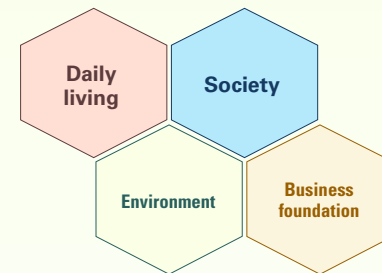
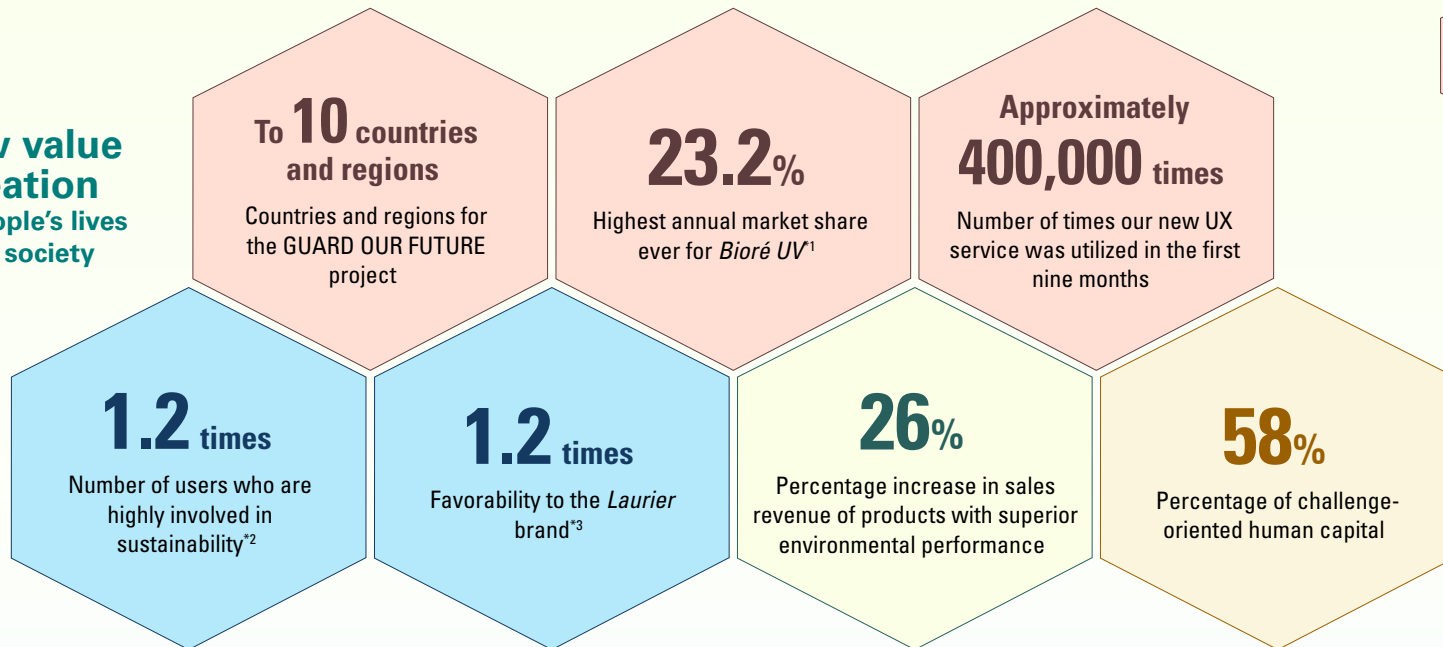
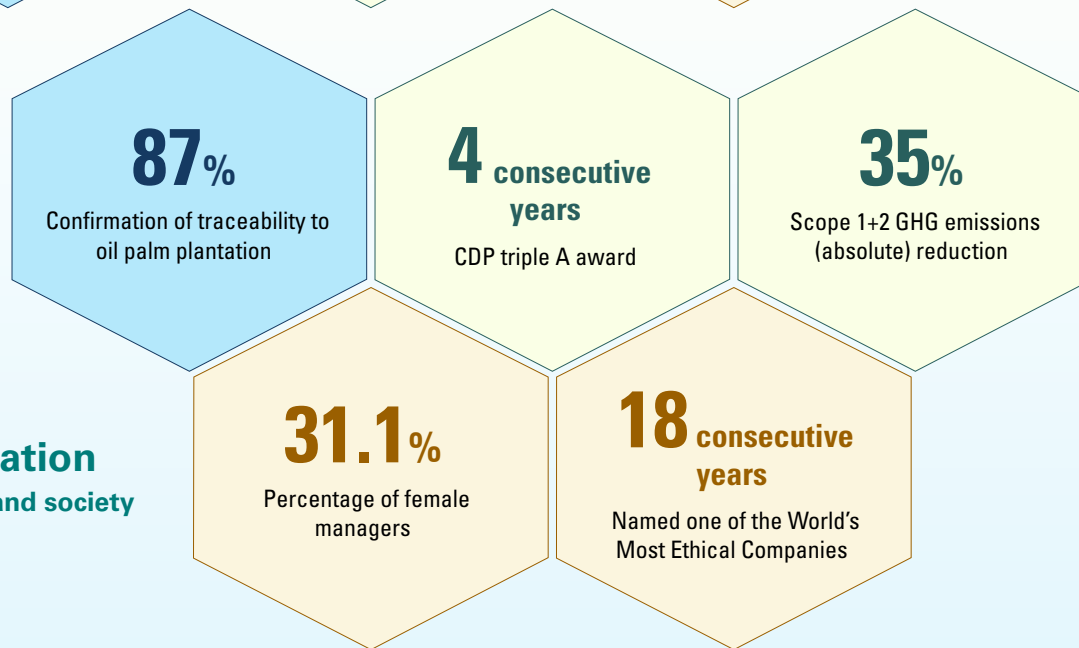


