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Kao Releases Biodiversity Report Based on the TNFD Framework

On April 10, 2023, Kao Corporation published a report, Business Risk and Opportunity on Biodiversity - TNFD case study with Location analysis- prepared in collaboration with Accenture Japan Ltd. The study was based on the LEAP^{*1} approach, an analytical method proposed by the Taskforce on Nature-related Financial Disclosures (TNFD)^{*2}.

^{*1} The analytical approach proposed by TNFD, which stands for Locate (identify priority areas), Evaluate (understand dependencies and impacts), Assess (identify and evaluate risks and opportunities) and Prepare (strategy, goal setting, evaluation and reporting).

^{*2} The Taskforce on Nature-related Financial Disclosures officially launched in 2021 in order to build a corporate risk management and disclosure framework related to the resources of nature.



Background

Along with climate change, preventing loss of biodiversity has become an urgent global issue. Kao's business activities across its products' entire life cycle are supported by biodiversity and the blessings of the earth's various ecosystems. Kao has been working to reverse biodiversity loss by reducing negative effects on nature and biodiversity and increasing actions that have a positive impact. Kao revised its Basic Policy on Biodiversity in April 2022 and actively promotes procurement of sustainable raw materials and the development of technologies to use them effectively.

TNFD develops and provides risk management and disclosure frameworks to enable organizations to report and act on evolving nature-related risks and opportunities, to help shift the flow of funds in a positive direction for nature. In April 2022, Kao also participated in the TNFD Forum to better understand the development of analytical methods, provide feedback on published methods and exchange information with other companies. Working with Accenture, Kao has now published the Business Risk and Opportunity on Biodiversity Report following the TNFD framework.

Report Summary

The report confirms the relationship between biodiversity and Kao's business in line with TNFD's LEAP approach (beta version 0.3) and examined scenarios affecting the manufacturing industry, taking into account future natural and economic conditions. The report goes over the possible risks and opportunities that changes in biodiversity and economic and social conditions pose to Kao's business activities and financial information. It also studies business opportunities that could provide benefits to nature and advantage not only Kao's business but that of the manufacturing industry as a whole. The report also presents specific examples of Kao's activities.

Examples of Kao's Activities

• Development of Bio IOS, a detergent base that makes effective use of resources

Kao commercialized Bio IOS, which is manufactured from solid fats (sustainable raw materials) for which there were previously only limited applications. Bio IOS cleans effectively and reduces the amount of rinse water needed.

• Upcycling waste PET plastic in NEWTLAC 5000

Asphalt modifier NEWTLAC 5000, using waste PET plastic as part of its raw material, contributes to a recycling-oriented society and also helps increase customer value by improving pavement strength and keeping it black longer.

• Introducing internal carbon pricing to promote investment contributing to biodiversity

To reduce scope 1 and 2 CO₂ emissions, Kao has strengthened its internal carbon pricing to use in making investment decisions contributing to decarbonization, such as installing solar power generation equipment and procuring renewable energy at its bases, and adopting less carbon emitting transportation in logistics.

Kao Group established its ESG strategy, the Kirei Lifestyle Plan, in 2019. Since 2021, with the corporate purpose "To realize a Kirei World in which all life lives in harmony," it has employed the Kao Group Mid-term Plan 2025 (K25) with its vision of "protecting future lives" and "sustainability as the only path," basing its management from a long-term perspective on this ESG strategy. Kao will continue to contribute to the conservation and restoration of biodiversity and the regeneration of nature through its business activities, including the provision of products and solutions, and will continue to take steps toward information disclosure.

Related Information

[Kao's initiatives for biodiversity](#)

About Kao

Kao creates high-value-added products and services that provide care and enrichment for the life of

all people and the planet. Through its portfolio of over 20 leading brands such as *Attack*, *Bioré*, *Goldwell*, *Jergens*, *John Frieda*, *Kanebo*, *Laurier*, *Merries*, and *Molton Brown*, Kao is part of the everyday lives of people in Asia, Oceania, North America, and Europe. Combined with its chemical business, which contributes to a wide range of industries, Kao generates about 1,550 billion yen in annual sales. Kao employs about 35,400 people worldwide and has 136 years of history in innovation. Please visit [the Kao Group website](#) for updated information.