KAO Corporation

2024 CDP Corporate Questionnaire 2024

Important: this export excludes unanswered questions
This document is an export of your organization's CDP questionnaire response. It contains all data points for questions that are answered or in progress. There may be questions or data points that you have been requested to provide, which are missing from this document because they are currently unanswered. Please note that it is your responsibility to verify that your questionnaire response is complete prior to submission. CDP will not be liable for any failure to do so.
Terms of disclosure for corporate questionnaire 2024 - CDP

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04/08/2025, 10:04 pm

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C1. Introduction

(1.1) In which language are you submitting your response?

Select from:
☑ English

(1.2) Select the currency used for all financial information disclosed throughout your response.

Select from:
☑ JPY

(1.3) Provide an overview and introduction to your organization.

(1.3.2) Organization type

Select from:
☑ Publicly traded organization

(1.3.3) Description of organization

Kao. The Company is a Japan-based company that operates through two business segments: Consumer Product and Chemical. The Consumer Product segment has four divisions. The Hygiene and Living Care Business offers fabric care products including detergents for apparel use, and home care products including detergents for kitchen use and hygiene products and paper diapers. The Health and Beauty Care Business offers premium skincare products such as face washes, as well as premium hair care products including shampoos, hair styling products and hair coloring products, among others. The Life Care Business provides food and beverage products such as drinks and professional use products. The Cosmetic Business provides cosmetics such as lotion, foundation and lipstick. The Chemical Business provides oil and fat products such as fatty acids; functional materials products such as surface acting agents and additives for plastic use, as well as specialty chemical products such as essences, among others. The Hygiene and Living Care Business accounted for 34.1% of total turnover in fiscal 2023; The Health and Beauty Care Business, 25.6%; The Life Care Business, 3.7%; The Cosmetic Business, 15.6%; and The Chemical Business,21.0%. The Company reported JPY 1,532.6 b in revenues and 34,257 permanent employees at December 31, 2023.
[Fixed row]

(1.4) State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

(1.4.1) End date of reporting year

12/30/2023

(1.4.2) Alignment of this reporting period with your financial reporting period

Select from:

☑ Yes

(1.4.3) Indicate if you are providing emissions data for past reporting years

Select from:

☑ Yes

(1.4.4) Number of past reporting years you will be providing Scope 1 emissions data for

Select from:

☑ 3 years

(1.4.5) Number of past reporting years you will be providing Scope 2 emissions data for

Select from:

☑ 3 years

(1.4.6) Number of past reporting years you will be providing Scope 3 emissions data for

Select from:

☑ 3 years

[Fixed row]

(1.4.1) What is your organization’s annual revenue for the reporting period?

1532579000000

(1.5) Provide details on your reporting boundary.

	Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?
	Select from: ☑ Yes

[Fixed row]

(1.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

ISIN code - bond

(1.6.1) Does your organization use this unique identifier?

Select from:
☑ No

ISIN code - equity

(1.6.1) Does your organization use this unique identifier?

Select from:
☑ Yes

(1.6.2) Provide your unique identifier

JP320580000

CUSIP number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

Ticker symbol

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

SEDOL code

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

LEI number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

D-U-N-S number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

Other unique identifier

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

[Add row]

(1.7) Select the countries/areas in which you operate.

Select all that apply

☑ China
☑ Italy
☑ Japan
☑ Spain
☑ Brazil
☑ Austria
☑ Belgium
☑ Czechia
☑ Denmark
☑ Finland
☑ Indonesia
☑ Singapore
☑ Netherlands
☑ New Zealand
☑ Philippines
☑ United Kingdom of Great Britain and Northern Ireland
☑ Canada
☑ France
☑ Mexico
☑ Norway
☑ Sweden
☑ Germany
☑ Malaysia
☑ Thailand
☑ Viet Nam
☑ Australia
☑ Switzerland
☑ South Africa
☑ Taiwan, China
☑ Hong Kong SAR, China
☑ United States of America

(1.8) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
	Select from: ☑ Yes, for all facilities	*It is possible to provide geolocation information on our facilities.*

[Fixed row]

(1.8.1) Please provide all available geolocation data for your facilities.

