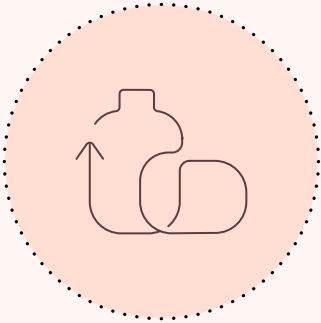


Safer Healthier Products

We provide peace of mind and trust to consumers and customers based on four pillars: the proactive information provision regarding ingredients of concern or of particular interest to society, the development of safe products, the utilization of evaluation methods based on scientific evidence, and collaboration with the government and industry.



Risks	Strategy		Metrics, targets and results			Initiatives	Financial impact
<ul style="list-style-type: none">If the safety of specific ingredients or products is not properly understood, concern may grow among consumers, customers, and society, resulting in a decrease in product salesThe use of ingredients with safety concerns may result in a drop in the corporate and brand reputation and trustIf competitors take faster action when we provide product safety information, our brand value may decrease and we may lose business opportunities	Overall	(1) Information disclosure with transparency	Metrics	Targets	2024 results	Establishment of a plan for disclosing our FY2024 ingredient policy	
		(2) Provision information regarding ingredients of particular interest to society	% of targeted ingredients of concern on which views are disclosed	100% 2030	77%		
	Products	(3) Use of safe ingredients and development of safe products	Number of ingredients of concern on which views are disclosed	—	23	Use of safe ingredients and development of safe products	<ul style="list-style-type: none">Enhanced sales owing to bolstered provision of correct safety informationEnhanced our brand value owing to accurate proactive information provision, and a stable foundation for revenue owing to reinforced long-term customer loyaltyCultivation of new markets and customer demographics, and greater opportunities for revenue owing to proactive initiatives related to safety and ingredientsAvoidance of penalties and fees for additional action owing to rapid response in an information society and stricter regulations
		(4) Utilization of scientific evaluation methods					
Opportunities	Communication	(5) Promotion of understanding through communication	Number of people reached the disclosure web-site about ingredients contained in Kao' products * From April 2024 to date	—	36,268	Acting in anticipation of chemical regulations through communication and industry activities	<div>Environmental and social impact</div> <ul style="list-style-type: none">Prevention of damage to consumers' health, as well as environmental pollutionContribution toward building a social system for securing the safety of ingredients and productsBoost in consumer information literacy owing to the spread of accurate knowledge in an information society, and prevention of confusion from misinformationContribution toward building a fair society in which everyone can access accurate information and enjoy safe and reliable products
		(6) Collaboration with industry associations and government	Number of people reached the disclosure web-site about ingredients we do not use * From April 2024 to date	—	1,099		

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

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

Strategy

We are executing effective strategies that are unique to Kao and that contribute to growing businesses and solving social issues, with the aim of reducing risks and creating opportunities regarding safer healthier products.

■ Social issues

An accurate understanding of social issues is essential for Kao to continue to be a sustainable and competitive company. Understanding social issues can help reduce Kao's risk in business and it plays a key role in helping to identify new business opportunities to stimulate growth. Kao is aware of the following social issues in relation to this theme:

- A rise in concern regarding the safety of ingredients and products among consumers, customers, and society
- Greater access to information and a spread in misinformation among consumers, owing to advances in an information society
- Issue of striking a balance between the risk of excessive regulation based on the precautionary principle and enjoying the benefits of chemical substances

■ Risks and opportunities

In a business landscape that has the social issues listed above, Kao faces many different risks but is also discovering new business opportunities. The process of identifying risks and opportunities is vital for formulating corporate strategies and measures. The major risks and opportunities that Kao has identified in relation to this theme are described below:

Risks

- If the safety of specific ingredients or products is not properly understood, concern may grow among consumers, customers, and society, resulting in a decrease in product sales
- The use of ingredients with safety concerns may result in a drop in the corporate and brand reputation and trust
- If competitors take faster action when we provide product safety information, our brand value may decrease and we may lose business opportunities

