Metrics and Targets

To ensure the progress of the KLP, Kao has established metrics and targets to enhance the levels of initiatives through continuous evaluation and improvements to our approach to achieving goals.

Metrics and targets

We have set metrics and targets for three symbolic commitments and 19 Kao Actions towards fulfilling the KLP. The process is steadily managed utilizing the PDCA (Plan, Do, Check, and Act) cycle.

The status of the 2025 initiatives are as follows. Under the KLP promotion framework, we will aim for even higher results for items that have been achieved, while analyze the factors why certain items have not been achieved and make efforts to attain them.

Mid- to long-term targets for the 19 Kao Actions

Kao Actions	Metrics	Results					Mid- to long-term targets		References
		2021	2022	2023	2024	2025	Target value	Year	
Making my everyday more beautiful									
Commitment	Number of people empowered to enjoy more beautiful lives—greater cleanliness, easier aging, better health and confidence in self-expression	0.49 billion	0.53 billion	0.52 billion	0.52 billion	0.49 billion	1 billion	2030	P315
Improved quality of life	Number of products which contribute to a comfortable, beautiful, healthy life and touch the heart of people	4.5 billion	4.5 billion	4.1 billion	3.9 billion	3.6 billion	7 billion	2030	
Habits for cleanliness, beauty & health	Cumulative number of people reached by awareness-raising activities for acquiring habits for cleanliness, beauty & health using Kao products and services (cumulative since 2016)	0.045 billion	0.051 billion	0.059 billion	0.063 billion	0.066 billion	0.1 billion	2030	
Universal product design	% of new or improved products that meet Kao's Universal Design Guidelines (Japan)	98%	99%	99%	99%	New KPI in development (to be disclosed in 2027 or later)*10	100%	2030	
Safer healthier products	% of targeted ingredients of concern on which views are disclosed	30% (56%)*4	60% (100%)*4	67%	77%	87%	100%	2030	
Making thoughtful choices for society									
Commitment	% of Kao brands that make it easy for people to make small but meaningful choices that, together, shape a more resilient and compassionate society	–	58% (59%)*5	58% (61%)*5	61%	68%*11	100%	2030	P316
Sustainable lifestyle promotion	Cumulative number of people reached by awareness-raising activities for promoting environmentally friendly lifestyles and realizing a sustainable world (cumulative since 2016)	0.011 billion	0.043 billion	0.048 billion	0.056 billion	0.063 billion	0.1 billion	2030	
Purpose driven brands	% of Kao brands that make a contribution to solving social issues and that make people feel and sympathize with the brand's social usefulness	–	52% (53%)*5	52% (57%)*5	55%	59%*11	100%	2030	

*1 Change of metrics and target value
*2 Value based on former survey (See 2023 KPI definitions P377) (Japan only)
*3 Target value changed to per-thousand rate
*4 Value based on former definition (See 2024 KPI definitions P74)
*5 Value based on former definition (See 2025 KPI definitions P90)
*6 Value based on former definition (See 2025 KPI definitions P132)
*7 Value based on former definition (See 2024 KPI definitions P388)
*8 Revised reported results (Recalculated and changed Scope 1, 2, and 3 emissions) (See P149)
*9 Revised reported results (Recalculated and changed Scope 1 and 2 emissions) (See P149)
*10 Reviewed metrics for 2025 (See P94)
*11 Reviewed target brands for 2025 (See P115)
*12 Revised scope of calculations and recalculated (See P192)
*13 Revised reported results (recalculated by removing duplicate data) (See P164)
*14 Revised scope of calculations and recalculated(See P164)
*15 Value before revision to scope of calculations (Decarbonization: See P149,Zero waste: See P164,Water conservation: See P176)
*16 Revised reported results (Recalculated water withdrawal) (See P176)
*17 Revised reported results (Recalculated due to changes in electricity consumption) (See P149)
*18 Value based on former definition (See 2025 KPI definitions P153)
*19 The term 'farm' used in previous reports has been replaced with 'plantation'. This change does not affect the scope or reported results, and data remain comparable
* Definitions of each metric (Formula, Factor, Scope) are provided in the "Kirei Lifestyle Plan KPI definitions" (P315-321).

Editorial Policy
CEO Message
Message from Senior Vice President of ESG
ESG Highlights
Special Feature: Building a Sustainable Palm Oil Supply Chain
Corporate Philosophy
Kao's Value Creation
Strategy
Metrics and Targets
Governance
Risk and Opportunity Management

