Sustainable Lifestyle Promotion

GRI 306-1

We support sustainable lifestyles across society through broad information provision and next-generation education. By offering consumers practical choices they can adopt in their daily lives, we contribute to realizing enriched lifestyles and transforming social systems.

Risks

- Decline in brand value and loss of business opportunities due to competitors taking the lead in marketing and supporting sustainable lifestyles
- Decline in reputation and corporate value due to insufficient contribution to societal transformation towards sustainable lifestyles

Opportunities

- Creation of business opportunities and business growth through marketing and product proposals aligned with sustainable lifestyle proposals
- Enhancement of brand value, customer loyalty, and business growth through the expansion of sustainable lifestyle proposals
- Improvement of reputation and corporate value by taking on the challenge of driving societal transformation towards sustainable lifestyles

Strategy		Metrics, targets and results			Initiatives
		Metrics	Targets	2025 results	
Overall	(1) Realizing enriched lifestyles and enhancing customer loyalty through sustainable lifestyle proposals	Cumulative number of people reached through awareness-raising activities promoting environmentally conscious lifestyles and realizing a sustainable world (cumulative total since 2016) (1)	100 million people 2030	63 million people	Expansion of the corporate advertisement series “Wastefulness—Mottainai. Never today, nor tomorrow.” (1) Provision of useful information for sustainable lifestyles on the “My Kao” website (1)
Products	(2) Proposing sustainable lifestyles through eco-friendly products and brands	Number of sustainable lifestyle proposals implemented in conjunction with products (2)	–	2 proposals	*CuCute*: *Mirai ni eco-peko bottle* (eco-friendly refill bottle) (2) *Emal*: Sustainable Fashion (2)
Information provision	(3) Proposing sustainable lifestyles through corporate information provision on product use, daily life, and people’s values	Number of information provision activities proposing sustainable lifestyles (3)	–	4 activities	Lending and exhibition of artworks from the Environmental Painting Contest (3) Raising environmental awareness through the “TSUKISAI” event (3) Raising environmental awareness through plant tours (3) Environmental event hosted by Kao Group Customer Marketing (3)
Educational support	(4) Nurturing the next generation by providing experiential and hands-on learning opportunities	Number of learning opportunities provided for sustainable lifestyles (4)	–	2 opportunities	Provision of educational materials for elementary school students to develop the ability to identify and solve familiar environmental issues (4)
Collaboration	(5) Contributing to the transformation of social systems through collaboration with external partners	Number of collaboration activities with external partners for realizing sustainable lifestyles (5)	–	2 activities	Collaboration with another company for horizontal recycling of refill packs (5) Co-hosting a clean and water-saving campaign in China with the Chinese government and supporting university students’ environmental activities (5)

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

Financial impact

- Enhanced brand loyalty through sustainable lifestyle proposals, leading to increased product sales

Environmental and social impact

- Cumulative number of people reached through information provision proposing sustainable lifestyles (cumulative total since 2016): 1.21 million
- Cumulative number of people reached through learning opportunities provided for sustainable lifestyles (cumulative total since 2016): 0.64 million

Strategy

To reduce risks and create opportunities for sustainable lifestyle promotion, we implement Kao's unique and effective strategies that contribute to business growth and solving issues in society.

Social issues

For Kao to remain a sustainable and competitive company, accurately understanding social issues is essential. Recognizing these issues not only helps mitigate business risks but also serves as a crucial starting point for identifying new business opportunities that drive growth. Kao recognizes the following social issues related to this theme.

- Consumers' lifestyles remaining the same despite the emergence of environmental issues such as climate change
- Indifference among consumers regarding preferences for sustainable lifestyles and corporate sustainability initiatives and commitments

Risks and opportunities

In a business environment that includes the social issues mentioned above, Kao faces various risks and also identifies new business opportunities. Identifying risks and opportunities is a critical process in formulating corporate strategies and initiatives. The key risks and opportunities identified by Kao in this area are as follows.

