

Sustainable Lifestyle Promotion GRI 306-1

Enable people to live more sustainable lifestyles through information, services and products that save precious resources such as energy and water.

Social issues

Climate change caused by global warming over the last few decades affects people's lives and the natural ecosystems in various ways. For instance, the melting of glaciers, changes in the sea levels, floods and droughts and the like as a result, impacts on marine and terrestrial ecosystems, and impacts on people including food production and health have begun to be observed.



Cool Choice: Current State of Global Warming via the Ministry of the Environment
<http://ondankataisaku.env.go.jp/coolchoice/ondanka/> (Japanese)

Consumer interest in climate change and decarbonization initiatives is also growing.



Cabinet Office: Public Opinion Survey on Climate Change
<https://survey.gov-online.go.jp/r02/r02-kikohendo/gairyaku.pdf> (Japanese)

Building a sustainable society will require not only products and services that leverage enterprise strengths, but new sustainable lifestyle ideas and information. At Kao, we believe that solving these issues requires action to accomplish the goals embodied in “making the world healthier & cleaner” in the Kirei Lifestyle Plan (KLP) as well as for decarbonization, zero waste, water conservation, and air & water pollution prevention.

Policies

By proactively working on technical innovations and lifestyle solutions characteristic of Kao, we will promote actions for making the world healthier & cleaner in the KLP, and will help to realize sustainable lives for all.

By offering environmentally friendly, sustainable products, and receiving support for our products through the choices consumers make, we will build a sustainable society.

In addition, through our wide range of marketing, information provision, education, and awareness-raising activities, we will strive to foster understanding by consumers themselves of the importance of sustainable lifestyles, and collaborate with them to promote contributions to sustainability.

Four actions

1. Propose sustainable solutions through manufacturing and products themselves
2. Information provision related to sustainable lifestyle solution
3. Offer opportunities for hands-on learning
4. Conduct activities in collaboration with companies, organizations and public institutions

In the above activities, we will promote awareness-raising activities for a range of topics, including decarbonization, zero waste, water conservation, and air & water pollution prevention through our contact with consumers and in-store sales promotions.

Strategy

Risks and opportunities

Risks

We believe that if we cannot provide products and services or propose lifestyles desired by society that are sustainable, there will be a negative impact on progress toward a sustainable society; we will lose the trust of consumers and society and be excluded from their companies of choice. This will impair our brand value as well as our profitability and competitiveness in the market.

Opportunities

Since many consumers use Kao's products, we have a great deal of responsibility and believe we have a duty to demonstrate leadership to the industry and the world.

When activities that realize a sustainable society are accomplished, the impact will be significant, allowing us to demonstrate our presence globally.

Since Kao's founding, we have strived to enrich daily life through our business activities by listening closely to consumers, and going forward will contribute to solving issues related to the global environment by optimizing the unique technologies we have developed over the last 130 years.

Sustainable Lifestyle Promotion

GRI 3-3, 306-1, 306-2, 404-2

Strategy

Contribution to Kao's ESG Strategy, the Kirei Lifestyle Plan

In promoting sustainable lifestyles, we propose ways to make the world healthier and cleaner, especially through decarbonization, zero waste, water conservation, and air & water pollution prevention.

They will be reflected in all phases of the product life cycle (raw material procurement, development / manufacturing / sales, product transportation, use, and disposal / recycling) of the contents and packaging.

Contribution to the Mid-term Plan 2025 (K25)

One of the policies of K25's basic framework for 2030 is to become a company that is indispensable to a sustainable society.

We will take full advantage of Kao's knowledge and technologies to lead environmental contribution activities with consumers, local governments, retailers, and industry peers.

Social impact

Our mission is to support consumer cleanliness, beauty, and health in many of life's situations. This positions us to offer consumers new ways of living through products and services, and we believe that we can work together with consumers worldwide to achieve sustainability.

We believe that providing sustainable products and information impacts society significantly because consumers use Kao products in large quantities.

Conversely, suppose Kao cannot propose or provide solutions in the above situations and quantities. That would delay the transition to a sustainable society in our daily lives. So we recognize our responsibility is a heavy one.

Contributions to the SDGs



Business impact

We are aware that consumers go out of their way to choose Kao products. This leads to greater loyalty to our products, and enhances our brand value, profitability and competitiveness.

We will gain a first-mover advantage by proactively leading the industry in creating technologies and systems, and then standardizing them.

Governance

Framework

Risk management in relation to promoting sustainable lifestyles is carried out by the Internal Control Committee and opportunity management is carried out by the ESG Managing Committee, under the supervision of the Board of Directors. These committees are both headed by the President & CEO.

