

# Purpose Driven Brands

All brands will work to further develop its business and brand and to realize a Kirei World in which all life lives in harmony by defining its purpose as improving the quality of life and addressing community and social issues.

## Social issues

Realizing a Kirei World in which all life lives in harmony means, in other words, reaching a state in which all people are leading enriched lives. We believe that a healthy and sustainable global environment is essential, and supporting such an environment enables each and every one of us to live our lives to the fullest.

In order to achieve this state, we believe that the common challenge for all of Kao's brands is to solve the issue of plastic waste and solve inequality for all people.

### The issue of plastic waste

The issue of plastic waste is closely related to having a sustainable global environment. Plastic waste places a heavy burden on the environment, wasting resources and causing pollution. Moreover, microplastics pose a potential threat to marine organisms, as there are concerns that these tiny pieces of plastic are inadvertently ingested by fish and other marine life. Additionally, it has been pointed out that microplastics can penetrate marine ecological systems, potentially disrupting the entire ecological balance.

For these reasons, all brands have focused their attention on this issue and are working to include it in their product development. We believe that the reduction of plastic and the promotion of recycling are important to protect a sustainable global environment and realize a Kirei World in which all life lives in harmony.

### Inequality among people

Factors of inequality among people include gender, disability, race, sexual orientation, gender identity, and religion. We believe that the elimination of these factors will create an environment in which each person can live in their own way and realize a Kirei World in which all life lives in harmony. For example, our brands focus on women's health because the health challenges caused by hormonal disruption in women are different at every stage of life. In this way, we help women lead healthy lives by providing them with appropriate information and products.

By incorporating universal design into our products, we also aim to make them easy for all people to use. We believe that the efforts of each brand will help create a society where diversity is respected through the promotion of gender equality and social participation, thereby realizing a Kirei world.



Ministry of Economy, Trade and Industry, "Women's Health Initiatives in Health and Productivity Management"  
[https://www.meti.go.jp/policy/mono\\_info\\_service/healthcare/downloadfiles/josei-kenkou.pdf](https://www.meti.go.jp/policy/mono_info_service/healthcare/downloadfiles/josei-kenkou.pdf)

## Policies

All our activities are based on our corporate philosophy "The Kao Way" and ESG strategy – the Kirei Lifestyle Plan.

A Kirei Lifestyle means living a beautiful life inside and out. It also refers to a state of being mindful of not only ourselves, but also the world around us. In this way, Kao will emphasize Kirei Lifestyle and contribute to enriching people's lives around the world through innovation and creativity. We will establish criteria by which to evaluate each brand's response to the needs of consumers and society, its empathy and its purpose. In addition, we will accelerate our purpose-driven activities to build strong connections with consumers, and by 2030, we aim to increase the ratio of brands that address social issues and have a reason for existence that resonates with consumers and society to 100% for all brands. Purpose in a brand refers to the positive impact it has on people's lives, society, and the planet.

To solve social and environmental issues together with consumers and society, and to create a Kirei lifestyle, we will develop initiatives along the following lines: (1) Clarifying the brand's purpose, (2) Making specific proposals through the brand, and (3) Conducting communication activities through the brand.

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## Strategy

### Risks and opportunities

#### Risks

The issue of plastic waste significantly burdens the environment, causing wasteful use of resources and impacts on marine ecological systems. Microplastics can negatively impact marine life, thereby damaging digestive systems and inhibiting nutrient absorption. In addition, companies that do not address these issues may face a loss of reputation for social responsibility and profitability.

Risks and opportunities for the business and management plan include the possibility for each brand to develop environmentally friendly products, promote recycling, and respond to growing consumer awareness by addressing the issue of plastic waste. However, delayed or inadequate efforts in this regard may negatively impact the company's reputation and profitability.

Inequality among people can impede economic growth and innovation and can hinder the sustainable development of society as a whole. If left unaddressed, inequalities could undermine the health and fairness of society. Brands that fail to address these issues are likely to experience a decrease in empathy and user base, resulting in reduced loyalty.

#### Opportunities

An opportunity to solve the issue of plastics waste is to develop sustainable alternatives. For example, products made from bioplastics and renewable materials can be

developed to reduce the environmental impact. We also believe that efforts to effectively recycle plastic waste through the development and promotion of recycling technologies are important. Furthermore, we think that educating consumers about the importance of plastic waste reduction and recycling and encouraging behavioral change will help to build a sustainable society in the future.