Risks

- Decline in brand value and loss of business opportunities due to competitors taking the lead in marketing and support to promote unsustainable lifestyles
- Decline in reputation and corporate value due to insufficient contribution to societal transformation towards sustainable lifestyles

Opportunities

- Creation of business opportunities and business growth through marketing and product proposals aligned with sustainable lifestyle proposals
- Enhancement of brand value, customer loyalty, and business growth through the expansion of sustainable lifestyle proposals
- Improvement of reputation and corporate value by taking on the challenge of societal transformation towards sustainable lifestyles

Strategy

As a response to the identified risks and opportunities, Kao will pursue the following strategies. This area serves as a key pathway to achieving the basic policies of the Mid-term Plan K27. We will spread products, services and information provision across many regions based on efforts to increase the number of options that consumers can continue using easily and to enhance the quality of life and the healthiness of local communities. We will differentiate ourselves from the competition with proprietary technologies, designs, and experience value, and boost trust in and recognition of Kao as a company that people continue to choose. Leveraging Kao's influence as a leading company in social transformation, Kao supports the adoption of sustainable lifestyles by both consumers and society as a whole.

(1) Realizing enriched lifestyles and enhancing customer loyalty through sustainable lifestyle proposals

By proposing options that are rooted in daily living, such as conserving water and electricity, as well as reducing waste, Kao supports lifestyles that minimize environmental impact while maximizing a sense of fulfillment. Kao expands with a local approach to communications about these proposals in a way that stays close to each region's values while focusing on a unified message, thereby achieving horizontal expansion with proposals for sustainable lifestyles across countries in Asia.

In addition, by achieving a design that integrates the visualization of CO_2 and water use based on a Life Cycle Assessment (LCA), along with the way the product is used (such as opting for one rinse cycle or using refills), Kao demonstrates its unique qualities and enhances its presence in the market, thereby boosting customer loyalty.

(2) Proposing sustainable lifestyles through eco-friendly products and brands

Kao aims to achieve both resource circulation and a reduction in CO_2 emissions by using refills and recycled materials and reducing the thickness of packaging while retaining ease of use and functionality. By rolling these initiatives out and spreading refill culture to regions that do not have one, Kao expands the value of eco-friendly products and brands. In addition, Kao leverages its formulation technology for high concentrations, foam rinsing control and more, as well as its packaging design with thin walls among other features, to differentiate its offerings and reinforce its unique status.

By informing people about these initiatives through environmentally conscious communications, Kao enhances its market presence and boosts customer loyalty.

Making Thoughtful Choices for Society
> Sustainable Lifestyle Promotion
Purpose Driven Brands
Transformative Innovation
Responsibly Sourced Raw Materials
Making the World Healthier & Cleaner
Walking the Right Path

(3) Offering proposals through corporate information provision on product use, daily life, and people's values

Using product usage examples, lifestyle tips, and people's perspectives, Kao organizes information in an easy-to-understand way while combining its data with consumer insight, and communicates in a way that makes people want to incorporate products in their own lives or try them out.

Through these initiatives, Kao garners both trust and resonance while boosting its appeal and increasing its share of searches on the web and social media.

(4) Nurturing the next generation by providing experiential and hands-on learning opportunities

In schools and local communities, Kao provides programs that range from experience to practice and continued action, thereby creating opportunities for the next generation to learn and gain hands-on experience. In addition to standardizing teaching resources, Kao visualizes the results of conserving water and reducing plastic waste in a way that quantifies the effects of this study, which makes this effort more unique as an educational program. By sending out its message about its actual performance in collaboration with schools, local governments and NGOs, Kao secures an even greater level of trustworthiness.

(5) Contributing to the transformation of social systems through collaboration with external partners

By sharing Kao's proprietary insights, including technology for recycling film packaging for use as material and the design of its collection scheme, Kao establishes these as standard elements of social infrastructure. In addition, by creating unified evaluation design and replicating a collaborative model involving government, industry and academia across sectors, Kao promotes a system in which society functions as a unified whole.

Through these initiatives, Kao will establish a unique position and earn recommendations from third parties, thereby securing a superior position on sales floors and expanding its B2B projects.

Impact generated by implementing the strategies

Through the strategies outlined above, Kao expects to generate the following financial impact and environmental and social impact.