Kao Actions	Metrics	Results					Mid- to long-term targets		References
		2021	2022	2023	2024	2025	Target value	Year	
Transformative innovation	Cumulative number of proposed or realized products with a big positive impact on lifestyles (cumulative since 2019)	4 cases	5 cases	6 cases	7 cases	8 cases	10 or more	2030	P316
	Cumulative number of proposed or realized businesses and systems with a big positive impact on lifestyles (cumulative since 2019)	3 cases	5 cases	6 cases	7 cases	9 cases	10 or more	2030	
Responsibly sourced raw materials	% of certified paper products and pulp for consumer products	96%	97%	98%	99.6%	99.99%	100%	2025	
	Traceability* to oil palm plantations*1 * Plantation includes oil palm smallholders	Completed up to own plantation managed by oleo chemicals supplier*19	Completed up to own plantation managed by oleo chemicals supplier*19	Completed up to traceability checks to plantations: 87%*19	Completed up to traceability checks to plantations: 88%*19	Completed up to traceability checks to plantations: 91%*19	100%*1	2025	
Making the world healthier & cleaner									
Commitment	% of Kao products that leave a full lifecycle environmental footprint that science says our natural world can safely absorb (Japan)	9%	14%	17%	21%	23%	100%	2030	P317
	Kao recognition or achievement level by external ratings firms	CDP Climate Change A, Water A, Forest (Timber) A, Forest (Palm Oil) A	CDP Climate Change A, Water A, Forest (Timber) A, Forest (Palm Oil) A	CDP Climate Change A, Water A, Forest (Timber) A, Forest (Palm Oil) A	CDP Climate Change A, Water A, Forest (Timber) A, Forest (Palm Oil) A	CDP Climate Change A, Water A, Forest (Timber) A, Forest (Palm Oil) A	Highest evaluation level	Yearly	
Decarbonization	% reduction in absolute lifecycle CO_2 emissions (Base year: 2017)	4%*8 *9 (4%)*15	6%*8 *9 (6%)*15	12%*8 *9 (12%)*15	16%*8 *9 (15%)*15	17%	22%	2030	
	% reduction in absolute scope 1 + 2 CO_2 emissions (Base year: 2017)	20%*8 (20%)*15	26%*8 (26%)*15	35%*8 (35%)*15	41%*8 (42%)*15	47%	28% 55%	2025 2030	
	% of renewable energy in electricity consumption	39%*17 (40%)*15	48%*17 (49%)*15	57%*17 (57%)*15	69%*17 (69%)*15	78%	100%	2030	
Zero waste	Quantity of fossil-based plastics used in packaging	91 thousand tons	88 thousand tons	79 thousand tons	77 thousand tons*13	76 thousand tons	Will peak and begin to decline	2030	
	Quantity of innovative packaging penetration for Kao and others per annum	0.011 billion items	0.013 billion items	0.046 billion items (0.014 billion items)*6	0.10 billion items	0.11 billion items	0.3 billion items	2030	
	% recycling rate of plastics involving Kao	15%*14 (1%)*15	16%*14 (3%)*15	19%*14 (6%)*15	22%*14 (8%)*15	22%	50%	2030	
	% of recycled plastic used in PET containers (Japan)	19%	69%	81%	90%	91%	100%	2025	P318
	% of the waste generated from Kao sites*, ratio of waste that cannot be recycled * Beginning with production sites	9.1%	4.2%	4.3%	4.6%	2.5%	0 (Less than 1%)	2030	
	% reduction of discarded products and discarded promotional materials (Base year: 2020)	14%	20%	43%	35%	59%	95%	2030	
Water conservation	% reduction in full lifecycle water consumption per unit of sales (Base year: 2017)	-5%*16 (-5%)*15	4%*16 (3%)*15	6%*16 (6%)*15	13%*16 (12%)*15	18%	10%	2030	
	% of manufacturing sites in water-stressed areas that have achieved their individually set water management targets (related to water withdrawal)	–	–	–	–	— (KPI established in 2025; progress tracking to begin in 2026)	100%	2030	
Air & water pollution prevention	% of plants which disclose VOC and COD* emissions*1 * Kao plants that discharge wastewater directly into public waterways*1	VOC 65% COD 80%*12 (100%) *18	VOC 68% COD 80%*12 (100%) *18	VOC 84% COD 80%*12 (100%) *18	VOC 94% COD 80%*12 (100%) *18	VOC 94% COD 80%*12	100%	2025	

*1 Change of metrics and target value
*2 Value based on former survey (See 2023 KPI definitions P377) (Japan only)
*3 Target value changed to per-thousand rate
*4 Value based on former definition (See 2024 KPI definitions P74)
*5 Value based on former definition (See 2025 KPI definitions P90)
*6 Value based on former definition (See 2025 KPI definitions P132)
*7 Value based on former definition (See 2024 KPI definitions P388)
*8 Revised reported results (Recalculated and changed Scope 1, 2, and 3 emissions) (See P149)
*9 Revised reported results (Recalculated and changed Scope 1 and 2 emissions) (See P149)
*10 Reviewed metrics for 2025 (See P94)
*11 Reviewed target brands for 2025 (See P115)
*12 Revised scope of calculations and recalculated (See P192)
*13 Revised reported results (recalculated by removing duplicate data) (See P164)
*14 Revised scope of calculations and recalculated(See P164)
*15 Value before revision to scope of calculations (Decarbonization: See P149,Zero waste: See P164,Water conservation: See P176)
*16 Revised reported results (Recalculated water withdrawal) (See P176)
*17 Revised reported results (Recalculated due to changes in electricity consumption) (See P149)
*18 Value based on former definition (See 2025 KPI definitions P153)
*19 The term 'farm' used in previous reports has been replaced with 'plantation'. This change does not affect the scope or reported results, and data remain comparable
* Definitions of each metric (Formula, Factor, Scope) are provided in the "Kirei Lifestyle Plan KPI definitions" (P315-321).