Opportunities

- If consumers and customers have an accurate understanding and feel at ease regarding the safety of ingredients and products, this can enhance brand value and loyalty, and bring about business growth
- Indicating our policies on ingredient use can help enhance reputation and trust among consumers, customers, and society

■ Strategy

To respond to these identified risks and opportunities, Kao has formulated the strategies listed below. We will ensure the safety of ingredients and products based on scientific evidence and evaluation while also demonstrating accountability to gain the trust of consumers, customers, and society. These strategies are vital pillars that have strong links with the basic policy of “to become an essential company in a sustainable world” stated in the mid-term plan “K27”, and they support Kao's competitive edge. Through synergy between Consumer Products Business and the Chemical Business, we are making efficient and effective efforts to use ingredients and develop products with a high level of safety.

(1) Information disclosure with transparency

We will provide safety information and Kao's policies based on scientific evidence, in an easy-to-understand way. We will disclose information with transparency to demonstrate corporate accountability and resolve the concerns of consumers and customers, while also securing the trust of consumers, customers, and society.

Related initiative: [P77](#) Establishment of a plan for disclosing our FY2024 ingredient policy

(2) Proactive information provision regarding ingredients of particular interest to society

We will proactively provide safety information and Kao's policies regarding ingredients of particular interest to society. In this way, we will build an environment where people can choose products with peace of mind, while also enriching stakeholders' understanding.

Related initiative: [P77](#) Establishment of a plan for disclosing our FY2024 ingredient policy

(3) Use of safe ingredients and development of safe products

Various divisions will consider human and environmental safety, antiseptic and antifungal properties, conformity with laws and regulations, and other matters when designing formulas and selecting raw materials in the product development stage. In addition, we will ensure reliability in products by performing comprehensive evaluations and checks based on how consumers actually use products, conducting tests in many different usage conditions, and

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implementing consumer monitor evaluations. In this way, we will provide safe and high-quality products to the market.

Related initiative: [P77](#) Use of safe ingredients and development of safe products

(4) Utilization of scientific evaluation methods

We will utilize the latest scientific evaluation methods and information to ensure ingredient and product safety and thereby maintain and reinforce trust among society and stakeholders.

Related initiative: [P77](#) Use of safe ingredients and development of safe products

(5) Promotion of understanding through communication

We will share information with consumers and customers to promote understanding about ingredient and product safety. In this way, we will build an environment in which they can use products with peace of mind, while also maintaining and reinforcing trust among consumers, customers, and society.

Related initiative: [P77](#) Acting in anticipation of chemical regulations through communication and industry activities

(6) Collaboration with industry associations and government

We will enrich collaboration and communication with industry associations and governments in multiple countries and areas to help build a society with secure ingredient and product safety.

Related initiative: [P77](#) Acting in anticipation of chemical regulations through communication and industry activities

Impact generated by implementing the strategies

The following financial, environmental and social impacts are expected to result from these strategies:

Financial impact

- Enhanced sales owing to bolstered provision of correct safety information
- Enhanced our brand value owing to accurate proactive information provision, and a stable foundation for revenue owing to reinforced long-term customer loyalty
- Cultivation of new markets and customer demographics, and greater opportunities for revenue owing to proactive initiatives to provide information related to safety and ingredients
- Avoidance of penalties and fees for additional action owing to rapid response in an information society and stricter regulations

Environmental and social impact

- Prevention of damage to consumers’ health, as well as environmental pollution
- Contribution toward building a social system for securing the safety of ingredients and products
- Boost in consumer information literacy owing to the spread of accurate knowledge in an information society, and prevention of confusion from misinformation
- Contribution toward building a fair society in which everyone can access accurate information and enjoy safe and reliable products

Strategic resilience

We are building resilience to swiftly respond to the concerns of consumers and customers with a highly transparent system for providing information about ingredient and product safety, and by adopting evaluation methods based on scientific evidence. We are also conducting awareness-raising activities and ongoing brand value enhancement measures to differentiate ourselves from competitors. In this way, we have the flexibility to maximize business opportunities while minimizing risks related to decreases in sales and trust.

