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

- 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
- 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

Opportunities

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

Strategy, Metrics, targets and results, Initiatives

Strategy	Metrics	Targets	2025 results	Initiatives
Overall: (1) Strengthen the link with the business through brand-led activity development				
Overall: (2) Promote cleanliness and hygiene practices and expand the market				
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	66 million	Sampling of Merries at "Mother Classes" and in the "Hello Baby Project" (3) Awareness-raising activities about skincare and face washing for elementary school children (3) Awareness-raising activities about UV ray protection for children and households (3)
Awareness-raising/support activities: (4) Develop effective activities tailored to local issues and circumstances through external collaboration	Number of activities to raise awareness and support cleanliness and hygiene	–	82	Sampling of Merries in Asia to raise awareness about "Kirei" (4) Education about basic grooming for high school boys in Indonesia (4)
Awareness-raising/support activities: (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	–	8 countries/ regions	Support activities regarding menarche education for female students in Asia (4)
Products and services: (6) Propose products and services that promote habits of cleanliness and hygiene				
Products and services: (7) Develop hygiene solution businesses and services to improve the hygiene level of society				Cleaning knowhow provided by Kao Professional Services Co., Ltd. to the accommodation industry (7)

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

Financial impact

- While we are currently evaluating the direct financial impact, activities to raise awareness of cleanliness and hygiene are expected to increase brand recognition and build trust, thereby contributing to stronger customer loyalty over the mid- to long-term

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

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
- 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 launching the high-quality cosmetic soap, *Kao Soap*, in 1890, 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 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 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.

(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 educational institutions. Aim to increase awareness and expand the market by encouraging people to naturally incorporate the Kao brand into their daily lives.

(4) Develop activities through external collaboration

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

(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.

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

Propose products and services 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 for nearly 140 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.

Related initiatives: P90 Creation of a cleaning guide that stays close to Genba to resolve labor shortages at lodging facilities

Impact generated by implementing the strategies

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

Financial impact

- While we are currently evaluating the direct financial impact, activities to raise awareness of cleanliness and hygiene are expected to increase brand recognition and build trust, thereby contributing to stronger customer loyalty over the mid- to long-term

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 at customer facilities 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 alongside ongoing improvements that utilize the PDCA cycle to check the status of achievement of these targets.

Targets and progress

Strategy	Metrics						Mid- to long-term targets	
		2021	2022	2023	2024	2025	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)	45 million	51 million	59 million	63 million	66 million	100 million	2030

Under this theme, to support each consumer in practicing clean and healthy lifestyle habits in their daily lives, we have established the cumulative number of people reached through our awareness-raising activities as an indicator — measuring both the expanding points of contact with consumers that serve as a prerequisite for such habits and the expanding points of contact that promote understanding of hygiene practices. As of the end of 2025, the cumulative number of people reached was 66 million, representing steady progress toward our 2030 target (a cumulative total of 100 million). We believe that expanding these points of contact goes beyond raising consumer awareness and promotes understanding of healthy lifestyle habits through the practice of everyday hygiene behaviors such as handwashing and skin care, and through the establishment of cleanliness habits. Going forward, building on our educational and awareness-raising activities to date, we will work to maintain and leverage our points of contact with consumers through the rollout of initiatives in schools and local communities and through information dissemination using digital channels. In addition, by addressing hygiene challenges in settings such as lodging, medical care, and food service, we will contribute to raising the level of hygiene across society as a whole. We will also continue to examine more appropriate ways to capture the actual expansion of hygiene practices.

Metrics and results

Strategy	Metrics	Results			
		2022	2023	2024	2025
(4)	Total number of themes for activities to raise awareness and support cleanliness and hygiene	43	50	51	82
(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	8

Regarding the number of countries and regions in which we operate, we are advancing the prioritization of our activities in light of alignment with the business strategy of each region. In the regions where we operate, by deepening programs tailored to local issues (for example, men's makeup seminars addressing the needs of those seeking marriage, and the "KATE SCHOOL" in Hong Kong, which expands self-expression), we are focusing on finely tailored responses and on maximizing impact, and the number of activities has increased.

