

Improved Quality of Life

Even in today's society, which has diversifying values, we will help people enjoy more beautiful lives and drive business growth in a sustainable way through our products, services and communications.

Social issues

To achieve sustainable growth for society, it is important to create a world in which all individuals are respected and can maximize their potential in the way that suits them best. We believe that addressing DE&I is crucial for enhancing the quality of life, with specific focus on the following two points.

Barriers to women's empowerment

To promote women's empowerment, the government and companies are setting targets for the ratio of female employees and are expected to take specific actions. In Japanese households, women continue to dedicate significantly more time to household chores and parenting compared to men. (As of 2021, husbands spend 114 minutes, whereas wives spend 448 minutes*1.) Therefore, it is considered important to achieve gender equality in households to further empower women.

*1 Time spent on household chores in households with a husband and a wife with children under six years old



Ministry of Internal Affairs and Communications, "2021 Basic Survey on Social Life: Results on Daily Schedule and Behaviors and Results Overview"
<https://www.stat.go.jp/data/shakai/2021/pdf/youyakua.pdf>

their participation in social activities is considered important for improving their quality of life.



Chapter 1 (Section 3) of the Annual Report on the Aging Society [Summary] FY2023, Cabinet Office
https://www8.cao.go.jp/kourei/whitepaper/w-2023/html/gaiyou/s1_3.html

Policies

We will continue to practice and promote initiatives to improve quality of life based on the definition in the DE&I Policy. To this end, we will strengthen collaboration among divisions and activities both internally and externally. Furthermore, we aim to transparently share successful internal initiatives with external stakeholders and expand them into society-wide activities.



Diversity, Equity and Inclusion (DE&I) Policy
<https://www.kao.com/global/en/sustainability/walking-the-right-path/inclusive-diverse/dei/policy/>

Super-aging society

As of October 2022, the population aged 65 and older in Japan has reached 36.24 million, accounting for 29.0% of the total population (aging rate). It is estimated that by 2070, one out of every 2.6 people will be 65 or older. Seniors who engage in social activities tend to experience a higher quality of life. Therefore, facilitating

Strategy

Risks and opportunities

Risks

- Failure to achieve gender equality in society and households, and if women's empowerment is not promoted, the opinions of female employees may be less likely to be reflected, leading to a reduced quality of products and services for women. In addition, this could result in decreased sales and market share and lower corporate brand value. Moreover, there is a possibility that the shortage in labor could become even more severe across society as a whole.
- If we continue to provide only existing products and services without addressing the challenges of the super-aging population, we may fail to meet the needs of the increasing number of seniors and those who support them, which may lead to decreased sales and market share and lower corporate brand value.

Opportunities

- The Japanese government began to gradually implement the Act for Partial Revision of the Act on the Welfare of Workers who Take Care of Children or Other Family Members Including Child Care and Family Care Leave and Employment Insurance Act in April, 2022. With the enforcement of this act, not only more men, but everyone, regardless of gender, will be able to take paternity leave immediately after birth. Therefore, we should be able to expand sales and shares of our products and services regarding gender equality in housework and child-rearing, and encourage greater loyalty to Kao products and services.

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- The rise in the senior population has led to an increased demand for extending healthy life expectancy. We believe that this will lead to increased sales and market share and greater loyalty to products and services related to improving seniors' quality of life by helping them participate in social activities with peace of mind.

Strategy

Kao's strength lies in operating businesses and brands in diverse domains. This allows us to propose products and services that help improve individuals' quality of life according to their circumstances and life stages and continue to provide support throughout their lives, not only through activities by individual brands and businesses, but also through an internal, cross-divisional framework.

Social impact

Impacts and responsibilities

We believe that Kao, which provides products and services frequently used in daily life and implements awareness-raising activities, can accelerate the speed of transformation of the diversifying society in general by taking proactive initiatives. However, if we do not strive hard enough, the quality of life of diverse individuals will not improve, and the industries we operate in may also suffer.

Contributions to the SDGs



Business impact

By providing products and services and implementing awareness-raising activities based on risks and opportunities associated with social issues such as barriers to women's empowerment and super-aging society, Kao will be able to help increase loyalty to its products, which will, in turn, improve the corporate and brand value, profitability and competitiveness in the market.

Governance

Framework

Risk management in relation to improving the quality of life is carried out by the Internal Control Committee, and opportunity management is conducted 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 improving the quality of life 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 relating to improving the quality of life is handled by the ESG Managing Committee, which meets 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.

P25 Our ESG Vision and Strategy > Governance

In order to improve the quality of life, we implement a PDCA (Plan, Do, Check, and Act) cycle by proposing products that utilize new technologies, collaborating with various stakeholders, including employees and consumers, communicating broadly to internal and external parties, gaining recognition from third-party institutions, and reviewing and expanding activity themes as needed. Please see the following page for some examples.