Metrics and targets

To enhance the effectiveness of our strategies, we set performance metrics related to risks and opportunities, and we periodically monitor our progress. We set targets and check their achievement for metrics related to particularly significant risks and opportunities, thereby steadily driving initiatives using the PDCA (Plan, Do, Check, and Act) cycle.

Targets and progress

Strategy	Metrics	Results					Mid- to long-term targets	
		2020	2021	2022	2023	2024	Target value	Year
(1)	% of targeted ingredients of concern on which views are disclosed	17% (31%)*	30% (56%)*	60% (100%)*	67%	77%	100%	2030

* Values in parentheses are based on the former definition.

As planned in 2024, we successfully published a statement about adding three more ingredients that we do not use. We had already stopped using these ingredients and did not intentionally add them to products, so the execution of the plan proceeded relatively smoothly.

Metrics and results

Strategy	Metrics		Results		
			2022	2023	2024
(1) (2)	Number of ingredients of concern on which views are disclosed		18	20	23
(1) (2) (5)	Number of people reached the disclosure web-site about ingredients * From April 2024 to date	Contained in Kao's product	–	–	36,268
		we do not use	–	–	1,099

We have already disclosed our ingredient policy regarding plastic microbeads and 1,4-dioxane out of the five disclosed ingredients that we do not use. In addition, we have already stopped intentionally adding the remaining three newly disclosed ingredients (triclosan, triclocarban, and nonylphenols (NP) and ethoxylated nonylphenols (NPEs) to products.

Governance

We are building a governance framework for this theme under the supervision of the Board of Directors, with the Product Quality Management Division in charge. The Senior Vice President in charge of Product Quality Management serves as the owner in this framework and holds Chemical Stewardship Council meetings six times a year to discuss important matters regarding raw materials and ingredients. The council deliberated information disclosure twice in 2024. It is surveying information that should be published and is working to finalize a policy for this.

 Our ESG Vision and Strategy > Governance

Risk and opportunity management

Management process

We manage the processes for plan formulation, activities, and evaluation of results, and we carry out steady improvements regarding initiatives addressing risks and opportunities to achieve safer healthier products.

P (Planning)

The Chemical Stewardship Council formulates plans regarding targets and activities for the next fiscal year on an ad-hoc basis (six times a year). Authorization is carried out by the Senior Vice President of the division.

D (Implementation)

Please refer to the description of our initiatives (P76-78).

C (Evaluation of results)

The Chemical Stewardship Council evaluates the results of activities on an ad-hoc basis (six times a year). It summarizes the evaluation method and results, and reports to the Senior Vice President of the division who serves as the person in charge.

A (Corrective action, review of targets and activities)

The Chemical Stewardship Council carries out corrective measures, and reviews targets and activities on an ad-hoc basis (six times a year). Authorization is carried out by the Senior Vice President of the division.

Initiatives

Kao carries out various initiatives for safer healthier products mentioned above. We drive these initiatives in tandem toward our targets. Some significant examples among our many initiatives are described below.

Strategy		Initiatives
Overall	(1) Information disclosure with transparency	Establishment of a plan for disclosing our FY2024 ingredient policy
	(2) Proactive information provision regarding ingredients of particular interest to society	
Products	(3) Use of safe ingredients and development of safe products	Use of safe ingredients and development of safe products
	(4) Utilization of scientific evaluation methods	
Communication	(5) Promotion of understanding through communication	Acting in anticipation of chemical regulations through communication and industry activities
	(6) Collaboration with industry associations and government	

Establishment of a plan for disclosing our FY2024 ingredient policy

Area: Global

Corresponding strategies: (1) (2)

We have established a plan for disclosing our FY2024 ingredient policy (and ingredients that we do not use) to enhance transparency regarding product safety. With this plan, we aimed to disclose ingredients that are not used in Kao's consumer products (excluding professional-use and chemical products): triclosan, triclocarban, nonylphenols (NP) and ethoxylated nonylphenols (NPEs). We researched the laws and regulations of multiple countries, as well as disclosure at other companies and the status of internal use, and carried out the disclosure based on scientific evidence.