Governance

With Global Consumer Care serving as the supervising division, we regularly hold the following three meetings to promote our strategy for Improved Quality of Life. The meeting attended by the heads of business divisions and the managers of each division shares information on ESG promotion, including the discussions at the ESG Managing Committee, regulatory trends outside Japan, and the response policies of each business, and also discusses material issues and policies. We also hold a meeting attended by the Officer in Charge, the heads of business divisions, and the managers of R&D, 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, for each business division, we hold a meeting attended by the managers and staff in charge of the business, research, manufacturing, product quality management, and other divisions, where we check the product performance, product value, and business potential involved in commercialization from an ESG perspective.

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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 (P90).

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 and expand the market			
Awareness-raising/support activities	(3) Conduct awareness-raising and support activities using Kao products and services	Sampling of Merries at “Mother Classes” and in the “Hello Baby Project”	Awareness-raising activities about skincare and face washing for elementary school children	Awareness-raising activities about UV ray protection for children and households
	(4) Develop effective activities tailored to local issues and circumstances through external collaboration	Sampling of Merries in Asia to raise awareness about “Kirei”	Education about basic grooming for high school boys in Indonesia	Support activities regarding menarche education for female students in Asia
	(5) Increase the number of people reached by providing educational materials and utilizing sales networks			
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	Cleaning knowhow provided by Kao Professional Services Co., Ltd. to the accommodation industry		

Creation of a cleaning guide that stays close to *Genba* to resolve labor shortages at lodging facilities

Region: Japan

Corresponding strategy: (7)

In light of the increase in demand from tourists visiting Japan from abroad and other factors, the accommodation industry in Oita Prefecture has faced ongoing long-term labor shortages and needs to streamline operations urgently.

In FY2025, Kao Professional Services Co., Ltd. collaborated with the Oita Prefecture Ryokan and Hotel Lifestyle Hygiene Association—which has some 400 registered accommodation facilities—and gained assistance from Oita Prefecture’s tourism bureau and an accommodation and tourism association to create the Professional Cleaning Guide for Accommodation Facilities based on opinions from the Genba, with the objective of reducing the burden of on-site cleaning work.

This guide includes information about effective cleaning methods, with a focus on three areas identified as requiring significant effort based on questionnaires with facilities registered with the association: large bathing facilities, prefabricated bathrooms, and restrooms.

Starting at the end of June, a dedicated webpage about this guide was published, and the prefectural office also published a webpage. Currently, the guide has been distributed to approximately 45% of some 990 facilities in the prefecture. We have received positive feedback from lodgings that have been involved in this initiative, with comments such as, “It helped to shorten and streamline work to clean large bathing facilities,” and “It helped to reduce the operational burden of elderly employees.”

We will continue with this initiative while also engaging in co-creation with associations, the prefectural government, and related groups to raise awareness about effective cleaning and hygiene management, thereby helping to develop facilities where employees can work with ease and guests can spend time safely and with peace of mind in a clean and comfortable environment. Through these efforts, we will contribute to the resolution of social issues as well as the sustainable development of the accommodation industry.

Cleaning Guidebook: Download Form
https://pro-info.kao.com/kps_kyushu_tourism_guidebook.html

Employees' opinions

Working with tourism-related groups in bold efforts to reduce the burden of cleaning operations at tourist destinations and accommodation facilities

Hiroshi Yamada
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The mission of Kao Professional Services, Co., Ltd. is to support the development of environments that bring peace of mind and comfort to workers and users through proposals on hygiene at professional sites. Based on this mission, we implemented initiatives to solve issues faced by the accommodation industry in Oita Prefecture, including labor shortages and streamlining operations, in response to environmental changes, such as an increase in demand from tourists visiting Japan from abroad.

Using the cleaning guidebook that we created with the support and cooperation of tourism-related groups and the Oita Prefectural Government, we are offering proposals for standardizing the level of cleaning work and streamlining cleaning operations at accommodation facilities and tourist destinations.

Through these initiatives, many facilities came to view guest rooms as products that are provided to customers, focusing on the quality of cleaning from a management perspective rather than simply carrying out cleaning tasks. By working to solve issues regarding the operational burden of cleaning in the accommodation industry with streamlined operations so that employees can work with greater ease and higher productivity, we create an atmosphere of hospitality in which guests are provided safe, secure, clean, and comfortable spaces.

We will develop further efforts to help solve other issues faced by the accommodation industry that were revealed through this project: educating employees about cleaning and achieving stable employee retention.