

Improved quality of life 102-12, 102-15, 103-1, 103-2, 103-3

Help people to enjoy more beautiful lives through our products, services and communications.

Kao's creating value to address social issues

Social issues we are aware of

We have identified several key factors affecting society that are closely related to quality of life (QOL) for consumers: global warming, changes in the hygiene environment, obstacles to women's empowerment, the hyper-aging society, and an inadequate response to the diversification of society.

Global warming's impacts on the human body include skin damage caused by ultraviolet rays, and the negative effects on human health of the increased incidence of heatstroke. Issues relating to the hygiene environment include the pronounced disparities in public sanitation and hygiene habits between different countries and regions in an era in which infectious diseases are becoming more common.

With regard to the emergence of the hyper-aging society, the disparity between senior citizen's healthy lifespan and their average overall lifespan is leading to an increase in the care burden. There are also problems with senior citizens becoming socially isolated, which can result in them losing their sense of purpose in life.

While progress has been made in terms of women's enhanced participation in society, unfairness in the division of labor within the home, and a lack of understanding of the difficulties that women face on the part of both their families and their workplaces, have led to an increased physical burden on women and an increase in the level of stress that they experience.

If the response to the diversification of society is inadequate, then consumers will not be able to enjoy

equitable access to the benefits of products and services, accessibility will be inadequate, and it will not be possible to realize a society in which everyone can enjoy invigorating, fulfilling lives.

As a result of social issues such as these, many consumers are at risk of significant lowering of their QOL in their lives.

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

The five key issues affecting the environment in which Kao operates, and the risk of reduced QOL for consumers

Global warming	<ul style="list-style-type: none"> • Skin damage caused by ultraviolet rays • Increased incidence of heatstroke
Changes in the hygiene environment	<ul style="list-style-type: none"> • Increased spread of infectious diseases • Growing disparities between regions in terms of public sanitation and hygiene habits
The hyper-aging society	<ul style="list-style-type: none"> • Increased care burden • Isolation of senior citizens
Obstacles to women's empowerment	<ul style="list-style-type: none"> • Unfair division of labor within the home • Lack of understanding of the difficulties that women face on the part of their families and workplaces • Excessive physical burden on women, and stress
Inadequate response to the diversification of society	<ul style="list-style-type: none"> • Consumers not able to enjoy equitable access to the benefits of products and services • Inadequate accessibility

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

If we fail to implement initiatives addressing social issues, such as initiatives in response to global warming, changes in the hygiene environment, the hyper-aging society, obstacles to women's empowerment, and the need to respond to diversification, and if we fail to respond to the changes in people's needs, then we will not be able to

win the approval of consumers and of society as a whole. This could lead to a fall in our corporate value and brand value, and to a deterioration in profitability and market competitiveness.

Kao's creating value

We aim to contribute toward enabling all consumers to realize their potential and to enjoy happy, enriching lives. To this end, we will be implementing initiatives to address the five key issues affecting society that we have identified as being particularly significant, and we will be providing products, services and awareness-raising activities in line with the changes in consumers' needs.

Global warming	<ul style="list-style-type: none"> • Protecting against ultraviolet rays • Moisturizing products • Providing products that keep people feeling cool and fresh
Changes in the hygiene environment	<ul style="list-style-type: none"> • Providing solutions to support infection prevention • Implementing hand-washing awareness-raising activities for the next generation • Providing hygiene products
The hyper-aging society	<ul style="list-style-type: none"> • Offering healthy habit proposals • Providing support to help senior citizens maintain their autonomy and sense of purpose
Women's empowerment	<ul style="list-style-type: none"> • Spreading awareness of the need to share housework and childcare responsibilities • Developing products that enable anyone to do housework easily • Developing preventative healthcare products for women, and products that help reduce stress for women
Diversity	<ul style="list-style-type: none"> • Product development, communication and awareness-raising activities that take diversity into account • Content that provides enhanced web accessibility