Row 1

(1.8.1.1) Identifier

Quimi-Kao S.A. de C.V(Mexico)

(1.8.1.2) Latitude

19.947483

(1.8.1.3) Longitude

-101.640844

(1.8.1.4) Comment

Chemical products

Row 3

(1.8.1.1) Identifier

Kao Corporation S.A. Mollet plant(Spain)

(1.8.1.2) Latitude

41.525107

(1.8.1.3) Longitude

2.213861

(1.8.1.4) Comment

Chemical products

Row 4

(1.8.1.1) Identifier

Kao Corporation Shanghai

(1.8.1.2) Latitude

31.03815

(1.8.1.3) Longitude

121.38262

(1.8.1.4) Comment

Consumer products

Row 5

(1.8.1.1) Identifier

Pilipinas Kao, Incorporated

(1.8.1.2) Latitude

8.652755

(1.8.1.3) Longitude

124.756451

(1.8.1.4) Comment

Chemical products

Row 6

(1.8.1.1) Identifier

Kao Industrial (Thailand) Co., Ltd.

(1.8.1.2) Latitude

13.326396

(1.8.1.3) Longitude

101.003311

(1.8.1.4) Comment

Consumer products/Chemical products

Row 7

(1.8.1.1) Identifier

PT. Kao Indonesia Chemicals

(1.8.1.2) Latitude

-6.219573

(1.8.1.3) Longitude

107.065754

(1.8.1.4) Comment

Chemical products

Row 8

(1.8.1.1) Identifier

Kao (Taiwan) Corporation

(1.8.1.2) Latitude

24.803945

(1.8.1.3) Longitude

120.964686

(1.8.1.4) Comment

Consumer products

Row 9

(1.8.1.1) Identifier

Kao Corporation, Toyohashi plant

(1.8.1.2) Latitude

34.708937

(1.8.1.3) Longitude

137.322836

(1.8.1.4) Comment

Consumer products

Row 10

(1.8.1.1) Identifier

Kao Corporation, Sakata Plant

(1.8.1.2) Latitude

38.93212

(1.8.1.3) Longitude

139.822539

(1.8.1.4) Comment

Consumer products

Row 11

(1.8.1.1) Identifier

Kao Corporation, Tochigi Plant

(1.8.1.2) Latitude

36.523427

(1.8.1.3) Longitude

140.063787

(1.8.1.4) Comment

Consumer products

Row 12

(1.8.1.1) Identifier

Kao Corporation, Tokyo Plant

(1.8.1.2) Latitude

35.706391

(1.8.1.3) Longitude

139.825048

(1.8.1.4) Comment

Consumer products

Row 13

(1.8.1.1) Identifier

Kao Corporation, Kawasaki Plant

(1.8.1.2) Latitude

35.534088

(1.8.1.3) Longitude

139.769118

(1.8.1.4) Comment

Consumer products/Chemical products

Row 14

(1.8.1.1) Identifier

Kao Corporation, Kashima Plant

(1.8.1.2) Latitude

35.887168

(1.8.1.3) Longitude

140.681768

(1.8.1.4) Comment

Consumer products

Row 15

(1.8.1.1) Identifier

Odawara Plant (Kao Cosmetic Products Odawara)

(1.8.1.2) Latitude

35.267303

(1.8.1.3) Longitude

139.170267

(1.8.1.4) Comment

Consumer products

Row 16

(1.8.1.1) Identifier

Fuji Plant (Kao Paper Manufacturing Fuji)

(1.8.1.2) Latitude

35.183217

(1.8.1.3) Longitude

138.605478

(1.8.1.4) Comment

Consumer products

Row 17

(1.8.1.1) Identifier

Kao Corporation, Wakayama Plant

(1.8.1.2) Latitude

34.21723

(1.8.1.3) Longitude

135.147066

(1.8.1.4) Comment

Consumer products/Chemical products

Row 18

(1.8.1.1) Identifier

Ehime Plant (Kao Sanitary Products Ehime)

(1.8.1.2) Latitude

33.940932

(1.8.1.3) Longitude

133.182132

(1.8.1.4) Comment

Consumer products

Row 19

(1.8.1.1) Identifier

Kao (Shanghai) Chemical Industries Co. Ltd.

(1.8.1.2) Latitude

30.71367

(1.8.1.3) Longitude

121.29472

(1.8.1.4) Comment

Chemical products

Row 20

(1.8.1.1) Identifier

Kao Huludao Casting Materials Co. Ltd.

