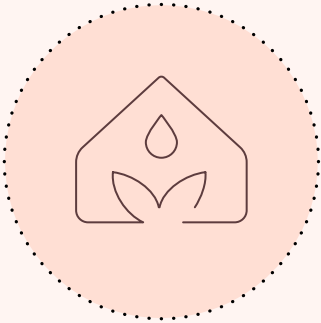


# Habits for Cleanliness, Beauty & Health

Since it was founded, Kao has contributed to the development of Japan’s hygiene culture by producing cleansing products for over 130 years based on the philosophy that a clean nation will prosper. We will contribute to solving issues related to cleanliness and hygiene in various countries and areas around the world, including Europe, the United States, and Asia, by leveraging our achievements and technological capabilities.



Risks	Strategy		Metrics, targets and results			Initiatives		Financial impact
<ul style="list-style-type: none"><li>Decline in brand value and loss of business opportunities due to being ahead of other companies in terms of awareness-raising and support activities to improve cleanliness and hygiene</li><li>Lack of communication about the purpose, effects and usage of cleanliness and hygiene-related products and services, and a decline in reputation due to misinformation</li></ul>	Overall	(1) Strengthen the link with the business through brand-led activity development	Metrics	Targets	2024 results			<ul style="list-style-type: none"><li>Increase in sales and market share of cleanliness and hygiene products</li><li>Increase in sales by enhancing brand loyalty</li></ul>
		(2) Promote cleanliness and hygiene practices in areas with poor hygiene and expand the market						
<div>Opportunities</div> <ul style="list-style-type: none"><li>Enhancing reputation and corporate value through awareness-raising and support activities to improve cleanliness and hygiene</li><li>Creating business opportunities and business growth through marketing linked to awareness-raising and support activities to improve cleanliness and hygiene</li><li>Improving brand value and loyalty and growing the business by developing products and services that improve cleanliness and hygiene</li></ul>	Awareness-raising/support activities	(3) Conduct awareness-raising and support activities using Kao products and services	Cumulative number of people reached through awareness-raising activities conducted to help people develop Habits for Cleanliness, Beauty & Health by using Kao products and services	100 million in 2030	63 million	Hygiene Practice Program: Let's All Wash Our Hands Together! For 1st and 2nd graders / For schools for the deaf / For schools for the blind (3)	<div>Environmental and social impact</div> <ul style="list-style-type: none"><li>Improvement of the quality of life by ensuring the cleanliness and hygiene of consumers' lives</li><li>Contribution to improving public health in society, such as preventing the spread of infectious diseases, and reducing medical costs</li><li>Contribution to business operations by ensuring hygiene at customer facilities (medical, accommodation, food and drink, etc.) for professional-use products</li></ul>	
		(4) Develop effective activities tailored to local issues and circumstances through external collaboration	Number of activities to raise awareness and support cleanliness and hygiene	–	51	Deployment of menarche education by <i>Laurier</i> (3)		
		(5) Increase the number of people reached by providing educational materials and utilizing sales networks	Number of countries and regions where activities to raise awareness and support cleanliness and hygiene are being carried out	–	9 countries/regions	Hair washing awareness activities at nursery schools (3)		
	Products and services	(6) Propose products and services that promote habits of cleanliness and hygiene	Handwashing awareness-raising activities in Asian countries where Kao operates businesses (4)					
		(7) Develop hygiene solution businesses and services to improve the hygiene level of society	Baby care (sampling including educational activities at study sessions for mothers) (4)					
			Spreading rainwater harvesting systems in Indonesia and improving QOL (4)					
							Provision of educational materials for the “Keeping Your Surroundings Kirei,” hygiene practice program (5)	
						Development of a total hygiene solution program by Kiralia Hygiene Co., Ltd. (7)		

\* 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

To reduce the risks and create opportunities associated with this theme, we are implementing strategies that are characteristic of Kao, are effective, and contribute to business growth and the resolution of social issues.

### Social issues

For Kao to remain a sustainable and competitive entity, it is essential to have an accurate understanding of social issues. This will not only mitigate business risks for Kao, but will also be an important starting point for identifying new business opportunities that will drive growth. Kao recognizes the following social issues related to this theme.