Contributions to the SDGs

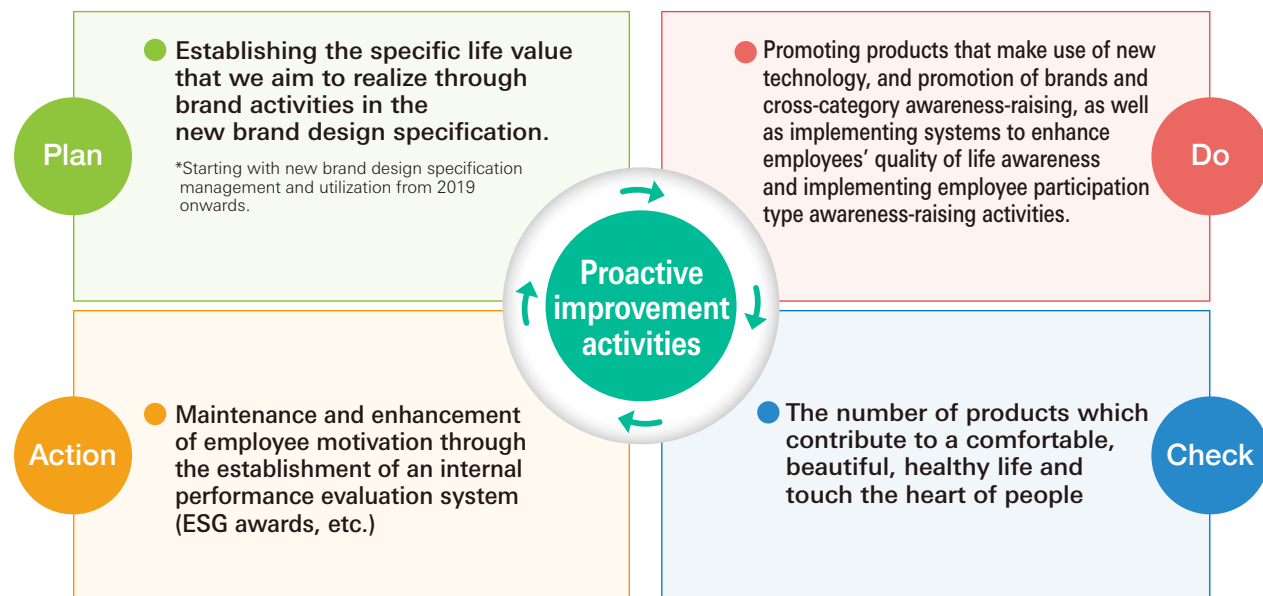


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Policies

In response to the five main risk factors that could lead to reduced QOL, due to various problems affecting society and changes in the social environment, we have identified key topics for addressing these risks, and we are taking action to tackle them. Going forward, we will be working together with consumers to help solve the problems covered by these topics, in collaboration with stakeholders such as local communities, government agencies and our business partners.

PDCA cycle aimed at enhancing QOL



Education and promotion

With the implementation of a PDCA cycle that includes the proposal of products that use new technology, collaboration between employees, consumers and other stakeholders, the wide-ranging dissemination of information both within and outside the company, obtaining evaluations from third-party organizations, etc., we are constantly reviewing our activity themes and working to expand them.

Collaboration and engagement with stakeholders

To enhance QOL for people throughout the world, we are focusing on five key topics: global warming, changes in the hygiene environment, the hyper-aging society, women's empowerment and diversity.

The provision of related products, providing information that is useful in consumers' daily lives, and awareness-raising activities are all important for addressing these topics.

- Policy briefings for suppliers: Once a year
- Business planning meetings with suppliers: Once a year
- Information exchange with suppliers regarding the SDGs: As needed
- Collaboration with local government authorities and educational institutions

Improved quality of life

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.

The ESG Managing Committee, which meets six times a year, deliberates on these matters under the supervision of the Board of Directors. The committee is chaired by the President, and its members include directors and executive officers responsible for ESG, Business, R&D, Product Quality Management, SCM, Sales, etc., helping the committee to coordinate its activities with our business activities. The committee reports on its activities to the Board of Directors at least once a year, and receives oversight from the board.

→ Kirei Lifestyle Plan—Kao's ESG Strategy > ESG governance structure

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Mid- to long-term targets and performance

2030 long-term targets

- The number of products which contribute to a comfortable, beautiful, healthy life and touch the heart of people

Target for 2030: 7 billion products

- Increase the number of new products that help to enhance QOL
- Increase the number of activities and initiatives undertaken in collaboration with national and local governments that help to enhance QOL

Anticipated benefits from achieving mid- to long-term targets

Business impacts

- Improved sales performance for fabric care, home care, sanitary, *Merries*, skin care and hair care products

Social impacts

- Measurement of consumers' sense of identification with Kao and of Kao's corporate image using methods such as corporate image questionnaires forming part of consumer attitude surveys

Performance in 2021

- The number of products which contribute to a comfortable, beautiful, healthy life and touch the heart of people
Performance in 2021: 4.5 billion products

Reviews of performance

The above figure represents a decrease of 200 million products compared to the previous year. The performance in 2021 fell below that in 2020, due to the fact that demand in the consumer products market in Japan was lower than in 2020, partly due to a rebound from the rapid increase in demand which was seen in 2020, and partly due to the series of declarations of emergency that were issued in Japan over the course of 2021.

The main reasons for this situation are the continuing impact of the COVID-19 pandemic on the cosmetics market, and the fact that, although usage rates of hygiene products such as sanitizer had risen, 2021 saw a decline in sales of such products compared to the previous year. Going forward, we will be aiming to meet our mid- to long-term targets by developing sales of hygiene products in countries where hygiene habits still leave room for improvement, and through awareness-raising activities.