By eliminating inequality with respect to people, we expect to maximize individual abilities and social growth. We believe that incorporating different perspectives into each brand will promote creativity and innovation in products and services. We also believe that a unified approach across all of Kao's brands will enhance brand and corporate loyalty.

## Strategy

Kao's product brands, which play an important role as the point of contact between Kao and consumers, have established a brand purpose with the aim of not only realizing Kirei Lifestyles for consumers, but also contributing to the sustainability of society and the planet. Kao provides products and services and engages in various activities under this brand purpose, and by gaining the empathy of consumers and acting together with them, we will further deepen the bonds between us. We also believe that by creating synergy among our unique brand groups, we can provide more attractive value to consumers and leverage Kao's strength in developing many brands.

## Social impact

Earning approval and support from consumers and effectively aligning their actions with our goals as a result of strengthening our purpose-driven brands will have a positive impact on people's lives, society and the planet through our brands.

## Contributions to the SDGs



## Business impact

Consistent product creation and marketing activities promoted based on clear purposes are expected to resonate with people and enhance the brand value. Through this initiative, it is expected that the brand will be strengthened based on purpose and supported by consumers, and that the brand will be better recognized and will demonstrate an existence value that resonates with people. This is expected to result in increased market share and long-term contributions to the overall business. Furthermore, it is expected to contribute significantly to the implementation of business plans and strategies, with many positive impacts such as increased profitability, reduced environmental impact, enhanced brand strength, and sales growth. Support from distributors is also expected to help develop a detailed sales strategy.

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## Governance

### Framework

Risk management in relation to purpose driven brands 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 in relation to purpose driven brands is conducted by the Internal Control Committee (held twice per year) and its subordinate organization, the Risk & Crisis Management Committee (held four times per year). These committees are headed by the Executive Officer Responsible for Corporate Strategy. Opportunity management in relation to purpose driven brands is conducted by the ESG Managing Committee (held six times per 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.

### Education and promotion

Communication with consumers is essential for making a positive impact on daily life, society and the planet. To this end, we provide training and on-demand lecture programs that are easy to join so that employees can reconfirm the significance of the brand from the

consumer's perspective, in conjunction with ESG management and with global consistency. The programs will also help us to develop personnel who will regularly take on challenges and lead change and innovation on their own.

### Collaboration with stakeholders

Among the stakeholders involved in our business activities, it is most important to collaborate with consumers of our products and services. By providing products and services that meet the needs and expectations of consumers and disseminating information, including awareness-raising activities, we aim to encourage empathy and behavioral change, thereby improving our competitiveness and growth in the market.

From a BtoB perspective, we foster a sense of purpose, activity, and results through collaboration and alliances among companies. We therefore also work to create sustainable mechanisms to achieve what we aim to be as individual brands and companies.

### Risk management

For each brand, we create a brand design document with the objective of achieving our purpose, and by annually reviewing our marketing activities through the PDCA cycle, we are working to create strong brands that include addressing plastic problems, gender equality, and health issues specific to women.

## Metrics and targets

### Mid- to long-term targets and 2023 results

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. In 2020, we began taking clear, concrete actions in line with these purposes. By 2025, we aim to realize all target activities for each of our brands. Kao will ensure that each of our brands has a purpose that can resonate with consumers and society as a whole. From there, we will guide these brands to align their actions with our goals by responding to changes in consumer lifestyles, social and environmental issues and hygiene concerns. We will also establish evaluation criteria to assess the status of each brand and conduct verification, thereby accelerating purpose-driven activities that foster a strong connection with consumers. By 2030, we also aim to increase to 100% the percentage of brands that make a contribution to solving social issues and that make people feel and sympathize with the brand's social usefulness.

### 2023 results

The percentage of Kao brands that make a contribution to solving social issues and that make people feel and sympathize with the brand's social usefulness was 57% in 2023. This result was calculated by conducting a survey on the number of users of Kao Sustainable Brands (15 Category Leading Brands, 2 Life Design

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Brands, and 19 cosmetics) who like the brand and applying the weighted average for each region and brand. The survey was conducted with respect to 28 brands among 36 purpose driven brands defined by Kao. We found out that 16 brands out of the 28 brands received empathy from consumers.