- The risk of infectious diseases spreading and health problems occurring due to poor hygiene management
- The decline in quality of life due to the delay in promoting clean living habits
- The widening of health disparities due to global hygiene disparities

### Risks and opportunities

In this business environment, which includes these 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

- Decline in brand value and loss of business opportunities due to being ahead of other companies in terms of awareness-raising and support activities to improve cleanliness and hygiene
- Decline in reputation due to a lack of communication about the purpose, effects, and usage of cleanliness and hygiene-related products and services, as well as misinformation

#### Opportunities

- Enhancing reputation and corporate value through awareness-raising and support activities to improve cleanliness and hygiene

- Creating business opportunities and business growth through awareness-raising and support activities to improve cleanliness and hygiene through brands and products
- Improving brand value and loyalty and growing the business by developing products and services that improve cleanliness and hygiene

### Strategy

We have formulated the following strategies to address the identified risks and opportunities. The business domains of skincare and professional hygiene products, which are the focus of this theme, are positioned as growth driver areas in the K27 Mid-term Plan. Since Kao's founding business of *Kao Soap*, we have supported the cleanliness and hygiene fields of Japan through the development of cleansing products. We aim to achieve further growth and value creation in these business domains.

#### (1) Strengthen the link with the business through brand-led activity development

With our ability to reach a wide range of customers through a diverse range of brand categories, we aim to accurately grasp the needs of consumers, improve product development and marketing, and expand the market.

#### (2) Promote cleanliness and hygiene practices in areas with poor hygiene and expand the market

Promote cleanliness and hygiene practices to achieve clean, beautiful, and healthy habits. Aim to expand the customer base by promoting brand awareness and gaining trust.

Related initiative: [P66](#) Deployment of menarche education by *Laurier*

#### (3) Conduct awareness-raising and support activities using Kao products and services

Carry out awareness-raising and support activities related to cleanliness and hygiene, such as hand-washing classes at schools. Aim to increase awareness and expand the market by encouraging people to naturally incorporate the Kao brand into their daily lives.

Related initiative: [P66](#) Deployment of menarche education by *Laurier*

#### (4) Develop effective activities tailored to local issues and circumstances through external collaboration

Develop effective activities in response to local issues in collaboration with external organizations to create a ripple effect across a wide range of consumer segments.

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Walking the Right Path

(5) Increase the number of people reached by providing educational materials and utilizing sales networks

Maximize the effectiveness of awareness-raising activities and expand product usage experiences by reaching more consumers through the provision of educational materials and the use of sales networks.

Related initiative: [P66](#) Deployment of menarche education by *Laurier*

(6) Propose products and services that promote habits of cleanliness and hygiene

Propose products and services that help to establish cleanliness and hygiene practices for consumers by making use of our track record and technological capabilities, which have contributed to the development of Japan’s cleanliness culture through the development of cleansing products for over 130 years.

(7) Develop hygiene solution businesses and services to improve the hygiene level of society

Provide advanced hygiene solutions that accurately identify customer issues, including products and services for business use, and create business opportunities.

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 cleanliness and hygiene products
- Increase in sales by enhancing brand loyalty

Environmental and social impact

- Improvement of the quality of life by ensuring the cleanliness and hygiene of consumers’ lives
- Contribution to improving public health in society, such as preventing the spread of infectious diseases, and reducing medical costs
- Contribution to business operations by ensuring hygiene at customer facilities (medical, accommodation, food and drink, etc.) for professional-use products

Strategic resilience

By strengthening our initiatives to raise awareness of the importance of cleanliness and hygiene, and offering solutions tailored to local issues, we are building resilience to address the risk of a decline in brand value and misinformation. We also maintain a competitive advantage through our track record and technology developed over many years in the development of cleansing products and we have the flexibility and sustainability to maximize business opportunities.

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
(3)	Cumulative number of people reached through awareness-raising activities to help people acquire habits for cleanliness, beauty, and health by using Kao's products and services (cumulative since 2016)	34 million	45 million	51 million	59 million	63 million	100 million	2030

Since the COVID-19 pandemic, awareness-raising activities have been gradually shifting from face-to-face sessions to online training and digital materials. In this process, the annual number of people reached through each program peaked in 2021 and has since shown a slight downward trend, though there was no significant change compared to the previous year.

Metrics and results

Strategy	Metrics	Results		
		2022	2023	2024
(4)	Total number of themes for activities to raise awareness and support cleanliness and hygiene	43	50	51
(5)	Number of countries and areas where activities to raise awareness and provide support for cleanliness and hygiene are being carried out	9	10	9

## Governance

The Global Consumer Care serves as the supervising division, and the person in charge of that division promotes strategies for Habits for Cleanliness, Beauty & Health 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 Habits for Cleanliness, Beauty & Health is managed through the following PDCA cycle, and correction, 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 (P65-66).