Executive Summary

New value creation for people's lives and society



Risk Mitigation for people's lives and society



*1 Intage SRI+ Sunscreen Market in Japan, January-December 2023 value share

*2 Year-on-year, Intage SCI survey

*3 Year-on-year, Kao survey

Daily living

New value creation for people's lives and society

New initiatives to increase awareness of activities to save future lives from dengue fever

To **10** countries and regions

Countries and regions for the GUARD OUR FUTURE project

To expand the area of business for products that aim to improve people's quality of life, we launched a campaign to increase awareness of our products by generating empathy among the people. *Bioré GUARD Mos Block Serum*, a

repellent launched in Thailand in June 2022 under a new concept, is a product that protects people's lives from mosquitoes and symbolizes the vision of our Mid-term Plan "K27": "Protecting future lives—Sustainability as the only path." In cooperation with the government, local communities, distributors, and companies, we are conducting awareness-raising activities on mosquitoes and dengue fever and donating this product to Thai consumers.

As global warming continues, the spread of dengue fever is expected to increase. In the future, the GUARD OUR FUTURE project will promote efforts to expand its business areas beyond Thailand. In 2024, a new campaign utilizing social media will be developed in 10 countries and regions in Asia. This is a campaign in which *Bioré's* official social media accounts in the target countries and regions will collaborate to donate *Bioré GUARD Mos Block Serum* to areas where dengue fever is spreading in proportion to the number of likes on their posts. We expect to expand awareness through empathy with consumers.

P62 Habits for Cleanliness, Beauty & Health > Efforts to reduce damage from mosquito-borne infectious diseases in Thailand

New value creation for people's lives and society

Products that solve social issues through UV care create new areas in existing categories and contribute to business expansion

23.2%

Highest annual market share ever for *Bioré UV*¹

Amidst the growing need for sunscreens that protect people's skin from UV rays, in 2023 we launched a new product, *Bioré UV Aqua Rich Aqua Protect Mist*, which can be easily reapplied on the go. It became a big hit, winning a 6.8%

share*¹ of the Japanese market. As a result, *Bioré UV's* annual market share reached 23.2%*¹, setting an all-time record. This result contributed to business expansion.

