Kirei Lifestyle Plan KPI definitions

Regarding the mid- to long-term targets of the Kirei Lifestyle Plan that are noted on page 52 to 54, the formulas and factors that comprise each metric, and the scope of each metric, are as shown below.

Making my everyday more beautiful

Kao Actions	Metrics			Target value	Year
	Formula	Factor	Scope		
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			1 billion	2030
	A + B + C (people)	• A: Number of people reached by sold products of brands certified as contributing to improving quality of life according to standards set by Kao (people) • B: Cumulative number of people reached by Kirei awareness-raising activities for acquiring habits for cleanliness, beauty & health (people) • C: Number of people reached by new and improved products that meet Kao's Universal Design Guidelines (people) * Products that can be counted in both A and C are not calculated twice * Number of people in B that can be counted again in A and C are estimated based on assumed conditions and not calculated twice	• Kao Group's consumer products • Awareness-raising activities conducted by the Kao Group		
Improved quality of life	Number of products which contribute to a comfortable, beautiful, healthy life and touch the heart of people			7 billion	2030
	A (products)	• A: Number of sold products of brands certified as contributing to improving quality of life according to standards set by Kao	• Kao Group's consumer products		
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)			0.1 billion	2030
	A (people)	• A: Cumulative number of people reached by Kirei awareness-raising activities for acquiring habits for cleanliness, beauty & health • Number reached by awareness-raising activities using products and services provided by Kao employees • Number reached by communication-based awareness-raising activities (websites, social media, etc.)	• Kao Group • Reporting period: Since 2016		
Universal product design	% of new or improved products that meet Kao's Universal Design Guidelines (Japan)			100%	2030
	Developing new Universal Design guidelines that can be applied globally in response to increasing diversity in society, as well as new indicators linked to business outcomes (scheduled for disclosure from 2027 onward)				
Safer healthier products	% of targeted ingredients of concern on which views are disclosed			100%	2030
	A / B × 100 (%)	• A: Number of ingredients of concern on which views are disclosed (ingredients) • B: Total number of targeted ingredients of concern (ingredients)	• Kao Group		

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Making thoughtful choices for society

Kao Actions	Metrics			Target value	Year
	Formula	Factor	Scope		
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			100%	2030
	(A + B + C + D) / E × 100 (%)	• A: Number of Kao brands that conducted environmental awareness-raising activities to realize sustainable lifestyles (brands) • B: Number of Kao brands that help to solve social issues and that prompt people to feel and relate to the brand's social usefulness (brands) • C: Cumulative number of Kao brands that provided products incorporating innovations able to create transformative, sustainable impacts on lifestyles, society and/or the environment (brands) • D: Cumulative number of Kao brands that provided business and systems able to create transformative, sustainable impacts on lifestyles, society and/or the environment (brands) • E: Number of designated Kao brands * Products that can be counted in A, B, C and D are not calculated twice	• The Kao Group's designated consumer product brands • Awareness-raising activities conducted by the Kao Group's designated consumer product brands		
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)			0.1 billion	2030
	A (people)	• A: Cumulative number of people reached by environmental awareness-raising activities for realizing sustainable lifestyles • Number reached by awareness-raising activities using products and services provided by Kao employees • Number reached by communication-based awareness-raising activities (websites, social media, etc.)	• Kao Group • Reporting period: Since 2016		
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			100%	2030
	A / B × 100 (%)	• A: Number of Kao brands that received a high degree of empathy in the consumer survey (brands) • B: Number of Kao brands that have been designated (brands)	• The Kao Group's designated consumer product brands		
Transformative innovation	Cumulative number of proposed or realized products with a big positive impact on lifestyles (cumulative since 2019)			10 or more	2030
	A (announcements)	• A: Cumulative number of announcements relating to products that incorporate innovations able to create transformative sustainable impacts on lifestyles, society and/or the environment	• Kao Group consumer products and industrial-use products • Reporting period: Since 2019		
	Cumulative number of proposed or realized businesses and systems with a big positive impact on lifestyles (cumulative since 2019)			10 or more	2030
	A (announcements)	• A: Cumulative number of announcements relating to business and systems able to create transformative sustainable impacts on lifestyles, society and/or the environment	• Kao Group businesses and systems • Reporting period: Since 2019		
Responsibly sourced raw materials	% of certified paper products and pulp for consumer products *1			100%	2025
	A / B × 100 (%)	• A: Weight of certified paper products and pulp (FSC, PEFC, SFI) for the Kao Group's consumer products (t) • B: Weight of paper products and pulp for the Kao Group's consumer products (t)	• Paper products and pulp for the Kao Group's consumer products		
	Traceability* to oil palm plantations *Plantation includes oil palm smallholders			100% *2	2025
	(A1 × B1 + A2 × B2 + A3 × B3 + …AD × BD)/C (%)	• A: Suppliers' TTP rate (%) • B: Purchase volume from suppliers (t) • C: Purchase volume of palm-derived materials (t) • D: Number of suppliers	• All oil palm plantations		