Editorial Policy
CEO Message
Message from Senior Vice President of ESG
ESG Highlights
Special Feature: Building a Sustainable Palm Oil Supply Chain
Corporate Philosophy
Kao's Value Creation
Strategy
Metrics and Targets
Governance
Risk and Opportunity Management

Kao Actions	Metrics	Results					Mid- to long-term targets		References
		2021	2022	2023	2024	2025	Target value	Year	
Walking the right path									
Effective corporate governance	Kao recognition or achievement level by external ratings firms	Highest evaluation level (World's Most Ethical Companies® selection)	Highest evaluation level (World's Most Ethical Companies® selection)	Highest evaluation level (World's Most Ethical Companies® selection)	Highest evaluation level (World's Most Ethical Companies® selection)	Highest evaluation level (World's Most Ethical Companies® selection)	Highest evaluation level	Yearly	P319
	Number of serious compliance violations* per annum * Compliance violations that have a significant impact on management and significantly damage corporate value	0	0	0	0	0	0	Yearly	
Full transparency	% of consumer product brands for which people can easily access complete ingredients information	12%	18%	22%	22%	22%	100%	2030	
Respecting human rights	% response rate to human rights due diligence (risk assessment across internal, suppliers, and contractors respectively)	Internal: 100%, suppliers: 60%, contractors: 3%	Internal: 100%, suppliers: 62%, contractors: 15%	Internal: 100%, suppliers: 81%, contractors: 19%	Internal: 100%, suppliers: 90%, contractors: 26%	Internal: 100%, suppliers: 99.9%, contractors: 27%	100%	2030*1	
Inclusive & diverse workplaces	Score for "Inclusive organizational culture" in our employee engagement survey (perfect score: 100)	–	(69%)*2	62	63	65	75	2030	
	% of female managers related to that of female employees* * Calculated as a weighted average based on the number of management positions at each group company	75.8% (30.2%)*7	75.9% (30.5%)*7	76.2% (31.1%)*7	78.1%	79.4%	100%	2030	P320
Employee wellbeing & safety	Lost Time Frequency Rate (per million hours worked)	0.65	0.65	0.71	0.83	0.68	0.15	2030	
	Average number of lost long-term work days (days/people) * Starting from Japan	197	182	195	220	236	105	2030	
	Ratio of employees who have lost long-term work days per 1,000 employees * Starting from Japan	23.2	28.7	25.6	27.2	25.2	12.0*3	2030	
	Score for "Vitality" in our employee engagement survey (perfect score: 100)	–	(77%)*2	59	61	62	70	2030	
Human capital development	Score for "Organizational culture in which employees are encouraged to take on challenges" in our employee engagement survey (perfect score: 100)	–	(79%)*2	61	63	64	80	2030	
	Score for "Work satisfaction" in our employee engagement survey (perfect score: 100)	–	(74%)*2	60	63	65	75	2030	P321
Responsible chemicals management	% of chemical products and raw materials with disclosed information on benefits and safety to ensure safe usage for our customers	14%	29%	38%	48%	57%	100%	2030	
	% of areas where impacts on health, environment and safety from chemicals are managed responsibly and sustainably considering their stages from raw materials procurements to disposal	96%	98%	93%	96%	98%	100%	Yearly	

*1 Change of metrics and target value
*2 Value based on former survey (See 2023 KPI definitions P377) (Japan only)
*3 Target value changed to per-thousand rate
*4 Value based on former definition (See 2024 KPI definitions P74)
*5 Value based on former definition (See 2025 KPI definitions P90)
*6 Value based on former definition (See 2025 KPI definitions P132)
*7 Value based on former definition (See 2024 KPI definitions P388)
*8 Revised reported results (Recalculated and changed Scope 1, 2, and 3 emissions) (See P149)
*9 Revised reported results (Recalculated and changed Scope 1 and 2 emissions) (See P149)
*10 Reviewed metrics for 2025 (See P94)
*11 Reviewed target brands for 2025 (See P115)
*12 Revised scope of calculations and recalculated (See P192)
*13 Revised reported results (recalculated by removing duplicate data) (See P164)
*14 Revised scope of calculations and recalculated(See P164)
*15 Value before revision to scope of calculations (Decarbonization: See P149,Zero waste: See P164,Water conservation: See P176)
*16 Revised reported results (Recalculated water withdrawal) (See P176)
*17 Revised reported results (Recalculated due to changes in electricity consumption) (See P149)
*18 Value based on former definition (See 2025 KPI definitions P153)
*19 The term 'farm' used in previous reports has been replaced with 'plantation'. This change does not affect the scope or reported results, and data remain comparable
* Definitions of each metric (Formula, Factor, Scope) are provided in the "Kirei Lifestyle Plan KPI definitions" (P315-321).