(1.8.1.2) Latitude

40.7821

(1.8.1.3) Longitude

120.92273

(1.8.1.4) Comment

Chemical products

Row 21

(1.8.1.1) Identifier

Kao Vietnam Co. Ltd. (Factory)

(1.8.1.2) Latitude

10.95085

(1.8.1.3) Longitude

106.87202

(1.8.1.4) Comment

Consumer products

Row 22

(1.8.1.1) Identifier

Kao Peneng Group (FCM, KSM, KOM, KPM)

(1.8.1.2) Latitude

5.37244

(1.8.1.3) Longitude

100.39593

(1.8.1.4) Comment

Consumer products/Chemical products

Row 23

(1.8.1.1) Identifier

PT. Kao Indonesia (Cikarang Factory)

(1.8.1.2) Latitude

-6.27337

(1.8.1.3) Longitude

107.13087

(1.8.1.4) Comment

Consumer products

Row 24

(1.8.1.1) Identifier

PT. Kao Indonesia (Karawang Factory)

(1.8.1.2) Latitude

-6.37746

(1.8.1.3) Longitude

107.29382

(1.8.1.4) Comment

Consumer products

Row 25

(1.8.1.1) Identifier

Kao USA Inc. (Factory)

(1.8.1.2) Latitude

39.12911

(1.8.1.3) Longitude

-84.53664

(1.8.1.4) Comment

Consumer products

Row 26

(1.8.1.1) Identifier

Kao Collins Inc.(Edison)

(1.8.1.2) Latitude

39.187836

(1.8.1.3) Longitude

-84.475723

(1.8.1.4) Comment

Chemical products

Row 27

(1.8.1.1) Identifier

Washing Systems, LLC.

(1.8.1.2) Latitude

39.27878

(1.8.1.3) Longitude

-84.30275

(1.8.1.4) Comment

Consumer products

Row 28

(1.8.1.1) Identifier

Kao Specialties Americas, LLC

(1.8.1.2) Latitude

35.92147

(1.8.1.3) Longitude

-80.02801

(1.8.1.4) Comment

Chemical products

Row 29

(1.8.1.1) Identifier

Kao Manufacturing Germany GmbH

(1.8.1.2) Latitude

49.81784

(1.8.1.3) Longitude

8.63751

(1.8.1.4) Comment

Consumer products

Row 30

(1.8.1.1) Identifier

Kao Chemicals GmbH

(1.8.1.2) Latitude

51.82664

(1.8.1.3) Longitude

6.26948

(1.8.1.4) Comment

Chemical products

Row 31

(1.8.1.1) Identifier

Molton Brown Limited

(1.8.1.2) Latitude

51.90391

(1.8.1.3) Longitude

0.25177

(1.8.1.4) Comment

Consumer products

Row 32

(1.8.1.1) Identifier

Kao Corporation S.A. (Oleas Plant)

(1.8.1.2) Latitude

41.55197

(1.8.1.3) Longitude

1.88087

(1.8.1.4) Comment

Chemical products

Row 33

(1.8.1.1) Identifier

Kao Chimigraf, S.L.(Rubi-1)

(1.8.1.2) Latitude

41.475383

(1.8.1.3) Longitude

2.020324

(1.8.1.4) Comment

Chemical products

Row 34

(1.8.1.1) Identifier

Kao Chimigraf, S.L.(Madrid)

(1.8.1.2) Latitude

40.546454

(1.8.1.3) Longitude

-3.458229

(1.8.1.4) Comment

Chemical products

Row 35

(1.8.1.1) Identifier

Kao Chimigraf, S.L.(Valencia)

(1.8.1.2) Latitude

39.463355

(1.8.1.3) Longitude

-0.442532

(1.8.1.4) Comment

Chemical products

Row 36

(1.8.1.1) Identifier

Kao Chemicals Europe, S.L.(Santiga)

(1.8.1.2) Latitude

41.520933

(1.8.1.3) Longitude

2.151586

(1.8.1.4) Comment

Chemical products
[Add row]

(1.22) Provide details on the commodities that you produce and/or source.

Timber products

(1.22.1) Produced and/or sourced

Select from:

☑ Sourced

(1.22.2) Commodity value chain stage

Select all that apply

☑ Processing

(1.22.4) Indicate if you are providing the total commodity volume that is produced and/or sourced

Select from:

☑ Yes, we are providing the total volume

(1.22.5) Total commodity volume (metric tons)

275000

(1.22.8) Did you convert the total commodity volume from another unit to metric tons?