#### 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 promoting Habits for Cleanliness, Beauty & Health. These initiatives are based on the aforementioned strategies and are being promoted in collaboration with one another to achieve our targets. Here, we will introduce some of the important initiatives from among the many we are engaged in.

Strategy		Initiatives		
Overall	(1) Strengthen the link with the business through brand-led activity development			
	(2) Promote cleanliness and hygiene practices in areas with poor hygiene and expand the market			
Awareness-raising/support activities	(3) Conduct awareness-raising and support activities using Kao products and services	Hygiene Practice Program: Let's All Wash Our Hands Together! For 1st and 2nd graders / For schools for the deaf / For schools for the blind	Deployment of menarche education by <i>Laurier</i>	Hair washing awareness activities at nursery schools
	(4) Develop effective activities tailored to local issues and circumstances through external collaboration	Handwashing awareness-raising activities in Asian countries where Kao operates businesses	Baby care (sampling including educational activities at study sessions for mothers)	Spreading rainwater harvesting systems in Indonesia and improving QOL
	(5) Increase the number of people reached by providing educational materials and utilizing sales networks	Provision of educational materials for the "Keeping Your Surroundings Kirei," hygiene practice program		
Products and services	(6) Propose products and services that promote habits of cleanliness and hygiene			
	(7) Develop hygiene solution businesses and services to improve the hygiene level of society	Development of a total hygiene solution program by Kiralia Hygiene Co., Ltd.		

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## Deployment of menarche education by *Laurier*

Region: Japan

Corresponding strategies: (2) (3) (5)

As part of its efforts to nurture the next generation, the sanitary napkins brand *Laurier* has been providing education on girls' first menstruation (menarche) at elementary schools since its launch in 1978 so that children can start their first menstruation with peace of mind.

From FY2024, with the digitalization of the education field, we have proposed providing ICT-based menarche education using video and digital content to make learning more enjoyable for children. As a result, the total number of applications\*1 in 2024 increased by approximately 10% compared to the previous year, with a 109% increase in the number of new schools applying. Currently, the *Laurier* menarche education program is being used in approximately more than one out of every two elementary schools nationwide.

Additionally, in a survey\*2 on the level of satisfaction with the ICT-based menarche education program in the education field, 88% of teachers responded that it was "very good/good." In addition to comments such as "I used videos in class and they were easy to understand" and "I want to continue to apply for this in the future," parents also commented that "it was good that my child could review later using the two-dimensional codes" and "it was an opportunity for me and my child to learn together." Furthermore, the number of visits to the menarche education page on the brand site\*3 increased by 180% after the ICT education proposal, confirming that the ICT-based menarche education was widely accepted.

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.

\*1 Application period: February 1 to March 30, 2024

\*2 Survey period: June 1 to September 30, 2024; number of teacher respondents: 987; number of parent respondents: 263

\*3 Comparison between May and June 2024



Menarche education set  
(Japan)



The materials being used in  
class

## Employees' opinions



**Rie Yamaguchi**

ESG Business Integration  
Promotion,  
ESG,  
Kao Corporation

**"*Laurier's* menarche education  
program that understands  
adolescence and fosters  
compassion"**

*Laurier's* menarche education program has been carried out for over 45 years with the aim of helping children to face their first menstruation with peace of mind. This program has long been popular in schools, but we have renewed it in the hope that it will be used in more situations in response to the digitalization of education. Another important goal of this program is to help children understand the changes and differences in their bodies between themselves and others during their adolescence, and to enable them to treat others with compassion.

In the renewal process, we held a number of interviews with teachers, parents, and children to reflect their actual needs. As a result, we have created content that allows children to prepare for their first menstruation while having fun learning. The new ICT-based educational materials are designed to reduce the workload of teachers and provide a system that allows children to learn repeatedly at a pace that suits their own growth. In addition, after taking the class at school, children can also review the content with their parents at home. We believe that this will provide a valuable opportunity for parents to provide more support at home, deepen communication between parents and children, and help children to accept their own changes. Through the education provided by *Laurier*, we hope that children will grow up with a better understanding of their own bodies and the differences between individuals, and lead healthy lives.