Editorial Policy
CEO Message
Message from Senior Vice President of ESG
ESG Highlights
Special Feature: Building a Sustainable Palm Oil Supply Chain
Corporate Philosophy
Kao's Value Creation
Strategy
Metrics and Targets
Governance
Risk and Opportunity Management

FY2025 Results Summary for 19 Kao Actions under the Kirei Lifestyle Plan

Theme	Challenges	Focus Areas	Outcomes	Next Step	Page Reference
Making my everyday more beautiful					
Improved quality of life	• The number of products that contribute to QOL stands at 3.6 billion units, and the gap to the 2030 target of 7 billion units is widening. • On a volume basis, the figure has declined due to the shift to larger product sizes, the response to bulk-buying demand, and business portfolio reorganization including the sale of the Healthya business. On a value basis, however, growth has been maintained on the back of structural reform in China and the revision of pricing strategy. • Because the current volume-based indicator cannot capture qualitative improvements in the value delivered to consumers, a new indicator framework needs to be introduced.	• Expanded Skin Protection globally: "UV care," which protects the skin from ultraviolet rays; "self-tanning," which gives a sun-kissed look without UV exposure; and "Environmental Protection" products such as mosquito-repelling formulations • Rolled out the "Pink Ribbon Campaign," a breast cancer awareness initiative • Examined evaluation methods that can capture qualitative aspects of consumers' lives	• Skin Protection: Began test-marketing *Jergens® Natural Glow* in the U.S. and Europe as a skin-tone proposition designed with health and safety in mind • Pink Ribbon: Ran a campaign linked to Kao's official social media accounts, donating 10 yen for each reaction • Began studying the introduction of an evaluation method that captures qualitative improvements in life—including consumer satisfaction and the degree of contribution to daily living	• Achieve net sales of 100 billion yen in the Skin Protection business by 2030 • Advance the "GUARD OUR FUTURE" project, which addresses mosquito-borne infectious diseases such as dengue fever • Establish a new KPI framework	> Improved Quality of Life (P80)
Habits for cleanliness, beauty & health	• Cumulative reach of awareness-raising activities stands at 66 million people, leaving a wide gap to the 2030 target of 100 million. • While the number of themes has expanded, growth in cumulative reach was limited (a year-on-year increase of 3 million people), indicating an issue with reach efficiency per activity. • Coverage contracted from 9 countries and regions in 2024 to 8 in 2025, making it necessary to accelerate global rollout.	• Deepened rollout by strengthening linkage between brand-led activities and company-wide activities • Optimized the mix of large-scale outreach activities and small-group, personal-format activities • Improved awareness-raising effectiveness through the provision of educational materials and use of sales networks	• Expansion of personal-format awareness-raising activities: Rolled out programs finely tailored to specific needs, including the "Konkatsu Men's Seminars" (seminars for men seeking marriage; in Japan) and "KATE Makeup Seminars" (Hong Kong) ・Cumulative reach: 66 million people ・Total number of themes: 82 (up 31 year-on-year) ・Coverage: 8 countries and regions • Improved awareness-raising effectiveness through educational materials and use of sales networks	• Examine the build-out of a company-wide framework for promoting awareness-raising activities (strengthened coordination across divisions and themes, and standardization of impact measurement)	> Habits for Cleanliness, Beauty & Health (P86)
Universal product design	• The compliance rate with the current UD Guidelines has been maintained at a high 99% in Japan for three consecutive years, but coverage is limited to Japan. • The current Guidelines apply only to products and do not fully reflect aspects of diversity. • They do not fully reflect consumers' actual usage experiences and perceptions.	• Ensured full compliance with the UD Guidelines for new and improved products in Japan (scope: consumer products) • Formulated new UD Guidelines and developed new indicators that respond to an increasingly diverse society and to global rollout	• Maintained the 99% UD Guidelines compliance rate in Japan • Formulation of new UD Guidelines applicable globally (from 2027 onward) • Continued collaborative activities with external organizations bringing a DE&I perspective	• Establish the new UD Guidelines and indicators, and expand the scope of application outside Japan • 2026: formulate the framework for the global UD standard. 2027 onward: begin management based on the new indicators	> Universal Product Design (P92)
Safer healthier products	• There is a growing sense of vague concerns among consumers, customers, and society regarding the safety of ingredients and products. • As society becomes more digitized, the consumers' access to information has enhanced, while misinformation among consumers is spreading. • Excessive chemical regulation based on the precautionary principle is becoming widespread, causing issues in balancing with the benefits of chemical substances.	• Disclosed information transparently • Used safe ingredients and developed safe products • Acted in anticipation of chemical regulations through communication and industry activities	• In 2025, disclosed three ingredients that are not used in Kao's consumer products, achieving the KPI • Developed an effective firefighting foam that does not contain PFAS, which have raised concerns over their environmental persistence and potential health risks • Developed *Bioré GUARD Mos Block Serum*, which is free of chemical repellents • Avoided the risk of excessive regulation by refining the safety classification (GHS classification) for benzalkonium chloride	• Disclose information on ingredients of concern in line with international standards • Promote visualization of ingredients usage through portfolio assessment, substitution of ingredients with sustainable alternatives, and the development of safe products • Strengthen and continue proactive initiatives regarding chemical regulations by further promoting global partnerships such as the one with WBCSD	> Safer Healthier Products (P100)

Editorial Policy
CEO Message
Message from Senior Vice President of ESG
ESG Highlights
Special Feature: Building a Sustainable Palm Oil Supply Chain
Corporate Philosophy
Kao's Value Creation
Strategy
Metrics and Targets
Governance
Risk and Opportunity Management