Select from:

☑ No

(1.22.11) Form of commodity

Select all that apply

☑ Pulp

☑ Paper

☑ Primary packaging

☑ Tertiary packaging

☑ Secondary packaging

☑ Boards, plywood, engineered wood

(1.22.12) % of procurement spend

Select from:
☑ 6-10%

(1.22.13) % of revenue dependent on commodity

Select from:
☑ 71-80%

(1.22.14) In the questionnaire setup did you indicate that you are disclosing on this commodity?

Select from:
☑ Yes, disclosing

(1.22.15) Is this commodity considered significant to your business in terms of revenue?

Select from:
☑ Yes

(1.22.19) Please explain

Kao uses paper for some of its packaging materials and products.

Palm oil

(1.22.1) Produced and/or sourced

Select from:
☑ Sourced

(1.22.2) Commodity value chain stage

Select all that apply
☑ Processing

(1.22.4) Indicate if you are providing the total commodity volume that is produced and/or sourced

Select from:

☑ Yes, we are providing the total volume

(1.22.5) Total commodity volume (metric tons)

428000

(1.22.8) Did you convert the total commodity volume from another unit to metric tons?

Select from:

☑ No

(1.22.11) Form of commodity

Select all that apply

☑ Crude palm kernel oil (CPKO)

☑ Crude palm oil (CPO)

☑ Palm kernel oil derivatives

☑ Palm oil derivatives

(1.22.12) % of procurement spend

Select from:

☑ 11-20%

(1.22.13) % of revenue dependent on commodity

Select from:

☑ 100%

(1.22.14) In the questionnaire setup did you indicate that you are disclosing on this commodity?

Select from:

☑ Yes, disclosing

(1.22.15) Is this commodity considered significant to your business in terms of revenue?

Select from:

☑ Yes

(1.22.19) Please explain

Kao's main product, surfactant, is made mainly from palm oil.
[Fixed row]

(1.24) Has your organization mapped its value chain?

(1.24.1) Value chain mapped

Select from:

☑ Yes, we have mapped or are currently in the process of mapping our value chain

(1.24.2) Value chain stages covered in mapping

Select all that apply

☑ Upstream value chain

(1.24.3) Highest supplier tier mapped

Select from:

☑ Tier 3 suppliers

(1.24.4) Highest supplier tier known but not mapped

Select from:

☑ All supplier tiers known have been mapped

(1.24.6) Smallholder inclusion in mapping

Select from:

☑ Smallholders relevant and included

(1.24.7) Description of mapping process and coverage

Our plants: Map production sites that supply palm oil, palm kernel oil, palm oil derivatives and palm kernel oil derivatives as raw materials to our plants. Tier 1 suppliers: Grasp the locations of palm oil refineries and map them into the internal systems. Tier 2 and Tier 3 suppliers: Based on supply chain information from major palm oil suppliers, investigate the names and locations of plant facilities, create a plant list and plant map, and publish them on the website (dashboard).
[Fixed row]

(1.24.1) Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

	Plastics mapping	Value chain stages covered in mapping
	Select from: ☑ Yes, we have mapped or are currently in the process of mapping plastics in our value chain	*Select all that apply* ☑ Upstream value chain

[Fixed row]

(1.24.2) Which commodities has your organization mapped in your upstream value chain (i.e., supply chain)?

Timber products

(1.24.2.1) Value chain mapped for this sourced commodity

Select from:

☑ Yes

(1.24.2.2) Highest supplier tier mapped for this sourced commodity

Select from:

☑ Tier 1 suppliers

(1.24.2.3) % of tier 1 suppliers mapped

Select from:

☑ 100%

(1.24.2.7) Highest supplier tier known but not mapped for this sourced commodity

Select from:

☑ All supplier tiers known have been mapped for this sourced commodity

Palm oil

(1.24.2.1) Value chain mapped for this sourced commodity

Select from:

☑ Yes

(1.24.2.2) Highest supplier tier mapped for this sourced commodity

Select from:

☑ Tier 3 suppliers

(1.24.2.3) % of tier 1 suppliers mapped

Select from:

☑ 100%

(1.24.2.4) % of tier 2 suppliers mapped

Select from:

☑ 76-99%

(1.24.2.5) % of tier 3 suppliers mapped

Select from:

☑ 76-99%

(1.24.2.7) Highest supplier tier known but not mapped for this sourced commodity

Select from:

☑ All supplier tiers known have been mapped for this sourced commodity

[Fixed row]