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Education and promotion

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

We will also increase opportunities for employees to proactively think about and participate in efforts for DE&I that can be achieved through our products and services to further promote their understanding.

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Inclusive and diverse workplaces > Formulation of the Kao Group DE&I Policy and activities to disseminate the policy

Collaboration with stakeholders

Collaboration with consumers

We believe that consumers are the most important stakeholders involved in our business activities and we take action accordingly. For example, through the Consumer Communication Center, we provide information on our products and services in a simple and clear way and carefully respond to inquiries.

Collaboration with universities and academic institutions

We also believe it is important to share Kao's knowledge and technologies widely with society and promote initiatives with other companies, research institutions, public organizations, local governments,

etc. For example, the Kao Health Science Research Group conducts grant activities with themes such as nutrition, exercise, infectious diseases, and brain function. We also create the Kao Health Care Report three to four times a year based on interviews with leading health experts and send it mainly to professionals such as dietitians, public health nurses and nurses. We also provide the latest health-related research information on our website.



Kao Health Science Research Group
<https://www.kao.com/jp/healthscience/>

Collaboration with employees

It is essential to promote employees' understanding to further increase the number of products, services and activities that improve quality of life and contribute to society. For example, in order to meet the diversifying needs of society, we have established a website dedicated to DE&I on our intranet to share internal good practices and specific DE&I-related activities, as well as to foster greater understanding.

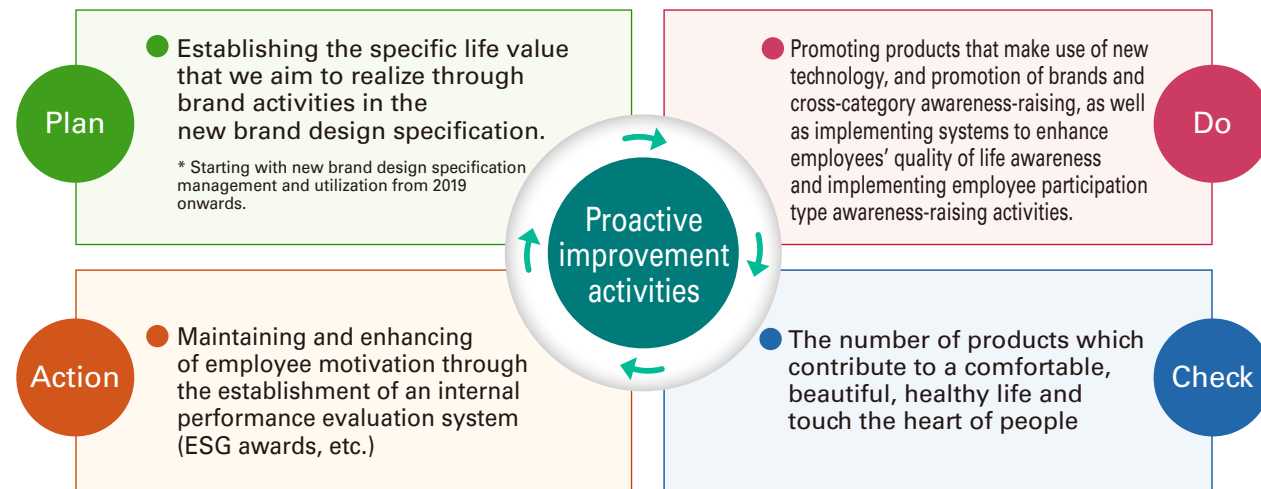
Risk management

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Our ESG Vision and Strategy > Risk management

We promptly share consumer feedback received at the Consumer Communication Center with relevant departments, and analyze and evaluate tendencies and diverse values through monthly and annual reports.

PDCA cycle aimed at improving the quality of life



Improved Quality of Life

Metrics and targets

Mid- to long-term targets and 2023 results

2030 long-term targets

- The number of products which contribute to a comfortable, beautiful, healthy life and touch the hearts of people
Target for 2030: 7 billion items
- Increase the number of new products that help to improve quality of life
- Collaborate with research institutions, public bodies, and government agencies to improve quality of life
- Increase initiatives with local governments and other companies

2023 results

- The number of products which contribute to a comfortable, beautiful, healthy life and touch the hearts of people
2023 results: 4.1 billion items

Reviews of 2023 results

The quantity is 92% of that of the previous year.

The backlash in China against the release of ALPS treated water from the Fukushima Daiichi Nuclear Power Station affected sales promotion activities, leading to their cancellation or reduction. In Japan, on the other hand, the quantity partially decreased due to strategic price increases associated with value-added offers. However, we successfully improved our brand power and increased the number of loyal customers in the Fabric Care Business and Sanitary Business.

Main initiatives

Efforts for people with visual impairments

Since 2001, Kao has been providing Braille stickers for visually impaired people, including those who are partially sighted or totally blind, to help them distinguish product containers in similar shapes such as face washes and toothpaste and identify usages. Since we started distributing Braille stickers, the environment where our products are used has changed, as applicable products became more diverse and smaller and people began to use sanitizer more frequently due to the COVID-19 pandemic. In response to such changes in the environment, we have updated the Braille stickers. For details, please refer to the page below.