Risk management related to sustainable lifestyle promotion is conducted by the Internal Control Committee (twice a year) and its subordinate unit, the Risk & Crisis Management Committee (four times a year). These committees are headed by the Executive Officer Responsible for Corporate Strategy.

Opportunity management related to sustainable lifestyle promotion is conducted by the ESG Managing Committee (six times a year). Comprising outside experts, the ESG External Advisory Board provides advice and suggestions on issues raised by the ESG Managing Committee and offers outside viewpoints to be reflected into management, and the ESG Promotion Meeting executes the strategies.

In addition, the Decarbonization Steering Committee and the Plastic Packaging Steering Committee, under board-level ownership, have also undertaken strategy formulation and implementation planning, working to ensure reliable and rapid execution.

P18 Our ESG Vision and Strategy > Governance

Education and promotion

E-learning for all employees within the company

We raise awareness on the current state and issues of decarbonization, LCA, zero waste, and water conservation. In 2022, we revised the latest trends on decarbonization and Kao's goals and initiatives.

Monthly meeting on environmental fields in manufacturing

While exchanging rapidly changing information among ESG divisions, research laboratories, and business divisions, we share activity guidelines and technologies and confirm our progress so that *Yoki-Monozukuri* contributes to a sustainable society.

Sustainable Lifestyle Promotion GRI 3-3, 306-2, 404-2

Collaboration with stakeholders

Business partners

In the procurement of raw materials, we collaborate with our business partners to ensure traceability throughout the supply chain and help to solve social issues such as resource protection and environmental conservation.

Peer companies

We promote the collection of used packaging together with other manufacturers to realize a circular economy.

Corporate customers (retailers)

We are working with retailers to repeatedly use collapsible containers for delivery, display, and sales.

Local governments

We are working with local governments to collect packaging and with universities to conduct various demonstration experiments related to recycling.

Next generation

In instructional situations, we provide educational materials for fourth- and fifth-grade elementary school children as part of our activities to help the next generation discover the familiar problem of plastic waste / marine debris and local issues, and foster their ability to get involved proactively in solving these problems.

Risk management

We are taking each of the previously mentioned “four activities” into consideration as we work.

In *Monozukuri*, we check at the product development stage to ensure that products have a low environmental impact, such as by reducing CO₂ emissions and plastic containers.

In information dissemination, we keep abreast of daily improvements in environmental awareness and competitive trends, and confirm that messages are accurately conveyed to consumers when information is disseminated from brands.

With regard to hands-on learning and activities conducted with external parties, we check whether appropriate information is being provided when providing various educational materials to foster the next generation, at the Kao Eco-Lab Museum, and when collaborating with distributors on environmental measures.

P33 Our ESG Vision and Strategy > Risk Management

Targets and metrics

Mid- to long-term targets and 2022 results

Mid- to long-term targets

Based on the Kirei Lifestyle Plan’s three commitments, making the world healthier & cleaner, we work for consumers to raise awareness of sustainable lifestyles through the key phrase “Wastefulness—*Mottainai*. Never today, nor tomorrow.”

This will be promoted by providing products and services, disseminating various information (including through websites and social media), and having Kao employees participate in related activities.

Our target is to reach an accumulated global number of 100 million people since 2016.

2022 results

The cumulative number of people from 2016 reached by awareness-raising activities for environmentally conscious lifestyles through provision of products and services, dissemination of various information, and activities by Kao employees, is 13.0 million people as of the end of 2022.

In 2022, along with accelerating the shift to environmentally friendly packaging for products and services, we have tried new approaches, including using chemical-recycled plastic and reduced-label containers. We also began new environmentally friendly activities in retail, such as using collapsible containers in stores.

In disseminating information to consumers, we have tried out new corporate advertisements and launched a new website that consolidates specific eco-actions.

Currently, these activities are focused on Japan, but we will expand them worldwide in the long term.

Reviews of 2022 results

Although the COVID-19 pandemic had not yet subsided, we continued to release environmentally conscious products and provided information to promote activities to realize a sustainable society. It was also significant for us to launch the #What We Can All Do Today website, which consolidates specific eco-actions under the new concept of “Wastefulness—*Mottainai*. Never today, nor tomorrow.”

Going forward, we will accelerate the development of products contributing to decarbonization, zero waste, water conservation, and air & water pollution prevention.