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

(2.1) How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Short-term

(2.1.1) From (years)

0

(2.1.3) To (years)

3

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Kao formulated its medium-term management plan "K27" in 2024. "K27" is an important milestone for Kao as it strives to achieve its purpose of "realizing a prosperous and inclusive society". Through "K27," we will dramatically transform our business model and evolve into a company "Protecting future lives". Together with our many partners who are working to address social issues, we will accelerate our efforts to create new value and achieve profitable development. After "K27," we aim to become "a company with a global presence that is valuable to society" by FY2030, and in the long term, to achieve our purpose of "realizing a prosperous and inclusive society". For this reason, Kao defines the medium term as zero to three years.

Medium-term

(2.1.1) From (years)

4

(2.1.3) To (years)

9

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Kao formulated its medium-term management plan "K27" in 2024. "K27" is an important milestone for Kao as it strives to achieve its purpose of "realizing a prosperous and inclusive society". Through "K27," we will dramatically transform our business model and evolve into a company "Protecting future lives". Together with our many partners who are working to address social issues, we will accelerate our efforts to create new value and achieve profitable development. After "K27," we aim to become "a company with a global presence that is valuable to society" by FY2030, and in the long term, to achieve our purpose of "realizing a prosperous and inclusive society". For this reason, Kao defines the medium term as four to nine years.

Long-term

(2.1.1) From (years)

10

(2.1.2) Is your long-term time horizon open ended?

Select from:

☑ No

(2.1.3) To (years)

30

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Kao formulated its medium-term management plan "K27" in 2024. "K27" is an important milestone for Kao as it strives to achieve its purpose of "realizing a prosperous and inclusive society". Through "K27," we will dramatically transform our business model and evolve into a company "Protecting future lives". Together with our many partners who are working to address social issues, we will accelerate our efforts to create new value and achieve profitable development. After "K27," we aim to become "a company with a global presence that is valuable to society" by FY2030, and in the long term, to achieve our purpose of "realizing a prosperous and inclusive society". For this reason, Kao defines long-term as 10 to 30 years.
[Fixed row]

(2.2) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

	Process in place	Dependencies and/or impacts evaluated in this process
	Select from: ☑ Yes	*Select from:* ☑ Both dependencies and impacts

[Fixed row]

(2.2.1) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

	Process in place	Risks and/or opportunities evaluated in this process	Is this process informed by the dependencies and/or impacts process?
	Select from: ☑ Yes	*Select from:* ☑ Both risks and opportunities	*Select from:* ☑ Yes

[Fixed row]

(2.2.2) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Row 1

(2.2.2.1) Environmental issue

Select all that apply

☑ Climate change

☑ Forests

☑ Water
☑ Biodiversity

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply
☑ Dependencies
☑ Impacts
☑ Risks
☑ Opportunities

(2.2.2.3) Value chain stages covered

Select all that apply
☑ Direct operations
☑ Upstream value chain
☑ Downstream value chain
☑ End of life management

(2.2.2.4) Coverage

Select from:
☑ Full

(2.2.2.5) Supplier tiers covered

Select all that apply
☑ Tier 1 suppliers
☑ Tier 2 suppliers
☑ Tier 3 suppliers

(2.2.2.7) Type of assessment

Select from:

☑ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

☑ Annually

(2.2.2.9) Time horizons covered

Select all that apply

☑ Short-term

☑ Medium-term

☑ Long-term

(2.2.2.10) Integration of risk management process

Select from:

☑ Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

☑ Site-specific

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

☑ Encore tool

☑ LEAP (Locate, Evaluate, Assess and Prepare) approach, TNFD

☑ SEDEX

☑ TNFD – Taskforce on Nature-related Financial Disclosures

☑ WRI Aqueduct

Enterprise Risk Management

☑ Internal company methods

International methodologies and standards

☑ ISO 14001 Environmental Management Standard

☑ Life Cycle Assessment

Other

☑ External consultants

☑ Materiality assessment

☑ Scenario analysis

(2.2.2.13) Risk types and criteria considered

Acute physical

☑ Drought

☑ Flood (coastal, fluvial, pluvial, ground water)

☑ Heavy precipitation (rain, hail, snow/ice)

Chronic physical

☑ Changing precipitation patterns and types (rain, hail, snow/ice)