*1 The scope of this metric was reviewed, and office paper and other paper used within the Kao Group that are not included in the definition were excluded.
*2 To enable clearer confirmation of progress in traceability, the scope of this metric was reviewed from 2023 onward to clarify that all oil palm plantations, including oil palm smallholders, are included in the scope. In addition, the calculation method was changed from the number of sites to a ratio-based calculation method.

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Making the world healthier & cleaner

Kao Actions	Metrics			Target value	Year
	Formula	Factor	Scope		
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)			100%	2030
	A / B × 100 (%)	• A: Number of products satisfying conformance criteria for Decarbonization, Zero waste and/or Water conservation (pcs) • B: Total number of products (pcs)	• Kao Group consumer products (top-selling 95% of products) • Except some brands		
	Kao recognition or achievement level by external ratings firms			Highest evaluation level	Yearly
	–	Obtain A rankings in CDP for Climate Change, Water Security and Forest simultaneously	• Kao Group		
Decarbonization	% reduction in absolute lifecycle CO_2 emissions (Base year: 2017)			22%	2030
	(1 - A / B) × 100 (%)	• A: Annual lifecycle CO_2 emissions of the year in question (t-CO_2) • B: Annual lifecycle CO_2 emissions of the base year in question (t-CO_2) * Base year: 2017	• Entire lifecycle process for the Kao Group's consumer products • Raw-materials procurement, manufacturing, and distribution process of the Kao Group's industrial-use products		
	% reduction in absolute scope 1 + 2 CO_2 emissions (Base year: 2017)			28%	2025
				55%	2030
	(1 - A / B) × 100 (%)	• A: Annual scope 1 + 2 CO_2 emissions for the year in question (t-CO_2) • B: Annual scope 1 + 2 CO_2 emissions for the base year (t-CO_2) * Base year: 2017	• Factories, offices, logistics centers, and company cars owned by the Kao Group		
	% of renewable energy in electricity consumption			100%	2030
	A / B × 100 (%)	• A: Quantity of consumed electricity produced from renewable energy (kWh) • B: Quantity of electricity consumption (kWh)	• Kao Group factories, offices, and logistics centers		
Zero waste	Quantity of fossil-based plastics used in packaging*3			Will peak and begin to decline	2030
	A-B-C (t)	• A: Quantity of plastic packaging (t) used during the year in question • B: Quantity of recycled plastic packaging (t) used during the year in question • C: Quantity of bio-based plastic packaging (t) used during the year in question	• Plastic packaging used by the Kao Group (consumer products)		
	Quantity of innovative packaging penetration for Kao and others per annum			0.3 billion	2030
	A + B (pcs)	• A: Sales quantity of innovative packaging (Kao Group) (pcs) • B: Sales quantity of innovative packaging using and applying Kao technologies (other companies) (pcs)	• Kao Group and other companies		
	% recycling rate of plastics involving Kao			50%	2030
	(A_1 + A_2 + A_3) / B × 100 (%)	• A_1: Quantity of plastic (t) that underwent positive recycling during the year in question • A_2: Quantity of recycled plastic (t) used in plastic packaging during the year in question • A_3: Quantity of plastic (t) collected by Kao together with society, and used by society during the year in question* • B: Quantity of plastic packaging (t) used during the year in question * Includes quantities subject to material recycling under Japan's Containers and Packaging Recycling Law.	• Kao Group		

*3 There was an error in part of the calculation formula disclosed in prior years, and has been revised to align with the actual results. This revision does not change the previously reported figures.