Sustainable Lifestyle Promotion GRI 306-2

Recently, there has been an increase in environmental awareness in retail, so collaborative activities for collecting packaging for household products are increasing. Our challenges going forward are establishing a collection scheme involving the industry, moving from field testing to actual operation, and using recycled plastics effectively.

Sustainable Lifestyle Promotion

GRI 301-2, 306-2

Main initiatives

Yoki-Monozukuri in plan and action and proposing activities

We have created environmentally friendly products and product packaging innovations—exemplified by our sustainable detergent base, single-rinse laundry detergents and rapid-rinse dishwashing detergents and shampoos—and promoted sustainable lifestyle solutions based on manufacturing and products themselves.

In 2022, along with accelerating the shift to environmentally friendly packaging for products and services, we have tried new approaches, including using chemical-recycled plastic and reduced-label containers.

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Addressing the environmental challenges presented by containers

We announced our intention to transition almost completely from plastic bottles to refillable film containers for products like shampoo and conditioner by 2030, and are aiming to deploy new technology effectively to reduce the environmental impact. In addition, we have set a goal of boosting the annual quantity of environmentally friendly, innovative film packaging to 300 million units by 2030.

We have been expanding our range of refill packs, reducing plastic waste by approximately 78% when refilling the main container. Our *Raku-raku Eco Pak Refill* also reduces the quantity of plastic used by approximately 80% and is easy to refill.

In addition, we are pushing forward the proposal to stop using the bottles and replace them with the *Smart*

Holder pump which lets you use the product repeatedly without refilling and use nearly all of the contents when used as a set with the *Raku-raku Eco Pack Refill*, as well as the *Raku-raku Switch* which makes it easy to dispense a uniform amount of liquid with a light touch when used with the *Raku-raku Eco Pack Refill*.

In the future, we will challenge ourselves with new technology while accelerating the widespread usage of our existing solutions.



Development of new containers focused on environmental and user friendliness

We adopted a new container for the launch of the improved *Bioré U The Body* foaming body wash in August 2022 that is both environmentally and user friendly.

First, the brand logo was applied to the bottle itself. It allows for a smaller label area than conventional containers, thereby reducing the quantity of plastic used.

The bottle and refill containers are made of 100% recycled plastic (PET) (except for the colorants, label, pump, and cap).



[Web](https://www.kao.co.jp/bioreu/thebody/bodywash/#earth) *Bioré U The Body* foaming body wash
<https://www.kao.co.jp/bioreu/thebody/bodywash/#earth> (Japanese)

Chemical-recycled PET material used for the foundation's inner dish

From July 2022, we have been gradually adopting chemical-recycled PET (polyethylene terephthalate) manufactured by PET Refine Technology, Co., Ltd., a subsidiary of JEPLAN Inc., using JEPLAN's chemical-recycling technology, as the material for the inner plates of powder foundation, including the makeup brand *Media's* new products.

[Web](https://www.kao.com/global/en/newsroom/news/release/2022/20220708-001/) Kao uses chemical-recycled PET for its foundation's inner dish
<https://www.kao.com/global/en/newsroom/news/release/2022/20220708-001/>

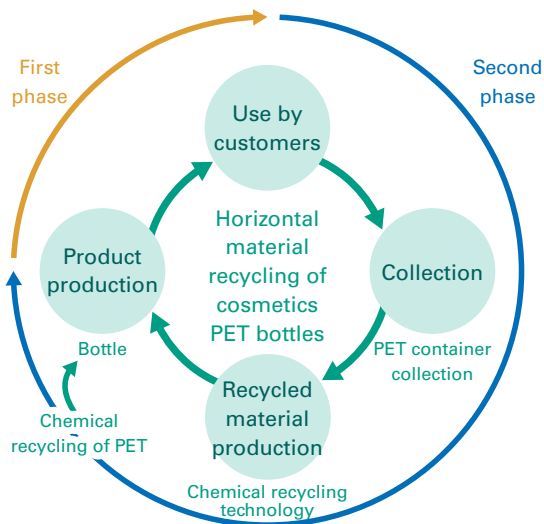
Sustainable Lifestyle Promotion

GRI 301-2, 306-2

Initiatives aimed at realizing horizontal material recycling of plastic bottles for cosmetics

We will conduct field testing for recycling collected, used plastic cosmetics bottles, aiming for horizontal material recycling of cosmetic bottles. From February to July 2022, used cosmetics plastic bottle containers were collected at AEON stores in the Kanto area that sell the *TWANY* cosmetics brand and at Color Studio stores in AEON malls, and they will be used in the field testing of horizontal recycling of cosmetics bottles to bottles using JEPLAN, Inc.'s chemical recycling technology.