Theme	Challenges	Focus Areas	Outcomes	Next Step	Page Reference
Making thoughtful choices for society					
Sustainable lifestyle promotion	• Cumulative reach of environmental awareness-raising activities stands at 63 million people, leaving a wide gap to the 2030 target of 100 million. • In addition to expanding reach in Japan, accelerated overseas rollout is required.	• Expanded communication activities that propose sustainable lifestyles • Introduced products that contribute to decarbonization and water conservation through television commercials and YouTube • Rolled out a dedicated section on the Kao China website • Engaged with local communities	• Rolled out awareness-raising content via media including television commercials and YouTube. • Launched a dedicated section on the Kao China website. • Held an environmental event at the Sumida Tsukimatsuri festival. • Cumulative reach: 63 million people (vs. 56 million in the previous year).	• Advance the overseas rollout of the corporate advertising campaign “Wastefulness—Mottainai, never today, nor tomorrow.” • Expand awareness-raising activities in priority overseas regions (China, Southeast Asia, etc.)	> Sustainable lifestyle promotion (P107)
Purpose driven brands	• A gap had emerged between Kao’s actual business profile and the brands covered by the current KPI calculation. • Frequency and coverage of the “Brand Power Survey,” centered on the Cosmetics Business, were uneven, undermining the effectiveness of the KPI. • As a result, the KPI ratio had become disconnected from the actual state of activities.	• Reviewed the brands that embody Kao’s purpose (in line with the strategic review of the Cosmetics Business). • Advanced purpose-driven activities at the brands identified through the review. • Expanded the coverage of the “Brand Power Survey” and improved the quality of its operation	• Reached 59% on the revised brand basis. • Progress in social-value creation at the brands identified through the review: ・Curél: Set a record-high share of the sensitive-skin market in Japan, and accelerated expansion into the global sensitive-skin market (¥4.95 trillion) across 13 regions. ・Laurier: Earned support from consumers, companies, and educational institutions for its initiatives on menstrual issues through “Laurier at Work” and “Laurier at School.” ・SENSAI: Generated social value through nature conservation in UNESCO Biosphere Reserves, support for cultural heritage preservation, and donations to programs supporting cancer patients.	• Advance implementation of the “Brand Power Survey” at the target brands identified through the review in the Cosmetics Business and expand it to all target brands	> Purposedriven brands (P113)
Transformative innovation	• We continue to steadily innovate and receive various awards, but the results are limited to a single year, and the multi-year effects are not properly reflected. • Quantitatively assessing the financial impact on several business sectors of these technology innovations requires a complex approach.	• Continued innovating and amplifying the impact through technology integration across business units and regions • Generated positive impact in both financial and environmental/social dimensions	• Proposed new value by leveraging our proprietary naturally derived cleansing ingredient across business segments (Bioré The Body Totonoihada) • Proposed new products by combining Japanese technologies with insights into overseas consumers (Jergens Lotion Bursts) • In the chemical business, addressed environmental challenges facing customers while generating new revenue (room-temperature rust-preventive cleaner)	• Drive continuous innovation and expand to other products and business sectors	> Transformative innovation (P123)
Responsibly sourced raw materials	• Traceability to oil palm plantations is often unclear due to the presence of multiple intermediaries, which may hinder the adequate identification and remediation of human rights and environmental risks. • If social issues in the supply chain are not adequately addressed, there may be a risk that human rights and environmental issues cannot be properly identified or remediated.	• Ensured traceability through collaboration with suppliers • Implemented initiatives to address challenges faced by independent oil palm smallholders ・Supported for independent oil palm smallholders (productivity improvement support and assistance for obtaining RSPO certification) ・Purchased certified credits from independent oil palm smallholders ・Expanded the number of independent oil palm smallholders covered by the Kao grievance mechanism	• Traceability to oil palm plantations(TTP): 91% at the end of 2025 • Support for independent oil palm smallholders: 4,630 smallholders cumulatively (up 1,141 year-on-year) • Credits purchased from independent oil palm smallholders: 42,488 tons (up 18,250 tons year-on-year) • Scope of the Kao Grievance Mechanism: 323 smallholders (up 64 year-on-year)	• Aim to achieve 100% traceability through cooperation with suppliers • Drawing on the results of assessments and the Kao Grievance Mechanism, continue efforts to mitigate risks through dialogue with and support for suppliers • Disclosure on paper and pulp information as dashboard	> Responsibly sourced raw materials (P130)