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Kao Actions	Metrics			Target value	Year
	Formula	Factor	Scope		
Making the world healthier & cleaner					
Zero waste	% of recycled plastic used in PET containers (Japan)			100%	2025
	A / B × 100 (%)	• A: PET containers using recycled plastic (pcs) • B: PET containers (pcs)	• Bottles made of PET material used in the Kao Corporation's household products (excludes cosmetics and commercial-use products)		
	% of the waste generated from Kao sites*, ratio of waste that cannot be recycled * Beginning with production sites			0 (less than 1%)	2030
	(A + B) / C × 100 (%)	• A: Quantity of waste directly sent to landfill (t) • B: Quantity of waste simply incinerated (incinerated without heat recovery) (t) • C: Quantity of waste emissions (t)	• Waste classed as industrial waste under Japanese law • Excluding waste that must be directly sent to landfill or simply incinerated based on laws, ordinances, or similar		
	% reduction of discarded products and discarded promotional materials (Base year: 2020)			95%	2030
	(B - A) / B × 100 (%)	• A: Weight of discarded products and discarded sales promotion materials*1 for the year in question (t) • B: Weight of discarded products and discarded sales promotion materials for the base year*2 (t) *1 Discarded sales promotion materials: Unshipped portion *2 Base year: 2020	• Kao Group consumer products (Japan)		
Water conservation	% reduction in full lifecycle water use per unit of sales (Base year: 2017)			10%	2030
	[1 - (A_1 / A_2) / (B_1 / B_2)] × 100 (%)	• A_1: Annual lifecycle water consumption for the year in question (million m^3) • A_2: Sales for the year in question (hundred million yen) • B_1: Annual lifecycle water use for the base year (million m^3) *Base year: 2017 • B_2: Sales for the base year (hundred million yen)	• Entire lifecycle process for consumer products of the Kao Group • Raw-materials procurement, manufacturing, and distribution of the Kao Group's industrial-use products		
	% of manufacturing sites in water-stressed areas that have achieved their individually set water management targets (related to water withdrawal)			100%	2030
	A / B × 100 (%)	• A: Number of manufacturing sites in B that achieved the water management (withdrawal) targets (sites) • B: Number of manufacturing sites in drought areas (sites)	• Factories owned by the Kao Group		
Air & water pollution prevention	% of plants which disclose VOC and COD* emissions * Kao plants that discharge wastewater directly into public waterways			100%	2025
	A / B × 100 (%)	• A: Number of factories that disclose VOC and COD emissions (factories) • B: Total number of factories (factories)	• Factories owned by the Kao Group		

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Walking the right path

Kao Actions	Metrics			Target value	Year
	Formula	Factor	Scope		
Walking the right path					
Effective corporate governance	Kao recognition or achievement level by external ratings firms			Highest evaluation level	Yearly
	Selected	Listed as one of the “World’s Most Ethical Companies®” by Ethisphere Institute	• Kao Group		
	Number of serious compliance violations per annum			0	Yearly
	A (announcements)	• Compliance violations that have a significant impact on management and significantly damage corporate value • These violations are decided through opinions solicited from the Compliance Committee Secretariat (including evaluations and proposals by external lawyers from a third-party perspective), the Compliance Committee and deliberations by the Management Board considering the maliciousness of the violation and its impacts inside and outside our company. The conclusions are reported to the Board of Directors.	• Kao Group		
Full transparency	% of consumer product brands for which people can easily access complete ingredients information			100%	2030
	A / B × 100 (%)	• A: Number of brands that satisfy the following conditions (brands) Brands that disclose the ingredient names for designated ingredients above a defined amount • B: Number of brands that contain the designated ingredients (brands)* * From 2021, the scope is only brands that contain the designated ingredients	• Kao Group’s consumer products -The number of brands as of December 31 each year -Excludes foods and tools		
Respecting human rights	% response rate to human rights due diligence (internal risk assessment)			100%	2030
	A / B × 100 (%)	• A: Number of plants (sites) and companies (companies) that conduct risk assessments • B: Total number of Kao Group plants (sites) and companies (companies)	• Plants and offices owned by the Kao Group		
	% response rate to human rights due diligence (supplier risk assessment)			100%	2030
	A / B × 100 (%)	• A: Number of suppliers that have conducted risk assessments in the last three years from the applicable year (suppliers) • B: Number of suppliers that Kao did business with in the applicable year (suppliers)	• Direct materials suppliers of the Kao Group		
	% response rate to human rights due diligence (contractor risk assessment)			100%	2030
	A / B × 100 (%)	• A: Number of contractors that have conducted risk assessments in the last three years from the applicable year (contractors) • B: Number of contractors that Kao has contracted with in the applicable year (contractors)	• On-site subcontractors of Kao Group plants (companies with 5 or fewer workers and companies engaged in plant work for a fixed term, such as construction companies, are excluded)		
Inclusive & diverse workplaces	Score for “Inclusive organizational culture” in our employee engagement survey (perfect score: 100)			75	2030
	$(A_1 + A_2 + \ldots + A_B) / B$	• A: Scores for each question that corresponds to “Inclusive organizational culture” (perfect score: 100) • B: Number of questions that correspond to “Inclusive organizational culture”	• Employees of the Kao Group		