## Reviews of 2023 results

As a result of our efforts in 2023 to strengthen Kao brands at home and abroad, including Asian and Western countries, we achieved various positive outcomes, for example, the expansion of our market share and high evaluations from consumers. More specifically, brands including *Merries*, *Laurier*, *Liese*, *MegRhythm*, *CuCute*, *freeplus*, and *KATE* maintained or increased their good reputation in 2023 as well. We think we achieved such a positive result because these brands are manufactured in consideration of the environment, they are easy to use, and they support modes of living suitable for individuals' lifestyles. Therefore, we successfully gained support from consumers with high sustainability awareness and contributed to the heightening of our reputation, sales, and market share. On the other hand, we also had some brands which were not highly acclaimed. We will take this result seriously and will continuously strive to gain a good reputation for such brands too. Concrete improvements include the development of products and services to meet consumer needs, the provision of transparent information, and further enhancements of our sustainable effort, in order to receive stronger sympathy from consumers. In this way, we think we

can improve our brands' reliability and sympathy, and drive continued growth.

### Customer satisfaction level

	2021	2022	2023
<b>Favorability level (%) of the product brand among consumers who use Kao products</b>	74.3%	73.0%	73.3%

Note: Selection percentage of preferred brands in each product category

## Main initiatives

### CuCute Brand activities that are eco-friendly and reflect diversifying lifestyles

*CuCute* dishwashing detergent, which supports quick and efficient dishwashing, offers a fun and positive approach to dishwashing that is in line with environmental considerations and diversifying lifestyles. With the increase in dual-income families, there is a growing need for more efficient domestic tasks, as well as a rising number of people who are keen to contribute to environmental preservation<sup>\*1</sup> in their daily lives. With this in mind, since its launch in 2004, *CuCute* has realized both good "foaming" when washing, and good "defoaming" when rinsing, and saves water by approximately 20%<sup>\*2</sup>. In September 2023, to further reduce environmental impact, the extra-large and super-large sizes of *CuCute* refill containers will be reintroduced as new, environmentally friendly refills that aim to reduce plastic usage and are easy to handle after use. Kao's technology (patent pending) has made it possible to reduce the thickness of the bottle to the absolute minimum while maintaining its durability so that it can be easily crushed with light pressure for disposal, thus eliminating bulk. This bottle has reduced the quantity of plastic used in containers by approximately 40%<sup>\*3</sup> and has also reduced costs; in other words, it has achieved both sustainability and improved profitability. Since its launch, *CuCute* has experienced a 119%<sup>\*4</sup> year-on-year growth in sales, driven by environmentally conscious consumers who empathize with the brand's value. In 2023, the *CuCute* brand achieved its highest ever sales. Going forward,

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*CuCute* will continue to offer proposals that make dishwashing more fun and positive, in consideration of the environment and in keeping with diversifying lifestyles.

\*1: 2023 Kao survey, N=2,909

\*2: Compared with our products

\*3: Container weight ratio to conventional product

\*4: Intage SRI+, September 2023—January 2024



A new bottle refill for *CuCute* dishwashing liquid with reduced plastic usage and that is easy to handle after use

**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



*Merries* has a philosophy of wishing a bright future for babies, nurturing their healthy growth together, and creating a society where everyone can rejoice with a smile. Kao *Smile Toen*, a childcare support service for nursery schools, aims to support the healthy growth of babies and reduce the burden on childcare providers, thereby creating a society full of smiling faces. The new baby diaper subscription service will provide nursery schools with *Merries* baby diapers at a fixed price, allowing them to spend more time with their children by reducing the burden of labeling and packing diapers. We also support the healthy growth of children through the provision of educational content and services to create a hygienic environment in nursery schools. As *Merries*, we want to deliver high-quality diapers through a subscription service that makes babies comfortable and smile, and that allows them to be left at childcare facilities without hassle and peace of mind. As a result, we hope to encourage parents to balance childcare and work in the future, where everyone can play an active role.

[Parents' voice]

- I write my name on each diaper, a total of five diapers every day, so I appreciate the fact that I no longer have to do that. Furthermore, since I use up a pack a week, I no longer have to keep reminding myself to buy a new pack the day before I need one, which makes things easier.
- Since I leave my children with them from early in the morning until late at night, I liked the fact that I didn't have to write their names on the diapers and bring them back each time.

[Childcare worker's voice]

- My workload has decreased tremendously, and I can concentrate on my childcare work.
- I was so thankful that the diaper placement was organized, and I didn't have to keep track of diapers for each child. It was so easy because I just had to choose the right size.