Theme	Challenges	Focus Areas	Outcomes	Next Step	Page Reference
Making the world healthier & cleaner					
Decarbonization	• Lifecycle CO_2 emissions: 92% of emissions come from raw material procurement, product use, disposal, and recycling, requiring reductions across the entire value chain. • Scope 1 + 2 CO_2 emissions: In addition to fully switching purchased electricity to renewable sources, we need to enhance energy efficiency by reducing direct emissions, among other measures. • Share of renewable electricity used: Scope 2 emissions from plants in Asia are higher than those from plants in Japan.	• Lifecycle CO_2 emissions: Reduced CO_2 emissions across the entire value chain through collaboration with stakeholders • Scope 1 + 2 CO_2 emissions: Invested in renewable energy procurement and low-carbon facilities in Asia, and improved energy efficiency at production sites • Share of renewable electricity used: Procured renewable electricity for plants in Asia	• Lifecycle CO_2 emissions: Achieved a 17% reduction from the base year and a 1% reduction year-on-year (Kao Group) through products such as laundry detergents that require only one rinse cycle, dishwashing detergents and body cleansers that require less water or less hot water • Scope 1 + 2 CO_2 emissions: Achieved a 47% reduction from the base year and a 6% reduction year-on-year by commencing operation of additional solar power generation capacity installed at the automated warehouse of the Toyohashi Plant, the Karawang factory of Kao Indonesia, Kao Corporation Shanghai, and the Sumida office, as well as a newly established biomass thermal plant at our chemical business plant in Spain, among others • Share of renewable electricity used: Achieved 78%, up 9% year-on-year (Kao Group), through renewable electricity procured for Pilipinas Kao, Kao Vietnam, and Kao Indonesia Chemicals	• Lifecycle CO_2 emissions: Continue to advance decarbonization across the value chain by reducing CO_2 emissions during product use, switching to low-carbon raw materials, cooperating with suppliers, and leveraging biomass and carbon recycling technologies • Scope 1 + 2 CO_2 emissions: To promote voluntary energy-saving initiatives at each plant, continue developing tools that automatically aggregate and visualize energy-related data, and share them among plants. In addition, to raise awareness of energy efficiency, conduct online employee training on decarbonization. Continue to explore further shifts to low-carbon facilities and procurement of green energy • Share of renewable electricity used: Work toward 100% renewable energy, including considering purchasing renewable energy at sites where direct procurement is difficult	> Decarbonization (P143) > Product Lifecycle and Environmental Impact (P198)
Zero waste	• Recycling rate of plastics involving Kao needs to be further improved. • Society as a whole must work together to build and improve an infrastructure for resource circulation. • Further reduction of waste from products and promotional materials is required.	• Expanded the use of recycled plastic in consumer products • Developed and rolled out innovative packaging • Expanded the collection scheme for refill packs (launched in Odawara in 2024, and scheduled for Wakayama and Sakata in 2026 • Optimized production plans and inventories, reduced waste from product returns, and strengthened control of promotional materials	• Recycled plastic used in containers and packaging: 6,700 tons (+5% year-on-year) • Quantity of innovative packaging penetration: 0.11 billion items (+10% year-on-year) • Refill packs collected through RecyCreation activities: 12 tons (2025 result) • Reduction in waste from products and promotional materials: 59% (+24% year-on-year)	• Further promote the use of recycled plastic • Build a resource circulation model by strengthening cooperation with stakeholders • Pursue further reduction of waste from products and promotional materials	> Zero Waste (P161)
Water conservation	• While we have steadily reduced water withdrawal at production sites, we need to further enhance site-level water management based on water stress and other factors.	• Further identified production sites in water-stressed areas, while preparing to set and disclose water management targets for each site, covering water withdrawal reduction, reuse, etc.	• Identified 14 production sites based on water stress and water quality risks, and set water management targets for each site	• Strengthen the execution and tracking of measures based on site-level targets, and enhance the effectiveness of water management at production sites	> Water conservation (P176)
Air & water pollution prevention	Broader disclosure of VOC and COD across more plants is required.	• Implemented initiatives to achieve 100% disclosure of VOC and COD	• Improved the disclosure rate for VOC (2020: 0%, 2025: 94%)	• Provide regular education and training • Share know-how among plants	> Air & Water Pollution Prevention (P192)

