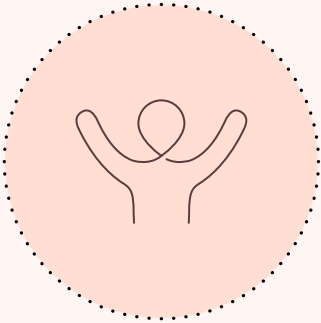


Improved Quality of Life

To help people enjoy more beautiful lives, we aim to improve the quality of life for people around the world and grow in the global market by proposing products and services that enhance the quality of life in accordance with the circumstances and life stages of consumers.



Risks	Strategy		Metrics, targets and results			Initiatives	Financial impact
<ul style="list-style-type: none">Decrease in consumer satisfaction and brand loyalty due to delays in responding to needs for improved QOLIncreased market competition due to the products and activities of competitors for QOL improvement, and a decline in brand value and loss of business opportunities	Overall	(1) Develop products, services and activities that contribute to improving QOL	Metrics	Targets	2024 results		<ul style="list-style-type: none">Increase in sales and market share of products that improve QOLIncrease in product loyalty and sales through QOL improvement services tailored to individual conditionsIncrease in competitiveness and expansion of business fields through products and services that improve QOL with new technologies and ideas
	Products and services	(2) Develop QOL improvement services that meet individual needs	Number of products that contribute to a comfortable, beautiful, healthy life and touch the heart of people (1)	7 billion In 2030	3.9 billion	Development of Skin Protection Business to protect skin from increasingly environmental stresses (2) (3)	
		(3) Develop and deploy products and services that improve QOL through new technologies and ideas				Promoting awareness of skincare for babies (2)	
<ul style="list-style-type: none">Improving brand value and loyalty through the development of products that improve QOL and achieve business growthImproving reputation and corporate value through activities to support QOL improvementCreating business opportunities and business growth through marketing that support QOL improvement	Support activities	(4) Develop marketing through activities that support QOL improvement	Number of QOL improvement activities proposed by brands (2) (3) (4) (5)	-	60	Proposing ways to encourage men to look forward in collaboration with high-class barbershops (2)	<div>Environmental and social impact</div> <ul style="list-style-type: none">Contribution to enriching the hearts of consumers through manufacturing, experiences, and story creationEnhancing the effects of external collaboration on enjoying more beautiful livesImprovement of the standard of living with products and services that improve QOL through new technologies and ideasImprovement of the standard of living in times of disaster and other extraordinary situations
		(5) Improve the quality of support activities with external stakeholders				Development of "Going to nursery schools by Kao", a childcare support service for nursery schools (3)	
						Introducing "Laurier in the Workplace", a program to provide sanitary napkins as a company amenity (3)	
						Development of the "Pink Ribbon Campaign", breast cancer prevention awareness campaign (4) (5)	
						Development of "Babywell Check" utilizing skin surface lipids-RNA monitoring® technology (4) (5)	
						Exhibition at "Sight World", a comprehensive event for people with impaired vision (4) (5)	

* The numbers at the end of the metrics, targets, and initiatives indicate the strategy identifiers.

> Improved Quality of Life

Habits for Cleanliness, Beauty & Health

Universal Product Design

Safer Healthier Products

Making Thoughtful Choices for Society

Making the World Healthier & Cleaner

Walking the Right Path

Strategy

With the aim of reducing risks and creating opportunities in relation to this theme, we are implementing strategies that are unique to Kao, are effective, and contribute to business growth and the resolution of social issues.

■ Social issues

In order to continue to be a sustainable and competitive entity, it is essential for Kao to have an accurate understanding of social issues. An awareness of social issues will not only mitigate business risks for Kao, but will also be an important starting point for identifying new business opportunities that will promote growth. To help consumers enjoy more beautiful lives, it is necessary to solve a number of social issues. Kao recognizes the following social issues in relation to this theme.

- The impact of natural disasters caused by climate change on daily life
- The gap between material fulfillment and spiritual well-being
- The weakening of local communities and social isolation of people due to changes in the social structure (such as the aging of society and the increasing participation of women in society), and the diversification of values

■ Risks and opportunities

In the business environment described above, which includes social issues, Kao faces various risks, but has also identified new business opportunities. Identifying these risks and opportunities is an important process in formulating corporate strategies and measures. The main risks and opportunities identified by Kao in this theme are as follows.