[Awards]

HAPPY WOMAN AWARD 2024 for SDGs [Women's Support Brand Award]

Received the Parenting Award 2022

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



Laurier in the Workplace logo



Image of Laurier in the Workplace in a restroom

Our *Laurier* brand for sanitary napkins has a brand perspective of making menstruation easier to live with. We aim to create a society where women can live safely and comfortably with confidence in their self-expression by making the environment surrounding women's lifelong physiological phenomena better. We



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are doing this by carefully listening to the voice of every person, always being by their side, and engaging in *Yoki-Monozukuri* amid changing work and lifestyles. In addition to product development, as an initiative to reduce problems related to menstruation to the extent possible, in spring 2022 we launched “*Laurier* in the Workplace.” Similar to toilet paper, this project supplies sanitary napkins to the workplace, where women often tend to push themselves too hard, even during menstruation. The number of companies that have endorsed this activity and introduced sanitary napkins into their workplaces as part of their employee benefit programs has now increased to more than 50 (as of February 2024), and the circle of companies that are making it a matter of course to provide sanitary napkins in their workplaces is expanding. Users have also commented that they can work with peace of mind even when they do not have a sanitary napkin ready; that working in a factory sometimes means having to wear white work clothes and not being able to go to the bathroom quickly, so having sanitary napkins always available has reduced their stress; and that they hope this activity will become the norm in our society. *Laurier's* efforts not only address social issues related to menstruation, but also fulfill its social responsibility as a company by linking this to its business activities. As a result of gaining the sympathy of consumers, in FY2023, the brand favorability increased by 120% over the previous year (Kao survey). In addition, *Laurier* received a Bronze in the Marketing Effectiveness category of the “63rd ACC TOKYO CREATIVITY AWARDS” and Gold and Audience Awards in the “3rd JAA Challenge Awards,” a total of three advertising awards, including “*Laurier* in the Workplace,” in recognition of its communication that is close to our feelings.

We would like to continue to create a positive cycle that will bring joy to both workers and companies, as well as to the companies that support us.

In addition, as part of its efforts to nurture the next generation, *Laurier* has continued to provide menopause education at elementary schools since its launch in 1978 so that children can enter menopause with peace of mind. In 2023, we worked mainly with 1,265 schools in seven Asian countries to provide primary menstrual education. We also provide free primary education sets to about half of the elementary schools in Japan. From FY2024, with the digitalization of the educational field, we propose ICT elementary education on menstrual hygiene using video and digital content to make learning more enjoyable for children. We will continue to provide educational materials that respond to changes in society and help children grow without anxiety and with smiles on their faces.



Primary Education Set (Japan)



**Kao Official Note**  
*Laurier* in the Workplace Initiative: Our Wish to Create a Comfortable Working Environment for Everyone  
<https://note.kao.co.jp/n/nd4953c59f00d>

Kao Nurturing the Next Generation, *Laurier* Primary Education Program  
<https://www.kao.com/jp/education/next-generation/laurier/>

## TWANY

### Brand activities to stay close to women

*TWANY's* brand purpose is to provide lifelong beauty while staying close to women's rhythm as a familiar and reliable beauty partner, thus supporting all women through health and beauty.

Since its birth in 1996, we have focused on the rhythm of beauty in women and have continued to propose products and beauty treatments through friendly counseling. The femtech and femcare area, whose market is expanding worldwide these days, has a great affinity with *TWANY*, which has proposed beauty by looking at the rhythm of women's beauty in a day, a month, a year, and a lifetime. Therefore, in 2021, we began to work closely with women in this area.

In the course of promoting activities, we sympathized with the mission of the women's health information service “*LunaLuna*” and established a web-based course called “*Femcare School*” in collaboration with *LunaLuna*. *TWANY* provided beauty information focusing on the rhythm of beauty, while *LunaLuna* provided knowledge on hormonal balance changes during menstruation and how to cope with them. Many people have viewed the website, and we heard a variety of comments, such as women's specific concerns, or “I feel uncomfortable, but there are things that I am ignoring.”

Based on this experience, we launched the femcare line *TWANY & me* in order to contribute to improving women's quality of life through femcare, which is possible only with *TWANY's* continuous support for women. The femcare of *TWANY & me* is a cross between “*Feminine*” and “*Care*” and means taking care of women's skin (face and body). As the first phase, two items, a body wash, and a body cream, focusing on skin

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care for the delicate zone, will be launched in November 2023. We will propose a skin care habit for the delicate zone.

Prior to the launch of the products, a website called "Female Terrace" was opened in October, which was created together with experts and femtech companies. The website provides contents that enable users to gather correct femcare information on women's specific concerns. The first part of this series introduces the actual situation of delicate zone care. We will provide a lot of information, including the characteristics of the delicate zone area, the percentage of those who take care of it, and other details that are difficult to resolve on one's own.