Financial impact

- Enhanced brand loyalty through sustainable lifestyle proposals, leading to increased product sales

Environmental and social impact

- Improved consumer satisfaction with daily life through sustainable lifestyle proposals
- Expansion of enriched lifestyles through the ripple effect of next-generation education on families
- Contribution to building a sustainable world by driving transformation towards sustainable lifestyles

Strategic resilience

Kao actively develops hygiene products and services and carries out support activities to promote sustainable lifestyles, strengthen brand value, and differentiate itself from competitors. At the same time, by promoting the conservation of natural resources and the use of recycled materials, Kao contributes to sustainable social transformation and enhances its corporate reputation. Through the implementation of sustainability-driven strategies, Kao creates business opportunities and builds resilience, enabling it to respond flexibly to evolving social demands.

Metrics and targets

To enhance the effectiveness of its strategies, Kao establishes performance metrics related to risks and opportunities and regularly monitors its progress. Regarding metrics for significant risks and opportunities, Kao sets specific targets and tracks their achievement, ensuring ongoing improvements and steady implementation through the PDCA (Plan, Do, Check, and Act) cycle.

Targets and progress

Strategy	Metrics						Mid- to long-term targets	
		2021	2022	2023	2024	2025	Target value	Year
(1)	Cumulative number of people reached through awareness-raising activities promoting environmentally conscious lifestyles and realizing a sustainable world (cumulative total since 2016)	11 million people	43 million people	48 million people	56 million people	63 million people	0.1 billion	2030

With this theme, we use the cumulative number of people reached through awareness-raising activities as a metric representing the expansion of consumer touchpoints that encourage sustainable choices in daily life. As of the end of 2025, the cumulative number of people

reached stood at 63 million, demonstrating steady progress toward our 2030 target (100 million cumulatively). We believe that expanding these touchpoints not only helps raise consumer awareness but also increases interest in and understanding of sustainable lifestyles through product selection and use. Going forward, we will further expand customer touchpoints by disseminating information through digital and social media in addition to our in-person efforts, while also developing educational programs and collaborating with local governments and companies. We will also continue exploring the most effective approaches for expanding our real-world activities.

Metrics and results

Strategy	Metric	Results			
		2022	2023	2024	2025
(2)	Number of sustainable lifestyle proposals implemented in conjunction with products	2 proposals	2 proposals	2 proposals	2 proposals
(3)	Number of information provision activities proposing sustainable lifestyles	3 activities	3 activities	3 activities	4 activities
(4)	Number of learning opportunities provided for sustainable lifestyles	2 opportunities	2 opportunities	2 opportunities	2 opportunities
(5)	Number of collaboration activities with external partners for realizing sustainable lifestyles	2 activities	2 activities	2 activities	2 activities

Impact of the strategy on the environment and society

Item	Impact
Cumulative number of people reached through information activities promoting sustainable lifestyles (cumulative total since 2016)	1.21 million people
Cumulative number of people reached through the provision of learning opportunities on sustainable lifestyles (cumulative total since 2016)	0.64 million people

Governance

Global Consumer Care promotes Sustainable Lifestyle strategies through a range of meetings.

Specifically, ESG Promotion Meetings (held periodically), which include business division and development managers as the committee members, are led by the ESG division. These meetings involve sharing the outcomes of the ESG Managing Committee, deliberating proposals, determining policies, and reviewing and discussing global trends and responses.

We also hold meetings to consider global business strategies, attended by managers from business, research, manufacturing, procurement, and other divisions. At these meetings, participants discuss new products and major investment projects, focusing on product performance, product value, and business feasibility, including income and expenditure.

In addition, during the product development process, we hold development meetings attended by managers and staff from business, research, manufacturing, product quality management, and other divisions. At these meetings, we also evaluate product performance, product value, and business potential from an ESG perspective when making commercialization decisions.

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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 Sustainable Lifestyle is managed through the following PDCA cycle, and we are working to make steady improvements.

P (check for risks and opportunities)

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

D (response based on risk/opportunity)

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

* For details on each activity, refer to Initiatives (P112).

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 Sustainable Lifestyle Promotion. These initiatives are based on the aforementioned strategies, and are being promoted in collaboration with one another to achieve our goals. Here, we will introduce some of the important initiatives from among the many we are engaged in.