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Kao Actions	Metrics			Target value	Year
	Formula	Factor	Scope		
Walking the right path					
Inclusive & diverse workplaces	% 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			100%	2030
	$(A_1 / B_1 \times C_1 + A_2 / B_2 \times C_2 + \ldots + A_D / B_D \times C_D) / (C_1 + C_2 + \ldots + C_D) \times 100$ (%)	• A: % of female managers • B: % of female employees • C: Number of management positions • D: Number of Kao Group companies	• Employees of the Kao Group		
Employee wellbeing & safety	Lost time frequency rate (per million hours worked)			0.15	2030
	A / B × 1,000,000 (people/million hours)	• A: Number of dead and injured (individuals who were absent one or more days from work and lost a body part or function) (people) • B: Total number of actual working hours (hours)	• Employees of the Kao Group		
	Average number of lost long-term work days (days/people) * Starting from Japan			105	2030
	$(A_1 + A_2 + \ldots + A_B) / B$ (days/people)	• A: Number of days of leave that satisfy the following conditions (days) (1) Extended leave of absence of 30 or more consecutive calendar days (2) Personal illness or injury leave, absence from work or leave of absence, except for leave with pay (3) Applicable illness: Personal illness or injury • B: Total number of employees who took leave of absence from work (people)	• Employees of the Kao Group in Japan * To expand to all employees of the Kao Group		
	Ratio of employees who have lost long-term work days per 1,000 employees * Starting from Japan			12.0	2030
	A / B × 1,000 (‰)	• A: Number of employees who took extended leave of absence, satisfying the following conditions (people): (1) Extended leave of absence of 30 or more consecutive calendar days (2) Personal illness or injury leave, absence from work or leave of absence, except for leave with pay (3) Applicable illness: Personal illness or injury • B: Total number of employees (people)	• Employees of the Kao Group in Japan * To expand to all employees of the Kao Group		
	Score for “Vitality” in our employee engagement survey (perfect score: 100)			70	2030
	$(A_1 + A_2 + \ldots + A_B) / B$	• A: Scores for each question that corresponds to “Vitality” (perfect score: 100) • B: Number of questions that correspond to “Vitality”	• Employees of the Kao Group		
Human capital development	Score for “Organizational culture in which employees are encouraged to take on challenges” in our employee engagement survey (perfect score: 100)			80	2030
	$(A_1 + A_2 + \ldots + A_B) / B$	• A: Scores for each question that corresponds to “Organizational culture in which employees are encouraged to take on challenges” (perfect score: 100) • B: Number of questions that correspond to “Organizational culture in which employees are encouraged to take on challenges”	• Employees of the Kao Group		

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Kao Actions	Metrics			Target value	Year
	Formula	Factor	Scope		
Walking the right path					
Human capital development	Score for “Work satisfaction” in our employee engagement survey (perfect score: 100)			75	2030
	$(A_1 + A_2 + \ldots + A_B) / B$	• A: Scores for each question that corresponds to “Work satisfaction” (perfect score: 100) • B: Number of questions that correspond to “Work satisfaction”	• Employees of the Kao Group		
Responsible chemicals management	% of chemical products and raw materials with disclosed information on benefits and safety to ensure safe usage for our customers			100%	2030
	A / B × 100 (%)	• A: Number of chemical substances for which risk assessments are done and safety assessment documents are made, and are disclosed on the website (categories) • B: Number of Kao priority chemical substances selected from 2020 to 2030 according to production amounts, emissions amounts and public concern (categories)	• Substances handled by the Kao Group		
	% 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			100%	Yearly
	$\frac{\frac{(A_1 + A_2 + \ldots + A_C)_1}{(B_1 + B_2 + \ldots + B_C)_1} + \ldots + \frac{(A_1 + A_2 + \ldots + A_C)_D}{(B_1 + B_2 + \ldots + B_C)_D}}{D} \times 100\ (\%)$	• A: Number of items assessed by risk assessments on chemical substances (items) • B: Number of items targeted for risk assessments on chemical substances (items) • C: Number of factories (sites) • D: Number of items targeted for risk assessments (1. Display of GHS at workplaces, 2. Maintenance of SDS, 3. Qualitative assessment, 4. Measures to reduce risks)	• Factories owned by the Kao Group		