Theme	Challenges	Focus Areas	Outcomes	Next Step	Page Reference
Walking the right path					
Effective corporate governance	We need to strengthen measures to prevent harassment across the Kao Group's business activities.	• Took actions to fully eliminate harassment ・In a video message streamed in April 2025, the President stated, "We do not tolerate any form of harassment, and we protect our employees." ・Issued a compliance message in May 2025 ・Made it easier for employees to speak up by sharing compliance case studies	• The number of whistleblowing and consultation cases increased (434 → 474; 109% year-on-year) • Among these, the share of harassment-related whistleblowing and consultation cases increased (20% → 29%; 145% year-on-year)	• Issue guidance on sexual harassment • Continuously communicate the company's stance on preventing harassment (intranet, training, etc.)	> Effective Corporate Governance > Metrics and targets (P203)
Full transparency	• Since our KPI is calculated based on the number of brands, the value remains unchanged unless new brands disclose information, limiting visibility into the progress of our activities. • We need to strengthen our data infrastructure to enhance transparency and to use data more effectively.	• Leveraged established mechanisms • Used developed applications to streamline operations • Expanded the scope of activities covered by our ESG data platform project	• Added a table with the number of products with disclosed or updated fragrance ingredient names over time (Due to information updates accompanying new products and improvements within the same brand, disclosure was made for a total of 39 products.) • Improved operational efficiency through the use of developed applications, reducing work time to approximately 1/10 to 1/100 of conventional methods and saving over 9,000 working hours annually • Expanded the scope of target product groups for output and environmental data coverage (environmental risk assessment, CO_2 emissions, etc.)	• In addition to making activities visible, redefine the information consumers need and further review brand transparency strategy (disclosure of fragrance ingredients) • Enhance application functionality and expand the user base • Promote activities that translate ESG information into new customer value and enhanced value • Promoting data preparation and system development to respond promptly to expanding mandatory disclosure requirements	> Full transparency > Metrics and targets (P221)
Respecting human rights	• The implementation rate of human rights risk surveys for contractors falls short of the target. • No complaints have been filed through the grievance mechanism (for foreign workers).	• Reviewed the process for human rights risk surveys for contractors and improved its comprehensiveness • Strengthened in-person communication (Japan) • Monitored responses at companies that employ foreign workers	• Response rate to human rights risk surveys for contractors: 27% • No target has been set for the number of consultation cases. However, if no one is using the system, we need to examine whether there are any issues. (That said, dialogue suggests that initiatives by employers may have rendered such consultations unnecessary.)	• Prioritize comprehensiveness by reviewing the process and accepting alternative survey measures • Continue to monitor the situation. In addition, strengthen ties with subcontractors and improve the working environment	> Initiative "Conducting human rights risk surveys internally and for suppliers and contractors" (P232) > Initiative "Deployment of grievance mechanisms" (P234)
Inclusive & diverse workplaces	• To make cognitive diversity work to the advantage of our organization, we need to strengthen psychological safety in the workplace. • As part of efforts to ensure diversity in decision-making across all levels of the organization, we need to increase the number of female managers. In Japan, further improvement is particularly needed.	• Conducted educational and awareness-raising activities, including efforts to deepen understanding of the significance of DE&I, psychological safety, and unconscious bias, and put such learning into practice • Promoted women's empowerment	• Score for "Inclusive organizational culture" in the employee engagement survey: 65 • % of female managers related to that of female employees: 79.4% globally; 71.4% in Japan	• Educate and raise awareness among management employees on diversity management • Continue to educate employees on psychological safety and unconscious bias • Promote women's empowerment, with a particular focus on eliminating gender role biases	> Initiative "Deepening understanding of DE&I" "Fostering a dialogue-driven organizational culture" (P274) > Initiative "Women's empowerment" (P269)

Theme	Challenges	Focus Areas	Outcomes	Next Step	Page Reference
Employee wellbeing & safety (Wellbeing)	• In Japan, while the percentage of healthy and engaged employees remains high, a growing number of long-term absentees is becoming a challenge, requiring measures for both mental and physical health. • To maintain both mental and physical health, we need to continue monitoring and reducing hazardous factors, including chemical substances.	• Improved mental health • Helped employees balance medical treatment and work • Managed employee health risks from hazardous factors, including chemical substances	• Mental wellness training (basic) participation rate: 79.4%; comprehension rate: 96.0% • Secondary screening rate: 97.6% • Advanced the project on hazardous factors and employee health risk management	• Improve the participation and comprehension rates in mandatory training and line care training to promote mental health • Provide support for taking leave and returning to work, as well as balancing treatment and work, to enable more employees to work in good health • Launch a company-wide initiative on hazardous factors and employee health risk management to reduce the impact of hazardous factors, including chemical substances, on employee health	> Employee Wellbeing & Safety: Wellbeing (All pages)(P276-291)
Employee wellbeing & safety (Safety)	• Among occupational accidents, the number of non-job-specific accidents (such as falls and overexertions) has been increasing. It is therefore essential not only to implement physical measures, such as installing handrails and removing steps, but also to educate employees and raise awareness.	• Worked to reduce non-job-specific accidents (falls, overexertions)	• Among occupational accidents, non-job-specific accidents account for approximately 50%.	• Educate employees and raise awareness to reduce non-job-specific accidents	> Initiative “Improving safety awareness with the award system for no accidents that cause lost work days” (P297) > Initiative ”Sharing safety messages globally” (P298)
Human capital development	• To fully empower employees and manage human capital and the organization in line with the *Global Sharp Top* strategy, we need to establish a system where employees can continue to take on challenges and grow, while further accelerating cooperation.	• Provided equal opportunities and executed talent strategies that address human capital, organizational, and environmental aspects accordingly	• Employee engagement: 68 (2025)	• Strengthen the selection and development of future leaders • Expand talent and capability development programs	> Selection of human capital who will become global leaders (P249) > Initiative ”Human Capital Development/ Capacity Building Programs” (P245)
Responsible chemicals management	• Strengthen risk management to respond to increasingly stringent regulations and sustain zero incidents (occupational injuries, leaks/spills, fires, etc.) • Strengthen supply chain collaboration in response to growing demands for information disclosure	• Enhanced risk assessment and promoted incident prevention • Strengthened information disclosure and collaboration through safety summaries and Safety Data Sheets (SDS)	• Disclosure rate of safety information on Kao priority assessment substances (57% [12 out of 21 substances] in 2025). • Maintained a high level of management of health, environmental, and safety impacts at business sites (management rate: 98% in 2025). • Conducted chemical substance communication with stakeholders (16 activities, including information sharing, in 2025) and provided education programs (3 in 2025).	• Further enhance risk assessment methodologies and expand them globally • Standardize information disclosure and strengthen supply chain collaboration • Promote incident prevention by enhancing safety awareness	> Responsible Chemicals Management > Metrics and targets (P305)

Progress and insights on our three commitments

Progress for each of our three commitments is as follows. For each commitment, we evaluate progress comprehensively, taking into account not only movements in the primary indicator but also underlying changes in our business structure and the value we deliver. Toward achieving our 2030 targets, we recognize that further improvement is needed across all commitments in both the quality and pace of progress.