UV care products, which protect the skin from ultraviolet rays, have traditionally been one of Kao's main growth drivers. By understanding the issues faced by people from a sustainability perspective and contributing to improving their quality of life, we have shown that even existing categories can create new business areas.

The UV care business constitutes the skin protection business that the skincare business will focus on in the Mid-term Plan "K27." This business is one of the key growth drivers in "K27" and also a symbol of its global growth strategy. In the future, we will accelerate the development of UV care products outside Japan and aim to establish a firm global position.

*1 Intage SRI+ Sunscreen Market in Japan, January-December 2023 value share

P44 Our ESG Vision and Strategy > Metrics and Targets > Beneficial effects on business

New value creation for people's lives and society

Creation of business models that lead to product proposals through AI-based customer experience services

Approximately **400,000** times

Number of times our new UX service was utilized in the first nine months

My Kao, an interactive digital platform for consumers, has launched an AI-based skin measurement service called *HADA RECO*. This service was used approximately 400,000 times in the first nine months.

HADA RECO is a skin measurement service that uses Kao's proprietary AI algorithm to unlock the beauty potential of each person. Based on the measurement results, beauty professionals provide personalized skincare and beauty advice and recommend appropriate products. This service that is tailored to each person and the various mechanisms that make customers want to continue using *HADA RECO* have increased the rate of repeat purchases of our products.

We use the data and knowledge obtained from *HADA RECO* for product development and service quality improvement, and return them to customers as new value to improve QOL at a high level. In this way, we also contribute to the business.



P44 Our ESG Vision and Strategy > Metrics and Targets > Beneficial effects on business

Society

New value creation for people's lives and society

Environmentally friendly products that boost purchasing behavior and contribute to increased sales and improved brand reputation

1.2 times

Number of users who are highly involved in sustainability^{*1}

In September 2023, we launched the *CuCute* dishwashing detergent brand with an environmentally friendly refill container called "*eco-peko bottle for the future*." It was well received by sustainability-conscious consumers, and the

number of users with high sustainability involvement increased 1.2 times^{*1} before and after its launch, contributing to increased sales and market share. Furthermore, its share of the dishwashing detergent market grew by 2% year-on-year (113% by value year-on-year)^{*2}.

The *eco-peko bottle for the future* is easy to crush during disposal, thanks to Kao's patent-pending packaging and container technology that makes the bottle as thin as possible while maintaining the same durability and ease of refilling. As a result, not only is the total burden of dishwashing reduced, but the amount of plastic used is also reduced by approximately 40%^{*3}, and CO₂ emissions from the production and disposal of containers are also reduced. As consumers are expected to become more environmentally conscious in the future, we will provide environmentally friendly products to realize a sustainable society through environmental conservation, while at the same time growing our business.

*1 Year-on-year, Intage SCI survey

*2 Survey by Intage SRI+

*3 Container weight compared to conventional products

P87

Purpose Driven Brands > CuCute: Brand activities that are environmentally conscious and cater to diversifying lifestyles

New value creation for people's lives and society

Achieving increased brand loyalty and sales through purpose-driven branding

1.2 times

Favorability to the *Laurier* brand^{*4}

The *Laurier* sanitary product brand saw a 1.2 times^{*4} increase in brand favorability and a yearly increase^{*5} in market share over the previous year, thanks to a purpose-driven branding approach.

Laurier's brand purpose is to create a society where women can live safely and comfortably with confidence in their self-expression by improving the environment surrounding women's lifelong physiological phenomena better.

Based on this purpose, we have strengthened communication and empathetic marketing to consumers, which has led to increased brand loyalty and an increase in repeat purchases.