Risks

- Decrease in consumer satisfaction and brand loyalty due to delays in responding to needs for improved QOL
- Increased market competition due to the products and activities of competitors for QOL improvement, and a decline in brand value and loss of business opportunities

Opportunities

- Improving brand value and loyalty through the development of products that improve QOL and achieve business growth

- Improving reputation and corporate value through activities to support QOL improvement
- Creating business opportunities and business growth through marketing that support QOL improvement

■ Strategy

We have formulated the following strategies to address the identified risks and opportunities. Improving QOL is an action aimed at realizing the vision of the K27 Mid-term Plan, Protecting future lives, and is a theme related to the Skin care and Cosmetics businesses, which are positioned as growth driver areas of K27. We will leverage Kao's strengths in proposing products and services across businesses to help people enjoy more beautiful lives that are unique to each individual and aim to grow in global markets and enhance our brand value.

(1) Development of products, services and activities that contribute to improving QOL

Develop products and services that help people enjoy more beautiful lives and realize a QOL that touch the heart of people. Maximize the strengths and assets that Kao has cultivated since its founding and aim to strengthen our competitive advantage and improve profitability.

(2) Development of QOL improvement services that meet individual needs

Develop and expand services that can flexibly respond to changes in individuals' conditions and living environments. Increase brand loyalty by responding to the diverse values of consumers and solving their problems.

Related initiative:  Skin Protection Business to protect skin from increasingly serious external stressors, captured global demand

(3) Development and deployment of products and services that improve QOL through new technologies and ideas

Aim to develop products and services that improve the QOL of consumers by offering greater convenience and effectiveness based on innovative and user-oriented perspectives, and to spread them in the market and society.

Related initiatives:  Skin Protection Business to protect skin from increasingly serious external stressors, captured global demand,

 Development of "Going to nursery schools by Kao", a childcare support service for nursery schools

(4) Marketing development through activities that support QOL improvement

Create points of contact with a wide range of consumers and support the resolution of each consumer's issues and improvement of their QOL. In this way, attract new purchasers and achieve sustainable growth for the brand.

Related initiatives:  Development of the "Pink Ribbon Campaign", breast cancer prevention awareness campaign,

 "Babywell Check", utilizing skin surface lipids-RNA monitoring® technology

> Improved Quality of Life

Habits for Cleanliness, Beauty & Health

Universal Product Design

Safer Healthier Products

Making Thoughtful Choices for Society

Making the World Healthier & Cleaner

Walking the Right Path

(5) Quality improvement of support activities with external stakeholders

Enhance the quality of support activities by collaborating with a diverse range of external partners. Contribute to solving social issues and enhance brand value through initiatives that address the diversity of consumers.

Related initiatives: P60 Development of the "Pink Ribbon Campaign", breast cancer prevention awareness campaign, P61 Development of "Babywell Check" utilizing skin surface lipids-RNA monitoring® technology

Impact generated by implementing the strategies

We believe that the aforementioned strategies will have the following financial, environmental and social impacts.

Financial impact

- Increase in sales and market share of products that improve QOL
- Increase in product loyalty and sales through QOL improvement services tailored to individual conditions
- Increase in competitiveness and expansion of business fields through products and services that improve QOL with new technologies and ideas

Environmental and social impact

- Contribution to enriching the hearts of consumers through manufacturing, experiences, and story creation
- Enhancing the effects of external collaboration on enjoying more beautiful lives
- Improvement of the standard of living with products and services that improve QOL through new technologies and ideas
- Improvement of the standard of living in times of disaster and other extraordinary situations

Strategic resilience

In addition to developing products and services that improve QOL, we also promote strategic responses based on rapid market trend analysis, and we have the ability to flexibly adapt to changes in customer needs. We also aim to enhance brand value by strengthening measures for sustainability and innovation, and we are building resilience that will enable us to avoid losing market share due to intensifying competition and to achieve both business continuity and growth.

Metrics and targets

To enhance the effectiveness of our strategies, we have established performance metrics related to risks and opportunities, and we regularly monitor our progress. We have set targets for the metrics related to particularly significant risks and opportunities, and we are steadily promoting initiatives by utilizing the PDCA cycle to check the status of achievement of these targets.

Targets and progress

Strategy	Metrics	Results					Mid- to long-term targets	
		2020	2021	2022	2023	2024	Target value	Year
(1)	Number of products that contribute to a comfortable, beautiful, healthy life and touch the heart of people	4.8 billion*	4.5 billion*	4.5 billion*	4.1 billion*	3.9 billion	7 billion	2030

* Revised actual figures (exports are recorded as actual results)

The volume of each product has increased to meet demand for bulk purchases, resulting in a relative decline in the number of units sold. Also, the apparent unit volume is decreasing due to the expansion of boxed sales, mainly through e-commerce, where each box is counted as one unit regardless of its contents. In value terms, sales are growing.