Meanwhile, careful consideration is required regarding the scheduled disclosure of ingredients that we do not use in FY2025 and onward; namely the details to disclose and the phrasing to use. This is because we risk creating misunderstanding among consumers and may lose their trust as a company if we do not provide information appropriately. We are closely collaborating with relevant divisions as we explore the suitable approach for these ingredients.

Going forward, Kao will continue to engage in information disclosure with transparency and proactively provide information on ingredients of particular interest to society, thereby living up to the trust that society holds in the company by making safer healthier products.

- About Ingredients Contained in Kao's Products
<https://www.kao.com/global/en/innovation/safety-quality/ingredients-contained/>
- Ingredients we do not use
<https://www.kao.com/global/en/innovation/safety-quality/ingredients-contained/we-do-not-use/>

Use of safe ingredients and development of safe products

Area: Global

Corresponding strategies: (3) (4)

We are building a system to scientifically evaluate the safety of ingredients and products in all categories, so as to use safe ingredients and develop safe products. Highly novel

products and raw materials require particularly detailed safety checks owing to their nature, and we are developing a system for cross-divisional checks. We are also building a framework for continually checking whether customers are using products safely after launch, and for taking rapid action if necessary.

Kao has learned lessons from the Econa problem in 2009 and the Rhododenol case in 2013, with initiatives to further improve safety based on its duty to live up to the trust held by customers and society. The interpretation of safety in chemicals management has changed in recent years. As a result, there is a trend for restricting the use of substantially safe ingredients. Kao will enforce strict safety evaluations and thoroughly pursue true safety, while also providing information based on scientific evidence to consumers and society to enhance understanding and trust among customers and society.

- Product Quality Management
<https://www.kao.com/global/en/innovation/safety-quality/>
- Kao Group Basic Quality Policy
<https://www.kao.com/global/en/innovation/safety-quality/safety-quality-policy/>
- Safety Standards for Household Products
<https://www.kao.com/global/en/innovation/safety-quality/houseware-quality/>
- Safety Standards for Cosmetic Products
<https://www.kao.com/global/en/innovation/safety-quality/cosmetics-quality/>
- Safety Standards for Food Products
<https://www.kao.com/global/en/innovation/safety-quality/food-quality/>

Acting in anticipation of chemical regulations through communication and industry activities

Area: Global

Corresponding strategies: (5) (6)

There is a recent global trend of chemical regulations becoming more stringent. In particular, the EU is implementing many strict regulations in rapid succession, resulting in a significant business impact for companies that deal in chemicals. As a result, Kao is acting in anticipation of chemical regulations through communication with governments as well as industry activities.

Specifically, we are collaborating with partner companies in industrial associations and proactively holding dialogue with government agencies in multiple countries. In

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2024, we joined the World Business Council for Sustainable Development (WBCSD) with the aim of gathering more comprehensive information worldwide and bolstering our capabilities for information provision.

By identifying global trends in regulations at an early stage, rapidly deploying the necessary defensive measures, and swiftly considering the development of replacement ingredients, we can minimize the impact of new regulations on business operations and mitigate financial risk.

Going forward, Kao will utilize its global partnerships and continue to take advanced response to chemical regulations as it promotes sustainable business activities.

 Kao Joins the World Business Council for Sustainable Development
<https://www.kao.com/global/en/newsroom/news/release/2025/20250304-001/>