☑ Heat stress

☑ Precipitation or hydrological variability

☑ Water stress

☑ Water quality at a basin/catchment level

Policy

☑ Carbon pricing mechanisms

☑ Changes to national legislation

Market

☑ Availability and/or increased cost of raw materials

☑ Changing customer behavior

Reputation

☑ Increased partner and stakeholder concern and partner and stakeholder negative feedback

☑ Negative press coverage related to support of projects or activities with negative impacts on the environment (e.g. GHG emissions, deforestation & conversion, water stress)

☑ Stakeholder conflicts concerning water resources at a basin/catchment level

Technology

☑ Transition to lower emissions technology and products

☑ Transition to water efficient and low water intensity technologies and products

☑ Transition to water intensive, low carbon energy sources

Liability

☑ Exposure to litigation

☑ Non-compliance with regulations

(2.2.2.14) Partners and stakeholders considered

Select all that apply

☑ Customers

☑ Employees

☑ Investors

☑ Local communities

☑ Suppliers

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

☑ No

(2.2.2.16) Further details of process

Kao analyzed the financial impact of climate change in 2030 for each of its four product groups. We set sales of 2.5 trillion yen in 2030 (1.67 times that of 2018) and set the baseline profit and loss for 2030 on the assumption that profit and loss in 2018 increase proportionally. We estimated the business impact on the baseline P/L. Here, in order to compare the magnitude of the impact between the scenarios, one of factors that affect Kao's business, we assessed the different impacts between the 1.5C scenario and the 4C scenario. Kao assessed water risks, including medium- to long-term risks, at its business sites, plants, and logistics centers. As a first screening step, we identified the conditions of location (mainly from the perspective of flood/storm surge, checking nearby rivers, coastlines, elevation, etc.), performed confirmation using existing tools (Aqueduct, hazard maps, etc.) and checked past cases (whether there had been any past floods or other natural disasters). Next, for the sites identified in the primary screening, climate models were used to compare the risk of heavy rainfall, light rainfall, and storm surge with the current climate (1951 to 2011). Kao is conducting an assessment of the relevance of its business and biodiversity across its entire value chain. To date, we have identified particularly significant risks by utilizing the risk assessment tool ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), geographic information system tool (GIS: Geographic Information System), investigation on benchmarks of other companies, various guidelines, reports, and etc., and LEAP analysis of TNFD.
[Add row]

(2.2.7) Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

(2.2.7.1) Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

Select from:
☑ Yes

(2.2.7.2) Description of how interconnections are assessed

Using Kao's flagship product, detergent, as a model, we have conducted an analysis in line with the TNFD's LEAP approach. For 2023, the financial impact was estimated by identifying risks based on scenarios. We have investiagted actual and potential risks for the 13 issues identified by ENCORE and have conducted analysis using GIS data. Kao identifies its materiality after identifying dependencies on the nature and the influencing factors in upstream/downstream of the value chain and direct operations, and organizing these using the interests of stakeholders and the degree of impact on Kao's business activities. Of the above themes, we estimated the financial impact for the issues that we believe to be more important. For each risk, we created a "coexistence with nature scenario" and a "go with the flow scenario" and estimated the expected financial impact. Fluctuations in the prices of palm oil and palm kernel oil have a large financial impact regardless of the scenario. Other important risks identified include waste disposal (especially plastic containers) and water resources (water intake and discharge). We are currently considering countermeasures against the anticipated risks. We confirmed that the activities that Kao is currently undertaking, or will undertake in the future, are effective in avoiding or reducing financial impacts. For example, measures to address risks arising from deforestation include introducing forest footprint, ensuring that 100% of the palm (kernel) oil we procure is RSPO-certified, and completing traceability checks to plantations.
[Fixed row]

(2.3) Have you identified priority locations across your value chain?

(2.3.1) Identification of priority locations

Select from:

☑ Yes, we have identified priority locations

(2.3.2) Value chain stages where priority locations have been identified

Select all that apply

☑ Direct operations

☑ Upstream value chain

(2.3.3) Types of priority locations identified

Sensitive locations

☑ Areas important for biodiversity

☑ Areas of limited water availability, flooding, and/or poor quality of water

Locations with substantive dependencies, impacts, risks, and/or opportunities

☑ Locations with substantive dependencies, impacts, risks, and/or opportunities relating to forests

☑ Locations with substantive dependencies, impacts, risks, and/or opportunities relating to water

☑ Locations with substantive dependencies, impacts, risks, and/or opportunities relating to biodiversity

(2.3.4) Description of process to identify priority locations

The analysis has been conducted in a manner consistent with the LEAP approach of TNFD, using Kao's flagship product, detergent, as a model. For priority areas, we have investigated actual and potential risks for 13 issues identified by ENCORE and conducted analysis using GIS data. The analysis identified the countries of origin of palm (kernel) oil, as well as the sites and the countries of sale in areas of water stress and water pollution as hotspots. In particular, Indonesia and Malaysia are priority regions for procuring palm oil, one of Kao's main raw materials.