Metrics and results

Strategy	Metrics	Results		
		2022	2023	2024
(2) (3) (4) (5)	Number of QOL improvement activities proposed by brands	41	43	60

In 2024, the number of support activities increased, including childbirth and childcare education support activities in China and beauty seminars for people with disabilities in the cosmetics industry. We will continue to contribute to improving the QOL of a wide range of consumers through seminars in the categories we have entered.

Governance

The Global Consumer Care serves as the supervising division, and the person in charge of that division promotes strategies for Improved Quality of Life through the following two meetings. Specifically, the GC/ESG Promotion Meeting (held six times a year), which includes the supervising and development managers as members, discusses the results of the ESG Managing Committee, deliberates on proposals, makes decisions on policy, and confirms and discusses global situations and responses.

We also hold regular meetings attended by the president general managers of business divisions, and managers of research, manufacturing, and procurement divisions, where we discuss new products and major investment projects from a global perspective, focusing on product performance, product value, and business feasibility, including income and expenditure.

In addition, during the product development process, we hold meetings attended by the managers and staff in charge of business, research, manufacturing, product quality management, and other divisions, and we also check the product performance, product value, and business potential involved in the decision to commercialize the product from an ESG perspective.

 Our ESG Vision and Strategy > Governance

Risk and opportunity management

Management process

The status of our efforts to address risks and opportunities in the pursuit of promoting Improved Quality of Life is managed through the following PDCA cycle, and we are working to make steady improvements.

P (check for risks and opportunities)

The GC/ESG Promotion Meeting monitors various trends, such as global regulations and customer requests, and identifies the associated risks and opportunities. A response policy is established based on the identified risks and opportunities.

D (response based on risk/opportunity)

The response policy decided by the GC/ESG Promotion Meeting is deployed to related divisions, and specific activities are promoted. The policy is reflected in the product development process and approved/confirmed, as necessary. The content of various activities is disclosed internally and externally.

* For details on each activity, refer to Initiatives (P59-61).

C (monitoring and evaluation of response status)

The GC/ESG Promotion Meeting reports on and evaluates the progress of ongoing response activities. As necessary, the content and results of activities are reported to the ESG Managing Committee and proposals are shared.

A (response to issues and improvements)

Based on the monitoring results and proposals, the activity policy and implementation system are improved as necessary. Continuous improvement is made to measures for dealing with risks and the content of initiatives.

Initiatives

Kao is engaged in a variety of initiatives aimed at Improved Quality of Life. These initiatives are based on the aforementioned strategies, and are being promoted in collaboration with one another to achieve our goals. Here, we will introduce some of the important initiatives from among the many we are engaged in.

	Strategy	Initiatives		
Overall	(1) Develop products, services and activities that contribute to improving QOL			
Products and services	(2) Develop QOL improvement services that meet individual needs	Promoting awareness of skincare for babies	Proposing ways to encourage men to look forward in collaboration with high-class barbershops	Development of Skin Protection Business to protect skin from increasingly serious external stressors
	(3) Develop and deploy products and services that improve QOL through new technologies and ideas	Development of “Going to nursery schools by Kao”, a childcare support service for nursery schools	Introducing “ <i>Laurier</i> in the Workplace”, a program to provide sanitary napkins as a company amenity	
Support activities	(4) Develop marketing through activities that support QOL improvement	Development of the “Pink Ribbon Campaign”, breast cancer prevention awareness campaign	Development of “ <i>Babywell Check</i> ” utilizing skin surface lipids-RNA monitoring® technology	Exhibition at “Sight World”, a comprehensive event for people with impaired vision
	(5) Improve the quality of support activities with external stakeholders			

> Improved Quality of
Life

Habits for
Cleanliness, Beauty
& Health

Universal Product
Design

Safer Healthier
Products

Making Thoughtful Choices
for Society

Making the World Healthier
& Cleaner

Walking the Right Path

**Skin Protection Business to protect bare skin
from increasingly serious environmental
stressors, captured global demand**

Region: Global

Corresponding strategies: (2) (3)

The Skin Protection* Business, which protects the skin from the increasingly severe external environment, including the effects of climate change, is a first runner in the *Global Sharp Top* business and contributes to improving the QOL of consumers.

Bioré is working to raise awareness of the importance of UV protection and the proper use of sunscreen on a global scale, with the aim of creating a society where people can spend more time smiling with the sun. In Japan, we have been holding classes where parents and children can have fun and learn how important UV protection is. In 2024, we expanded our touchpoints with consumers in each country and region, especially the younger generation, by developing awareness-raising activities centered on Southeast Asia that make use of digital platforms such as TikTok. As a result, sales in the Skin Protection Business grew by more than 20%.

* A general term for “UV care” to protect the skin from UV rays, “safe color” to create a tanned look without exposure to UV rays, and “environmental protection” products such as mosquito repellent.