In addition, the number of companies that have introduced *Laurier* in the Workplace, a new B2B-type business launched in the spring of 2022, has reached more than 50. There is a great demand for this project of supplying sanitary napkins in the workplace, with approximately 80% of respondents agreeing to supply sanitary napkins in their workplaces. We will expand our business by contributing to the creation of a comfortable work environment while also providing support for internal awareness-raising.

*4 Year-on-year, Kao survey

*5 Intage SRI+ survey

P88

Purpose Driven Brands > Laurier: Brand activities that contribute to the daily lives of individuals and to social issues

Risk Mitigation for people's lives and society

Steady expansion of the scope for confirmation of traceability to oil palm plantation for risk reduction

87%

Confirmation of traceability to oil palm landholders

Palm oil is a key ingredient in Kao's products, such as detergents and shampoos. In order to achieve sustainable and responsible raw material procurement, we have been working on verifying the traceability to oil palm plantation,

which is 87% complete as of 2023.

Ensuring 100% traceability is a foundational initiative to avoid risks related to deforestation and human rights issues and is essential for stable business continuity.

By 2025, we will fully complete traceability verification to oil palm plantation in collaboration with various stakeholders, including suppliers, landholders, and NGOs.



P104

Responsibly Sourced Raw Materials > Metrics and targets

Environment

New value creation for people's lives and society

Products with superior environmental performance contribute significantly to overall sales growth of CP Business products



Kao's commitment to make the world healthier and cleaner is one of its ESG strategies, and sales of products that meet the strict environmental conformity requirements for this commitment increased 26% over the previous year.

This increase was mainly due to increased conformity requirements for *Attack* laundry detergent and *CuCute* dishwashing detergent, which account for a large percentage of sales and have excellent environmental performance. At the same time, the increase in sales and market share of these brands contributed to the Fabric and Home Care business, which saw a 1.3% increase in sales over the previous year.

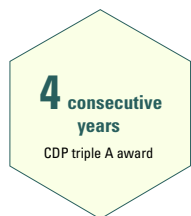
We will continue to reduce environmental impact throughout the product life cycle and contribute to the realization of a sustainable environment by providing products with superior environmental performance, while at the same time enhancing product value and increasing customer loyalty.



P44 Our ESG Vision and Strategy > Metrics and Targets > Beneficial effects on business

Risk Mitigation for people's lives and society

Received highest ratings in the fields of climate change, forest, and water security



Kao received the highest triple-A score for its sustainability initiatives involving climate change, forests, and water security by an international non-profit organization CDP. In 2023, more than 21,000 firms were evaluated for the "A

List," with only 10 selected for inclusion across the three categories. Kao is the only Japanese company selected as a triple-A company for four consecutive years.

CDP is the world's leading organization for evaluating and rating companies' environmental performance, and institutional investors and others use the results of its evaluations to make investment decisions. They are currently working with more than 740 financial institutions with over US\$136 trillion in assets, and their influence is growing.

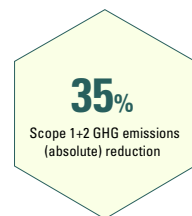
Aiming to meet the world's leading CDP evaluation standard will also help to raise our overall environmental activities to a global level. We will continue to implement environmental activities that meet globally required standards throughout our operations to avoid risks and create business opportunities.



P120 Decarbonization > Metrics and targets > Reviews of 2023 results > CDP evaluation

Risk Mitigation for people's lives and society

Steadily reduce greenhouse gas emissions (Scope 1 + 2) from all sites



We reduced greenhouse gas (GHG) emissions (Scope 1+2) from all Kao Group sites by 35% in 2023 compared to 2017, the base year. Steady reductions were made to achieve the 2030 target of 55% reduction. In Scope 1, we reduced

17% of GHG emissions by installing heat pumps in our plants to reduce fossil fuel consumption and by responding to demand-driven production. In Scope 2, the number of emissions decreased by 63% compared to 2017, as a result of zero emissions in Japan and significant reductions in the Asian region as well. This was due to our efforts to promote the use of renewable energy for electricity consumption at our business sites and at our plants within and outside Japan, and to promote the installation of photovoltaic power generation, a low-cost and long-term stable source of electricity, by utilizing the Internal Carbon Pricing System.