(2.3.5) Will you be disclosing a list/spatial map of priority locations?

Select from:

☑ No, we have a list/geospatial map of priority locations, but we will not be disclosing it

[Fixed row]

(2.4) How does your organization define substantive effects on your organization?

Risks

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Revenue

(2.4.3) Change to indicator

Select from:

☑ Absolute decrease

(2.4.5) Absolute increase/ decrease figure

1000000000

(2.4.6) Metrics considered in definition

Select all that apply

☑ Likelihood of effect occurring

(2.4.7) Application of definition

Our company defines an event as a substantial impact event if it is expected to cause economic damage of 1 billion yen (equivalent to approximately 0.1% of sales amount) within 10 years and is expected to continue for several years. If measures have been developed and implemented to prevent the existence of the risk, the risk

is considered to no longer exist. We will review this definition annually for its appropriateness and revise it as necessary.

Opportunities

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Revenue

(2.4.3) Change to indicator

Select from:

☑ Absolute increase

(2.4.5) Absolute increase/ decrease figure

1000000000

(2.4.6) Metrics considered in definition

Select all that apply

☑ Likelihood of effect occurring

(2.4.7) Application of definition

Our company defines an event as a substantial impact event if it is expected to generate economic benefits in excess of 1 billion yen (equivalent to approximately 0.1% of net sales) within 10 years and continue for several years. We review the appropriateness of this definition annually and revise it as necessary.
[Add row]

(2.5) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

(2.5.1) Identification and classification of potential water pollutants

Select from:

☑ Yes, we identify and classify our potential water pollutants

(2.5.2) How potential water pollutants are identified and classified

There are two ways to classify water contaminants in manufacturing and product development. In manufacturing, we identify water contaminants in accordance with the laws and regulations of the countries and regions in which our manufacturing sites are located. For example, Water Pollution Control Law applies to manufacturing sites in Japan. Water Pollution Control Law consists of two sections: one that stipulates items related to the protection of human health, and one that stipulates items related to the preservation of the living environment. As a typical example, the health requirement for cadmium is 0.003 mg/L or less. In terms of living environment, COD in marine areas is required to be 2 to 8 mL/L or less. Where voluntary standards vary by country or region, we apply or verify examples of laws and regulations in other countries for pollutants. All of our sites are working to reduce COD emissions and disclose their emissions and transition. In product development, we conduct risk assessments at the product design stage to control components that may be discharged into household wastewater. Specifically, we use activated sludge from sewage plants and river water collected from rivers to investigate the biodegradability of raw materials that may be discharged into the environment and their impact on representative aquatic organisms, thereby proactively promoting the development and use of raw materials that have a lower environmental impact.
[Fixed row]

(2.5.1) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Row 1

(2.5.1.1) Water pollutant category

Select from:

☑ Microplastics and plastic particles

(2.5.1.2) Description of water pollutant and potential impacts

Some cleansers, body washes, and toothpastes contain scrubbing agents designed to exfoliate and cleanse pores. One type of these cleaning agents is " microplastic beads", which is solid plastic particles less than 5mm in diameter. These microplastics flow into rivers and oceans, where they remain in the environment without decomposing, and are mistaken for food by marine organisms and ingested, sometimes leading to their death and loss of biodiversity. There are also concerns that marine organisms that have ingested microplastics could pose health risks to humans if human eat them.