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Universal Product Design > UD considerations in relation to the products that we launched and the information that we disseminated in 2023 > Initiatives for people with impaired vision

Measures for web accessibility

We are promoting efforts to ensure web accessibility, or usability of information and features provided on the Kao Group's website, so more people in various circumstances will be able to easily find the information they need to choose and use our products. We are driving our initiative based on our proprietary Kao Accessibility Guideline, which is designed to achieve WCAG 2.1 Level AA conformance and so far we have achieved approximately 30% of the target. For details, please refer to the page below.

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Digital Transformation (DX) > Metrics and targets

Kao Group Pink Ribbon Campaign 2023

Project for Cancer Education by Pink Ribbon Advisors

Kao supports the Project for Cancer Education by Pink Ribbon Advisors, which was launched by the Japan Society of Breast Health, a certified specified non-profit organization, with the aim of protecting the precious lives of people both with and without cancer and realizing a society that enables confidence in self-expression.

Donation activities through products

In 2023, the cosmetics brand *KANEBO* donated a certain portion of the revenue from selected products to the cancer education project. The feminine care brand *Laurier* conducted a reposting campaign through its social media account and donated the funds raised for this project. The cosmetics brand *LISSAGE* donated a certain portion of the product sales to an initiative by the Japan Society of Breast Health to train ultrasound technicians. All brands also communicate the importance of early detection to many people by providing awareness-raising information through their brand websites and other means.

Product Development

The *Healia Deodorant Pad*, which was jointly developed with Juntendo University in 2019, helps to reduce wound odors due to its outstanding odor removal properties and soft cushioning that makes application comfortable and secure.



Healia Deodorant Pad

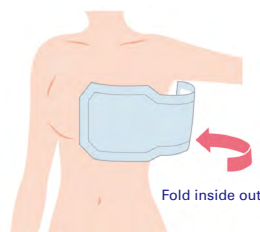
<https://pro.kao.com/jp/brand/healia/>

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Example of use

<For chest region>



Laurier

Brand activities that contribute to the daily lives of individuals and address social issues

Under the brand purpose of “making women’s lives during their menstruation easier,” the *Laurier* sanitary products brand aims to create a society where women can live with peace and comfortably with confidence in their self-expression by making the environment surrounding women’s lifelong physiological phenomena better. We are doing this through carefully listening to every person, always being by their side, and engaging in *Yoki-Monozukuri* amid changing workstyles and lifestyles. In spring 2022 we launched *Laurier* in the Workplace. This is a project to supply sanitary napkins to workplaces, as with toilet paper, where women tend to push themselves too hard even during menstruation. Since the launch of our *Laurier* brand in 1978, we have continued to work on education at elementary schools about menstruation education as a way to support the next generation so that young people can have their first menstrual period with peace of mind. We will continue to provide educational materials that respond to changes in society and support children to grow up without anxiety, enabling them to live joyful lives. For details, please see the page below.

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

Awareness-raising initiatives to prevent frailty

At health centers in areas where many seniors gather, we are communicating the value of our products and encouraging them to go out. As part of these efforts, we are distributing the *Odekake Support Book*, which

aims to increase understanding about health and the importance of going out.

We conduct lectures on how to walk effectively (tips for good posture, advice for making it a habit) and introduce *Relief Ultra-Thin Adult Diapers pants type* to actively support senior citizens who are hesitant about leaving home due to incontinence concerns so they can actively enjoy going out.

To date, we have approached approximately 34,000 people at approximately 200 community health centers nationwide (both figures represent the cumulative total). We have received positive feedback from local governments of areas where we have implemented the program, who said, “These educational materials are helpful in widely sharing specific information. There are still many people who have misconceptions and are taking the wrong measures. We would like to utilize these materials to help seniors live comfortably, confidently and actively.” We also received comments such as “It’s an important topic, but one that’s not easy to discuss, so these materials help raise awareness in the classroom.”

In addition to introducing the prevention and awareness-raising activities we are carrying out with local governments, we are also utilizing the Kao Group’s extensive sales network to hold seminars at facilities such as community comprehensive support centers, public halls and senior daycare centers.



Childcare support service for nursery schools Kao Smile Toen

The *Kao Smile Toen*, a childcare support service for nursery schools, is designed to help babies grow optimally and reduce the workload for childcare workers, thereby bringing many smiles to society. Under our new disposable diaper subscription service, we provide nursery schools with *Merries* disposable diapers for a fixed price, reducing the trouble of writing down names and handling packages so the childcare workers can spend more productive time with the children. For details, please see the page below.

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Purpose Driven Brands > Merries: Kao Smile Toen, a childcare support service for nursery schools, aims to create a society where everyone can play an active role with a smile