Going forward, we will accelerate our efforts to reach carbon zero by 2040 and carbon negative by 2050, thereby contributing to the realization of a decarbonized society.



P116 Decarbonization > Metrics and targets

Business foundation

New value creation for people's lives and society

Encouraging diverse employees to take on challenges to maximize the power and potential of employees

58%

Percentage of challenge-oriented human capital

The results of the employee awareness survey for 2023 indicated that 58% of employees are working on some challenging goals on a daily basis. Half of them are steadily working to achieve challenging goals with the

cooperation of those around them, and achieving both personal and organizational growth.

Kao has introduced the Objectives and Key Results (OKR) approach since 2021. The global implementation rate of OKR is more than 70%, resulting in an increase in the number of employees working on high and challenging goals. On top of that, one of the human capital strategies, namely "Sharpen the skills and unlock the potential of highly motivated employees" to realize the Mid-term Plan "K27" is to harness highly motivated human capital, and we are implementing advanced education as a priority action. In addition to offering more than 9,000 commuter, correspondence, and e-learning courses, we are launching a new DX learning program for all global employees in 2023.

We will continue to accelerate our efforts to maximize the power and potential of employees by providing fair opportunities to our diverse employees and offering growth opportunities to those who are willing to take on new challenges.

P218 Human Capital Development > Create equitable opportunities for all employees > OKR

Reducing the burden on people's lives and society

Steady increase in the proportion of female managers by promoting women's empowerment

31.1%

Percentage of female managers

Based on the belief that women's empowerment is essential for Kao's growth, we continued to engage in activities to promote women's empowerment in 2023, resulting in a 31.1% ratio of female managers.

We aim to increase diversity in various decision-making positions, and have set a goal to make the ratio of female managers equal to the ratio of female employees by 2030. In Japan, there is a gap between the ratio of female managers and the ratio of female employees, so we are working on three priority actions. In 2023, as one of our efforts to support the balance of childcare with highly motivated work, we introduced paid childcare leave, which both men and women are required to take. By making it common for men to participate in childcare and housework, this program encourages men and women to work with high motivation to realize their own career aspirations, regardless of gender.

We will continue to promote women's empowerment and apply diverse perspectives to all corporate activities, which will lead to business growth, by providing products and services that respond to changes in society and provide diverse values.

P231 Inclusive & Diverse Workplaces > Activities to promote Diversity & Equity > Women's empowerment

Reducing the burden on people's lives and society

Selected as one of the world's most ethical companies due to the ethical corporate culture that has existed since the company's founding

18 consecutive years

Named one of the World's Most Ethical Companies

For 18 consecutive years, the Ethisphere Institute, a leading US think-tank, has named Kao one of the World's Most Ethical Companies®. Of six global companies that have received this award on each occasion since its

establishment, Kao is the only Asian and Japanese company.

This is the result of the attitude of each and every employee who has continued to practice the founder's philosophy of "Walking the right path"—namely, to act in accordance with laws and ethics and conduct business activities with integrity and purity—and the corporate culture fostered by this attitude. We believe that this award is a recognition of the continuous improvement of the entire company, from the frontline to the management.

We will continue to contribute to the further development of our business and the realization of a sustainable society by adhering to and practicing high ethical awareness.

ETHISPHERE®
WORLD'S MOST ETHICAL COMPANIES®
2007 - 2024

P178 Effective Corporate Governance > Eighteen consecutive years on the World's Most Ethical Companies® 2024 list