Improved quality of life 102-43

Our initiatives


Support for women's empowerment through the Pink Ribbon Campaign

With increased female participation in society, higher female employment rates, an increase in the number of female managers, etc., society now offers more opportunities for women's advancement. At the same time, however, because of the trend toward later marriage and the fall in the percentage of women with experience of pregnancy and childbirth, there has been an increase in the incidence of female-only cancers, which has become a significant social problem. We support the Pink Ribbon movement, a global initiative that seeks to educate women about the importance of early diagnosis for breast cancer, and since 2007 we have been implementing the Kao Pink Ribbon Campaign.

We are also undertaking development of related products that contribute to enhanced QOL.

We are currently taking the following two activities as the main pillars of our support for women's health.



 Pink Ribbon Campaign 2021
www.kao.com/jp/pinkribbon/ (Japanese)

1. Preventive awareness-raising and donation activities that make effective use of Kao's resources

Since 2007, we have been implementing activities to communicate the importance of early diagnosis of breast cancer directly to customers through in-store *Sofina, est* and *Kanebo Cosmetics* counters, focusing mainly on Japan and the Asia region.


In 2021, a method for performing self-checks using *Body Lipid Wear* was introduced to customers at *Kanebo* outlets and via the *Kanebo* website. Part of the revenue from product sales was donated to a cancer education project.

In addition, our *Laurier* sanitary products brand implemented a limited-period brand-wide campaign to support women's health. During the campaign period, donations were made to activities that support women's health through a click-to-donate platform using a special website established for this campaign.



Kanebo Body Lipid Wear

Laurier Shiawase Suhada (Left) and
Laurier Slimguard (Right)

 Corporate citizenship activities: Support for cancer education through the Pink Ribbon Campaign
www.kao.com/jp/pinkribbon/activities/#shohin (Japanese)

2. Providing support for activities to educate the next generation through Pink Ribbon Advisors

Since FY2018, we have been supporting the "Project of Cancer Education by Pink Ribbon Advisors*" (Organizer: Japan Society of Breast Health, certified specified non-profit organization).

Pink Ribbon Advisors who have experienced cancer visit junior high schools and high schools to give special lectures. The aim is for the advisors to use their own experience to help children develop an accurate and deeper understanding of cancer, thereby helping to boost cancer screening rates in the future, and also cultivate greater health awareness among the students' families and society as a whole.



Special lecture given by a Pink Ribbon Advisor

* Pink Ribbon Advisors:
This is a certification program run by the Japan Society of Breast Health, an NPO, participants in which learn about cancer, cancer screening and treatment etc., and take a test to check their knowledge. Approximately 7,000 Pink Ribbon Advisors are undertaking awareness-raising activities throughout Japan, with the aim of creating a society that takes breast cancer seriously, by encouraging people to safeguard themselves from breast cancer, talk to their family and friends about breast cancer, encourage work colleagues to undergo breast cancer screening, etc.

Improved quality of life

Product proposals to enhance QOL

Hygiene product proposals

Launching *Bioré Guard Antibacterial Body Wash*

With the rise in hygiene awareness, people have become more aware of the need to combat viruses and bacteria that they may have picked up while outside by washing and sanitizing their hands, and also by emphasizing whole-body hygiene. (According to a 2020 Kao survey)

In April 2021, we launched a new medicated body wash product that can also be used for washing the hair (in Japan, this is classed as a quasi-drug product, which is able to clean, sterilize and disinfect the skin). Its sanitizing ingredients enables it to remove viruses and bacteria from the skin. It washes dirt off the body, and leaves the skin clean and fresh.

It can also be used for washing the hair.



Launching *Bioré Guard Sanitizer Foam*

According to a survey on hand sanitizer usage, consumers tend to use an inadequate amount of sanitizer, and tend not to rub enough sanitizer on every part of their hands. (According to a 2021 Kao survey)

With this in mind, in October 2021 we launched *Bioré Guard Sanitizer Foam* (in Japan, this is classed as a designated quasi-drug product, which is able to clean the fingers and skin, and has disinfecting properties), which has been made easy-to-use for consumers. It is designed so that, because the cleaner comes out as foam, it is unlikely to spill even if the dispenser pump is pressed down firmly, making it easy for children and senior citizens to use.



Healthy habit proposals

Launching the *Healthya W likoto Meguri* product line

The percentage of people who worry about their blood pressure as they get older is tending to increase. In particular, around 70% of men in their 40s or older who are concerned about their blood pressure are also worried about having too much body fat. (According to a 2020 Kao survey)

The *Healthya W (Double) likoto Meguri* product line is a Food with Function Claims product with chlorogenic acid derived from coffee beans—which has been reported as having the two functions of helping to reduce high blood pressure and reducing visceral fat—as the functional ingredient.

This new product line includes three items: a bottled beverage (specifically, a blended tea drink) that can be drunk straight out of the bottle, and two beverages in powdered form (coffee flavor and black soybean tea flavor) that can be added to various different drinks. With this product line, we are proposing a healthy habit that is easy to maintain, and where consumers can choose the option that best suits their lifestyle and preferences, with the target consumers being people who are concerned about their high blood pressure and visceral fat.