The first phase will involve the launch of containers made from recycled plastic. The second phase will comprise collecting those containers, recycling the plastic, and making products made from recycled plastic.



Kao begins field testing for in-store collection and recycling of used bottles
<https://www.kao.com/global/en/newsroom/news/release/2022/20220127-002/>

Trial introduction of collapsible containers as recyclable packaging materials

Starting in July 2022, Cainz and several Costco stores introduced collapsible containers that can be used repeatedly as product packaging materials on a trial basis in delivery, display, and sales situations.

Until now, recyclable corrugated cardboard has been the primary packaging material used to pack products for delivery to retailers. However, there have been issues related to the burden of opening and disposing of packaging at the store and CO₂ emissions in the recycling process.

In response, Kao and retailers began taking initiatives together to utilize collapsible containers. We identified the benefits and challenges of collapsible containers in various scenarios. In future, we aim to standardize collapsible containers for the entire industry.



Trial introduction of collapsible containers as recyclable packaging materials by Kao and Cainz
<https://www.kao.com/global/en/newsroom/news/release/2022/20220720-002/>

Trial introduction of collapsible containers as recyclable packaging materials by Kao and Costco
<https://www.kao.com/global/en/newsroom/news/release/2022/20220728-001/>

Disseminating information related to sustainable living

Dissemination and sharing of information with consumers

We use our website, social media and corporate communication activities to disseminate and share a wide range of information with stakeholders. These efforts convey our activities to consumers, and enable us to reflect consumer opinion in *Yoki-Monozukuri*.

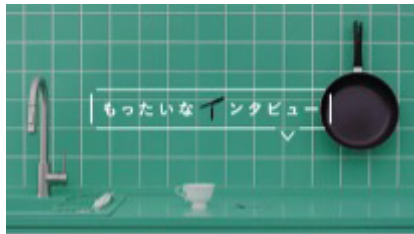
We use principally the following to disseminate and share information relating to sustainable lifestyles with consumers.

Corporate advertisement series “Wastefulness—Mottainai. Never today, nor tomorrow.” is launched

In July 2022, we launched a series of corporate advertisements, “Wastefulness—*Mottainai*. Never today, nor tomorrow.” to convey our corporate approach and initiatives for realizing a sustainable society.

The series features T-shirts, fry pans, and other items related to Kao products, and in interviews asks consumers to answer questions about what they consider to be wasteful, introducing Kao’s initiatives “Wastefulness—*Mottainai*. Never today, nor tomorrow.” regarding water conservation and refills in a fun and humorous way.

Sustainable Lifestyle Promotion



Kao Begins Development of the Corporate Advertising Series, "Wastefulness—*Mottainai*. Never today, nor tomorrow."
<https://www.kao.com/global/en/newsroom/news/release/2022/20220729-001/>

A new My Kao website is launched to raise sustainability awareness

We launched the new My Kao website in December 2022. We began providing useful information for sustainable living and a sustainable society through the website. Together with consumers, we aim to the reduce environmental impact of using household products and cosmetics.



My Kao Sustainable
<https://my.kao-kirei.com/sustainable/> (Japanese)

Kao PLAZA

Kao Plaza is a community website for loyal Kao users in particular and consumers in general. We profile not only sustainable lifestyles but a wide range of our activities, and share opinions from consumers (member registration may be required). The website's Toward a Sustainable Lifestyle section introduces activities for realizing the Kirei Lifestyle.



Kao PLAZA
<https://member.kao.com/jp/kaoplaza/>

"Go! Kurashi no Kirei" lifestyle information website

We seek to create a significant social impact by listing Sustainable Development Goals (SDGs) / ecology articles in the section on useful lifestyle information to raise consumers' awareness of sustainable lifestyles.



Go! Kurashi no Kirei (lifestyle information website)
<https://www.kao.co.jp/lifei/support/sdgs/> (Japanese)

Dissemination through social media

We use social media extensively to disseminate information about our solutions and activities. We listen to consumers and draw on their opinions in our sustainability-related activities.



Kao Official Note
<https://note.kao.co.jp> (Japanese)

Kao Official Twitter
https://twitter.com/KaoCorporate_jp (Japanese)

Kao Official Instagram
https://www.instagram.com/kao_official_jp/ (Japanese)

Kao Official Facebook page
<https://www.facebook.com/corp.kao> (Japanese)

Kao Official YouTube channel
<https://www.youtube.com/user/KaoJapan> (Japanese)