

LETTER FROM THE PRESIDENT OF KCE

2-22



Dear readers,

I am pleased to report the 2023 non-financial information for Kao Chemicals Europe. Looking back, without a doubt, it has been a year of great change, not only in Europe but also globally. It was another difficult year that we managed to successfully overcome thanks to the efforts of all those in our organisation who delivered their best and worked in close collaboration with our stakeholders.

FY 2023 was marked by unstable conditions, prompting changes in global supply chains and a slowdown in world trade. Economically, the situation for chemical manufacturers was challenging overall, although some of our business areas recorded marginal growth.

In this context, Kao is more committed than ever to sustainability, in which our goal is to deliver results by offering specific ESG proposals in the chemical business.

Though recently there has been pushback against ESG criteria, at the same time, significant progress has been made toward a more sustainable world, and the EU is ahead of other countries in the implementation of various regulations. The movement is quickly spreading around the world and has already begun to have a significant impact on our businesses. There is no doubt that, as we look to the future, we must integrate ESG into our business to a much greater extent.

In 2023, KCE, as a company located in Europe, reinforced its commitment to continue pursuing sustainability as part of the Global Kao Vision "Sustainability as the only path".

The essential aspects of this report¹ focus on the areas of Ethics and Compliance, Climate Change and Energy Efficiency, Circular Economy and Waste Management, Pollution Reduction, Occupational Health and Safety, People and Human Rights.

I encourage you to read this report* detailing our sustainability progress in 2023.

Hiromitsu Hoshikawa,
President of KCE

¹Any queries on this report can be sent to: corpcom@kao.es