

Message by Dave Muenz 102-14



ESG at the core of our business

With our K25 mid-term business strategy's vision of becoming a company that protects people and our world's future by pursuing sustainability as the only path, we are putting ESG (Environmental, Social and Governance) at the core of our business. Our key approach of creating maximum value with minimum waste will drive ESG actions across our entire organization.

Guiding our ESG actions is our long-held value of Integrity, passed down from our founder. It enables us to be committed to doing what is right and not what is easy. This commitment to a purpose-driven business is rooted in our corporate philosophy: the Kao Way.

This year, we reinforced our ESG governance structure by setting up ESG steering committees for four key areas. The Decarbonization Steering Committee will focus on accelerating actions toward our corporate decarbonization goals of becoming carbon zero by 2040 and carbon negative by 2050. Our ambition to become carbon negative will be powered by our ongoing development of technologies that aim to create raw materials out of carbon and apply them to our products. The steering committee focused on plastic packaging will drive actions toward a truly resource-circulating society. In order to create a foundation upon which all people and the planet can thrive, Human Rights and DEI, and Chemical Stewardship Steering Committees have been established.

ESG-driven *Yoki-Monozukuri*, or creating our products and brands from an ESG mindset by design will unlock innovations for both positive social and business impacts.

Making a difference through partnerships and people

To make lasting and meaningful change, we will work across our entire value chain. Managing our high-risk supply chains, such as palm oil, is critical.

We will work jointly with our suppliers, with a priority on securing traceability to protect both the environment and human rights. More recently, we stepped up our efforts with the Smallholder Inclusion for Better Livelihood & Empowerment program

(SMILE), with our business partners.

Partnerships will be key in building a resource-circulating society. We will further our efforts by working with organizations in and outside our industries, and with both local and central governments, to explore and build novel systems to address the challenges of plastic waste.

Most of all, we will continue to engage with our diverse and dedicated employees that are the driving force behind our ESG actions.

Looking ahead

As a maker of everyday products that touch the homes and lives of millions of people around the world, as well as chemical products, we will accelerate our efforts in realizing a Kirei life for all—providing care and enrichment for the life of all people and the planet, through our ESG Strategy, the Kirei Lifestyle Plan.

Our purpose-driven brands powered by our R&D capabilities will help close the gap between intention to action amongst people, helping them to make the right choices that will create a truly resource-circulating and sustainable society, now and in the future. Please join us in creating a Kirei life for all.

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