

Purpose driven brands 102-12, 102-15, 103-1, 103-2, 103-3

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

Globally, there are environmental problems such as climate change and marine plastic, as well as hygiene problems including infectious disease pandemics. In Japan, due to the arrival of a hyper-aging society and the diversification of values and ethnicities, the situation we live in is changing dramatically.

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 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

By clarifying the purpose of each brand, and based upon that, implementing various communication and activities that resonate with stakeholders beginning with consumers, and encourage them to align their actions with ours, we aim not only to enrich people's lives, but to 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.

To this end, we will not make these efforts alone, but will coordinate and cooperate with local government bodies, retailers, competing companies

in our industry and others to elevate the speed and level at which social challenges are solved.

➔ Making thoughtful choices for society > Sustainable lifestyle promotion > Collaboration and engagement with stakeholders
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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)

Purpose driven brands 102-43, 404-2

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 forward, we have been focusing on creating change in the world through (2) specific brand actions and (3) communication, becoming an entity that contributes to the solution of social issues in collaboration with 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.



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 is 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 hyper-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, due to the ongoing effects of the COVID-19 pandemic, in 2021, as in the previous year, we provided free teaching materials for teachers to

conduct their own classes. In response to the pandemic, we developed a new hygiene habits program to help children in the early grades of elementary school enjoy learning the importance of hand-washing and mask-wearing, and acquire hygiene habits. We provided information about the program to approximately 20,000 schools nationwide, and more than 6,000 are using it.

In addition, we developed a parallel program for children with hearing impairments, which we have been offering since September 2021, to help them acquire hygiene habits while having fun.



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

Initiatives for a hyper-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 LINE we are conducting a service that allows users to easily check their percentage of visceral fat.



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

Purpose driven brands

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

2025 mid- to long-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 taking clear, concrete actions in line with these purposes. By 2025 we aim to realize all target activities regarding each of our brands.

2030 long-term targets

Ensure that our brands have meaningful purpose that can win the approval of consumers and of society as a whole, and have them align their actions with our goals, by responding to changes in consumer lifestyles as well as to social, environmental and hygiene issues through all of our brands, establish evaluation criteria for gauging the status of each brand, and perform verification with our vision for 2030 in mind.

Anticipated benefits from achieving mid- to long-term targets

Business impacts

Having support for meaningful brands will lead to enhanced awareness of our brands in the market, contributing to market share growth.

Social impacts

Gaining approval and support from consumers and succeeding in having them align their actions with our goals will enable to have a positive impact on people's lives, society and the planet through our brands.

Purpose driven brands

Performance in 2021

Performance

In 2019, we reviewed our brand design from a KLP perspective, characterized the type of positive impact it will have on people's lives, society and the Earth, and began to define our purpose.

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., as well as our *athletia* brand, launched in Japan, would be to contribute to a sustainable global environment.

In 2021, we completed the process of defining purposes for all domestic brands. Based on these definitions, we are initiating specific actions and communications to create positive change in the world.

Reviews of performance

In 2021, despite the ongoing pandemic, we conducted product development and communication activities for multiple brands under the slogan "Let's make our lives Kirei" to realize hygienic bodies and lifestyles in a wide range of lifestyle scenes. Going forward, we will act with conviction in every activity that has an impact on people's lives, society and the global environment, and by continuing to doing so, we will reinforce the significance of our existence and strengthen customer satisfaction.

Customer satisfaction level

	2020	2021
Favorability level (%) of the product brand among consumers who use Kao products	70.7%	74.3%

Note: Selection percentage of preferred brands in each product category

Purpose driven brands 306-2 (Waste 2020), 416-1

Our initiatives

Brands that epitomize the Kirei Lifestyle

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)