In this way, we intend to strengthen our product and service proposals and make femcare more accessible through comprehensive support for every stage of life, thereby contributing to the improvement of women's quality of life.



TWANY, Kanebo Cosmetics  
<https://www.kanebo-cosmetics.jp/twany/>

Female Terrace  
[https://www.kanebo-cosmetics.jp/twany/twany\\_andme/female\\_terrace/](https://www.kanebo-cosmetics.jp/twany/twany_andme/female_terrace/)



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## Employees' opinions



### Saho Sugimoto

Sanitary Business,  
Hygiene & Living Care Business,  
Consumer Products Business,  
Kao Corporation  
(as of 2023)

We recommend “*Laurier* in the Workplace.” With the desire to be as close as possible to women’s feelings and bodies, I myself have been communicating my activities by talking with various companies and being interviewed. We saw that there was still a lack of understanding of menstruation, so we created content for menstruation training and began providing videos. We would like to continue to consider the support that *Laurier* can provide, rather than simply recommending the use of sanitary napkins as a tool, while taking into account the needs of the companies and employees who use them.

We will promote “*Laurier* in the Workplace” with companies that agree with us, with the aim of creating a workplace where everyone can work comfortably by gaining a new understanding of menstruation, regardless of gender.

## Employees' opinions



### Satoko Matsunaga

Communication Creation,  
Creative,  
Kao Corporation

*Laurier* was recognized with three 2023 External Awards for its communication with feelings, including “*Laurier* in the Workplace.” We are very happy that our activities, which were carried out in unison with the strong desire to take concrete actions to realize our Purpose for consumers, have been highly evaluated, and that the number of companies that agree with our proposal is gradually increasing and spreading throughout the world. In order for *Laurier* to become someone’s indispensable brand, we will continue to make thoughtful proposals, not overlooking the little things that consumers need and changes in the world.

## Employees' opinions



### Junichi Sasaki

TWANY Brand Manager,  
Cosmetics Business,  
Consumer Products Business,  
Kao Corporation

Since the birth of *TWANY* in 1996, we have been promoting our brand activities with the core concept of “Rhythm of Beauty” and the desire to lead each individual to the beauty they seek throughout their lives.

Based on the characteristics of the brand and our past efforts, we decided to launch *TWANY & me* because we believe that we should contribute to improving women’s quality of life through femcare, which is possible only with *TWANY*, a brand that has always been close to women.

We will continue to strengthen our purpose-driven brand activities by providing comprehensive support for women at every stage of their lives by proposing products and services that enable women to obtain the care they need and the correct information.



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## Stakeholder engagement



### Risa Nasu

Senior Executive Manager,  
LunaLuna Division,  
Healthcare Business Division,  
MTI, Ltd.

Since 2000, LunaLuna has been a women's health information service that helps women understand themselves and live their lives in their own way by providing health information tailored to women's life stages, with a focus on menstrual period record management.

In the course of our activities over the years, we have become aware of the problem that there are few places in society as a whole, including men,

where women can learn about the various physical and mental changes caused by female hormones and the accompanying health issues, which in many cases women themselves cannot understand unless they have experienced them themselves.

Therefore, in 2020, we launched the project "FEMCATION," which aims to create a society that can lean on one another based on knowledge, and we have been working to create opportunities for learning.

As one of these efforts, we have collaborated with *TWANY* since 2021 to offer Femcare School, a course that provides a place to learn the correct knowledge from the viewpoint of beauty and health.

The Femcare School featured topics from a variety of women's health issues that society as a whole needs to understand better, such as "Basic Knowledge of Women's Body and Mind," "Communication about Menstruation & PMS," "Preconception Care," and "Menopause." We also created an educational video featuring obstetricians and gynecologists to disseminate information.

These videos were viewed nearly 600,000 times, and of course many people were interested in the project, but there was also traffic from Kao's internal

portal site, which featured this initiative. We believe that this initiative has contributed to Kao's efforts to promote women's empowerment and solve health issues based on the Kirei Lifestyle Plan of making thoughtful choices for society.

We think that Kao is a brand that is trusted by many women. We hope that Kao will continue to provide products and initiatives that will encourage many women to lead vibrant lives in their own way.

In addition, since women's health and wellbeing require a change in the awareness of society as a whole, it is necessary to create an environment in which women, regardless of gender, have access to appropriate information from the time they are young adults. We hope that we can continue to work together to promote understanding throughout society.