🖥 Skin Protection Business growth strategy briefing session
<https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/presentations-fy2023-etc-03.pdf>



**Development of the “Pink Ribbon Campaign”,
breast cancer prevention awareness
campaign**

Region: Japan, Asia

Corresponding strategies: (4) (5)

The Kao Group supports the global movement of Pink Ribbon, which calls for the importance of early detection of breast cancer, and has been conducting the “Pink Ribbon Campaign” every year from October to November since 2007. We are conducting various activities to create opportunities for people to think about their own health and

the health of those around them.

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 of creating a society that enables confidence in self-expression.

🖥 Kao Group Pink Ribbon Campaign
<https://www.kao.com/global/en/newsroom/news/release/2023/20230914-001/>



Donation activities

In 2024, in order to strengthen our approach to stakeholders in their 30s and 40s, who have particularly low rates of breast cancer screening, we collaborated with a popular illustrator and implemented a “repost donation” campaign through Kao’s official X account and other channels. In addition to the activities of the KANEBO cosmetics brand and the *Laurier* sanitary napkins brand, we also discussed the Cancer Education Project. Furthermore, the LISSAGE cosmetics brand donates a certain amount of the proceeds from its product sales to the Japan Society of Breast Health, a certified NPO, to support the training of ultrasound technicians. In addition, we distributed leaflets containing the self-check method at stores and through the Kao official online shop and also posted educational information on brand sites and other channels, to convey the importance of early detection to as many people as possible.

Product Development

We have developed the Healia Deodorant Pad in collaboration with Juntendo University to help alleviate the smell of the affected area for breast cancer patients and improve their quality of life. The deodorant sheet neutralizes and absorbs the strong smell of wounds and deodorizes for long periods of time. It is soft and cushiony, so it is easy to apply to any part of the body, and it is designed to stay on.



> Improved Quality of
Life

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& Cleaner

Walking the Right Path

Development of “Going to nursery schools by
Kao”, a childcare support service for nursery
schools

Region: Japan

Corresponding strategy: (3)

The name *Merries* expresses the wish for a bright future for babies, and for a society where everyone works together to help them grow up healthy and happy. “Going to nursery schools by Kao”, a childcare support service for nursery schools, is designed to help babies grow optimally and reduce the workload for childcare workers and parents, thereby bringing many smiles to society.

The new baby diaper subscription service provides nursery schools with a set amount of *Merries* baby diapers. It reduces the time and effort required to write children’s names on the baby diapers, and the burden of carrying them, so that parents can spend more time with their children. We are also developing activities to support the healthy growth of children through the provision of educational content and services to create a hygienic environment in nursery schools.

Through these initiatives, we hope to support a future in which all people can play an active role by helping parents to balance work and childcare.

- Awards received
HAPPY WOMAN AWARD 2024 for SDGs
Corporate Category Award
[Women’s Support Brand Award]
Received the Parenting Award 2022

Going to nursery schools by Kao
<https://baby-job.co.jp/kao-smile-touen/>



analyzes the RNA from this sebum. This technology can detect expression information for approximately 10,000 types of sebum RNA without damaging the skin, so it is used in research to check the condition of the skin and body, and to understand the condition of diseases such as infantile atopic dermatitis and Parkinson’s disease at the molecular level.

In March 2023, a joint venture with Nagoya University-affiliated venture company Healthcare Systems, which develops and sells testing kits for pre-symptomatic diseases, resulted in the creation of the “*Babywell Check*” testing service for infants, which uses the skin surface lipids-RNA monitoring technology. Kao is responsible for providing the main parts of the testing kit and analyzing the collected sebum RNA for this service.

The “*Babywell Check*” is a non-invasive testing service that allows users to find out about their baby’s skin barrier function and receive skin care information tailored to their skin condition, simply by applying an oil-absorbing film to their skin and wiping off the sebum at home. The test is based on information about sebum RNA. It is known that the skin barrier function is reduced in infants and young children who develop atopic dermatitis. This test is designed to help parents understand the condition of their child’s skin and provide support for appropriate skin care, thereby contributing to the healthy growth of their child.

In the future, we will continue to take on new business domains by considering the application of Kao’s unique technologies, including skin surface lipids-RNA monitoring technology, to various fields of testing.

Kao to Start a Health Testing Business Employing Skin Surface Lipids-RNA Monitoring Technology
<https://www.kao.com/global/en/newsroom/news/release/2023/20230308-001/>



Development of “*Babywell Check*” utilizing
skin surface lipids-RNA monitoring®
technology

Region: Japan

Corresponding strategies: (4) (5)

Kao has developed a technology called skin surface lipids-RNA monitoring® that uses oil-absorbing film to collect sebum from the face and then extracts and comprehensively