1. Making my everyday more beautiful

Under this commitment, Kao has set a target of reaching 1 billion people by 2030 by helping them live cleaner, healthier lives, age with greater peace of mind, and live true to themselves—in other words, the number of people who can enjoy comfortable and emotionally fulfilling lives through Kao's products, services, and activities. This indicator estimates the number of consumers reached based on sales volumes and related data for applicable products. The result for 2025 was 0.49 billion people, lower than the previous year. This primarily reflects the strategic shift we have promoted toward large-capacity and high-value-added products in response to evolving consumer needs in recent years.

These efforts are making it easier for individual consumers to choose products that match their own circumstances and needs, and we believe our contribution to improving consumers' QOL is steadily deepening. At the same time, this expansion of qualitative value provision is not fully captured by reach figures based on sales volumes alone; the growth of brand-led activities aimed at improving QOL, including awareness-raising initiatives, to 62 is one indication of this.

Progress toward our 2030 target is not yet sufficient, and we recognize the need to accelerate both the expansion of applicable products and services and the deepening of the value propositions we offer. Going forward, we will work to expand the provision of products that contribute to comfortable, beautiful, and healthy lives and to QOL that resonates emotionally with consumers. Alongside expanding our reach, we will also enhance how we capture and disclose qualitative dimensions of value provision, such as consumer behavior change and satisfaction, as complementary perspectives.

2. Making thoughtful choices for society

Under this commitment, Kao aims to achieve 100% by 2030 for the ratio of brands that propose small but meaningful choices for consumers, helping to realize a more vibrant and compassionate society.

This ratio is calculated as the proportion of brands that meet Kao's eligibility criteria, with the base population consisting of major brands selected based on factors such as their reach to consumers. The base population and eligibility criteria are reviewed periodically in line with changes in the business environment, and in 2025, we refined how this indicator is applied to more accurately reflect its impact on consumers.

The result for 2025 was 68%, an increase from the previous year. This figure is calculated based on the refined methodology; for reference, the value under the former criteria was 61%. This increase was attributable to the expansion of brands that resonated strongly with consumers under "Purpose-driven brands," together with brands that implemented technological innovations under "Transformative Innovation" and environmental awareness-raising initiatives under "Sustainable lifestyle promotion."

Going forward, Kao will focus on expanding the scope of substantive initiatives by broadening the range of covered brands, and on deepening the substance of the meaningful choices it proposes to consumers.

3. Making the world healthier & cleaner

Under this commitment, Kao aims to raise the ratio of products with an environmental footprint that stays within scientifically defined planetary boundaries throughout their entire lifecycle to 100% by 2030. This ratio is calculated as the percentage of products that meet Kao's thresholds for key environmental impact indicators based on life cycle assessment (LCA).

The actual figure for 2025 was 23%, up from 21% in the previous year. Progress is moving in the right direction; at the same time, a substantial gap remains relative to the 2030 target, and we need to accelerate the expansion of eligible products.

In 2025, the major contributing factors were increased sales volumes of products meeting the eligibility criteria, such as the water-saving laundry detergent *Attack* and dishwashing detergent *CuCute*, together with the expanded adoption of recycled materials in containers and packaging.

At the same time, the range of products meeting the eligibility criteria remains limited at present, and expanding eligibility is a key challenge. Going forward, we will work to expand eligibility through technological development and product rollout in areas such as concentrated formulas, the use of low-carbon raw materials, and improved water-saving performance, while embedding reductions in environmental impact across the entire lifecycle from the product design stage, in order to accelerate progress.

To further enhance the effectiveness of the three commitments in light of changes in the business environment and social issues, we are conducting a review based on materiality analysis. We will disclose the direction of this review at an appropriate time.

Editorial Policy
CEO Message
Message from Senior Vice President of ESG
ESG Highlights
Special Feature: Building a Sustainable Palm Oil Supply Chain
Corporate Philosophy
Kao's Value Creation
Strategy
Metrics and Targets
Governance
Risk and Opportunity Management

Quantification of environmental and social impacts

We believe it is important to clearly state the magnitude and nature of the impact Kao's business has on the environment and society and to continue to be accountable to improve corporate value and investment. In 2025, we continued to participate in the ESG Disclosure Study Group and deepened discussions on how to disclose information on ESG. In addition, since 2018, we have converted our social impacts into monetary equivalents, and in 2025, we also used the indicators in the table below to calculate and assess the impact on society.

Theme	Output	Impact
Decarbonization	Lifecycle CO_2 emissions (absolute emissions)	Lifecycle CO_2 emissions (absolute emissions) social cost
Zero waste	Amount of plastic packaging used	Amount of plastic packaging used (social cost)

Study on Returns to Kao's Stakeholders In FY2017
https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/databook-2017-study.pdf

Editorial Policy
CEO Message
Message from Senior Vice President of ESG
ESG Highlights
Special Feature: Building a Sustainable Palm Oil Supply Chain
Corporate Philosophy
Kao's Value Creation
Strategy
Metrics and Targets
Governance
Risk and Opportunity Management