Strategy		Initiatives			
Overall	(1) Realizing enriched lifestyles and enhancing customer loyalty through sustainable lifestyle proposals	Expansion of the corporate advertisement series “Wastefulness—Mottainai. Never today, nor tomorrow.”	Provision of useful information for sustainable lifestyles on the “My Kao” website		
Products	(2) Proposing sustainable lifestyles through eco-friendly products and brands	*CuCute*: *Mirai ni eco-peko bottle* (eco-friendly refill bottle)	*Emal*: Sustainable Fashion		
Information provision	(3) Proposing sustainable lifestyles through corporate information provision on product use, daily life, and people’s values	Lending and exhibition of artworks from the Environmental Painting Contest	Raising environmental awareness through the “TSUKISAI” event	Raising environmental awareness through plant tours	Environmental event hosted by Kao Group Customer Marketing
Educational support	(4) Nurturing the next generation by providing experiential and hands-on learning opportunities	Provision of educational materials for elementary school students to develop the ability to identify and solve familiar environmental issues			
Collaboration	(5) Contributing to the transformation of social systems through collaboration with external partners	Collaboration with another company for horizontal recycling of refill packs	Co-hosting a clean and water-saving campaign in China with the Chinese government and supporting university students’ environmental activities		

Tsukisai 2025 WINTER: A Hands-on Event for Connecting with the Local Community and Exploring More Comfortable Lifestyles

Region: Japan

Corresponding strategy: (3)

On Saturday, December 6 and Sunday, December 7, 2025, Kao employees welcomed visitors at Tsukisai 2025 WINTER, held at Kao Corporation's Sumida Office (Sumida Ward, Tokyo). The event was designed to provide opportunities to connect with the local community and reflect together on ways to create more comfortable lifestyles. This was the first Tsukisai event to be held at one of Kao's worksites. The theme for this year's event was "Exploring Manufacturing," and a total of 5,171 people visited over the two days. Through programs designed to help visitors experience manufacturing through a journey of surprises and discoveries, the event was enjoyed by people of all ages.

Tsukisai was launched in 2023 as an event hosted by Kao to provide experiences that spark genuine inspiration. Through the event, Kao plans and operates programs that allow visitors to experience the value of its innovative products and the supporting evidence behind them, while staying closely attuned to customers' everyday concerns. At the venue, Kao employees came together as the "Hospitality Squad," making wholehearted efforts not only to introduce products and technologies in a welcoming manner, but also to help visitors understand the elements of Kao's philosophy embodied in its products and research. Squad members wore custom-made coats featuring the phrase "Hospitality Squad: Proud to Be Kao Employees," making them instantly recognizable as they interacted with visitors. The event received a great deal of positive feedback from participants, including comments such as:

- "It was striking to see the employees enjoying their work."
- "I became an even bigger fan of Kao's products after listening to employees describe their favorite aspects of the products they are closely involved with."
- "I really enjoyed discovering technologies that I would never have learned about simply by looking at in-store displays and advertisements."
- "I could feel that Kao is constantly evolving on a daily basis."

Employees' opinions

Nurturing a sustainable future with the community through "Tsukisai"

Chie Tsuno
Consumer Communication, Strategic Public Relations, Kao Corporation

I want to create a future in which everyone can live in greater comfort and peace of mind.

With this ambition in mind, I collaborated with Sumida Ward to host Tsukisai 2025 WINTER at our office as an opportunity to connect with the local community and reflect together on how to achieve more comfortable lifestyles. The event featured hands-on booths showcasing Kao's environmental activities, including sustainable material selection and resource circulation efforts that consider the wellbeing of the planet, people, and society. Through these interactive experiences, visitors learned more about practical activities that benefit the environment and support a better future for all. We employed creative ideas by focusing on practices that could be easily incorporated into everyday life and creating experiences that allowed people of all ages to have fun while learning. Our aim was to help visitors view these activities as more accessible and feel encouraged to try them out. Employees engaged in direct dialogue with members of the local community, which I believe helped make Kao's activities and philosophy more familiar and approachable to visitors.

We received positive feedback from participants, such as, "I had fun learning together with my children," "I felt inspired to place refill packs in the recycling bin," and "I hope there will be more recyclable products available." I feel the event helped boost people's interest in environmental awareness. Going forward, we will continue working alongside the local community to create a sustainable future in which everyone can enjoy a comfortable life.