departments and group companies, to contribute toward risk reduction activities.

(5) PDCA (Plan, Do, Check, and Act) cycle for information security

1. Trade secrets lists, awareness-raising materials and TS and personal information self-check questions reviewed
2. Awareness-raising activities implemented (by individual divisions)
3. TS and personal information self-checks and audits of personal information outsourcing partners conducted
4. The Trade Secret and Personal Information Protection Promotion Meeting was held in November

- Video presentations of awareness-raising activities and explanation of measures implemented by Kao
- Report on incidents related to TS and personal information in Japan
- Summary of self-checks
- Setting of improvement targets

(6) Others

A project has been launched to extend the new personal information management system used in Japan, to the Asian region. In October 2024, the system was incorporated and launched at group companies within Thailand and Singapore. Further expansion to group companies in Asia will continue.