(2.5.1.3) Value chain stage

Select all that apply

☑ Downstream value chain

(2.5.1.4) Actions and procedures to minimize adverse impacts

Select all that apply

☑ Reduction or phase out of hazardous substances

(2.5.1.5) Please explain

Products such as face wash, body wash, and toothpaste may contain microplastics. Considering the situation regarding microplastic beads, it is necessary to replace them with alternative materials. Therefore, complete switch from microplastic beads to alternative materials and the elimination of the use of microplastic beads in our products were set as success indicators. This effort was completed at the end of 2016. All cleansers, body washes and toothpastes manufactured and shipped in 2023 are free of microplastic beads.
[Add row]

C3. Disclosure of risks and opportunities

(3.1) Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

	Environmental risks identified
Climate change	*Select from:* ☑ Yes, both in direct operations and upstream/downstream value chain
Forests	*Select from:* ☑ Yes, both in direct operations and upstream/downstream value chain
Water	*Select from:* ☑ Yes, both in direct operations and upstream/downstream value chain

[Fixed row]

(3.1.1) Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.1.1.1) Risk identifier

Select from:
☑ Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Policy

☑ Carbon pricing mechanisms

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ Japan

(3.1.1.9) Organization-specific description of risk

Kao has identified the risk of a carbon tax being introduced in Japan, as Japan accounts for 60% of its sales. In addition, products related to all of Kao's businesses (Hygiene and Living Care, Health and Beauty Care, Life Care, Cosmetics, and Chemical) are produced using fossil energy. In addition, some businesses have cogeneration facilities that use fossil fuels to efficiently generate electricity. At present, converting all of these facilities to electrical facility and switching over to renewable energy sources is difficult both financially and in terms of time. We are aware of the risk that a carbon tax will be imposed on Kao's CO2 emissions (Scope 1 2). Therefore, we assessed the risk of a carbon tax being imposed on Kao Japan's Scope 12. Based on the IEA World Energy Outlook 2018, Kao predicted that the carbon tax in 2030 would be 9,297 yen/ton-CO2. Meanwhile, Kao's CO2 emissions (Scope 12) in 2030 will be 1.774 million tons, an increase of 1.67 times from 2017. We recognize that if a carbon tax were to be imposed in Japan, an additional cost of 9,895,726,800 yen would be required, resulting in an increase in direct costs. This is a risk that could have significant strategic and financial implications for Kao. So, Kao introduced an internal carbon pricing system to reduce the carbon tax.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Increased direct costs

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Likely

(3.1.1.14) Magnitude

Select from:

☑ Medium-high

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

In 2023, there is no financial impact because the carbon tax has not yet been introduced.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.23) Anticipated financial effect figure in the long-term – minimum (currency)

9895726800

(3.1.1.24) Anticipated financial effect figure in the long-term – maximum (currency)

9895726800

(3.1.1.25) Explanation of financial effect figure

All products related to Kao's Hygiene and Living Care, Health and Beauty Care, Life Care, Cosmetics, and Chemical businesses are produced using fossil energy. Some also have cogeneration facilities that use fossil fuels to efficiently generate electricity. Currently, converting all of these facilities to electrical facilities and switching to renewable energy sources is difficult both financially and in terms of time. Therefore, we are aware of the risk that a carbon tax will be imposed on Kao's CO2 emissions (Scope 1 2). Kao's CO2 emissions (Scope 12) in 2030 will be 1.774 million tons, an increase of 1.67 times from the BAU level in 2017. Meanwhile, based on the IEA World Energy Outlook 2018, Kao expects a carbon tax of 9,297 yen/ton-CO2 in 2030. In Japan, Kao Group's Scope 1 2 emissions account for approximately 60%. Based on this, Kao's carbon tax in Japan in 2030 is estimated to be 9,895,726,800 yen (1.774 million ton-CO2 x 0.6 x 9,297 yen/ton-CO2). This has a financial impact by increasing production costs as a direct cost. This has significant strategic and financial implications for Kao.

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

☑ Implementation of environmental best practices in direct operations

(3.1.1.27) Cost of response to risk

1679000000

(3.1.1.28) Explanation of cost calculation

In 2023, Kao continued to strengthen steam trap maintenance and improve steam recovery volume with the aim of making the steam use efficient. In 2023, there were 180 energy-saving activities, resulting in an annual CO2 reduction of 5,771 tons. Additionally, in order to significantly reduce CO2 emissions, the energy conservation promotion departments at each plant are considering purchasing electricity from renewable energy sources and investing in natural energy sources such as self-consumption solar power generation. Kao invested 918 million yen in capital investments to reduce Scope 1 2 emissions in fiscal 2023. 345 million yen (Japan) 573 million yen (Asia, Europe, and Americas) 918 million yen. Going forward, the company will continue to promote the conversion to renewable energy in its production sites in order to achieve its goal of 100% renewable energy for electricity consumption by 2030.

(3.1.1.29) Description of response

In order to promote efforts toward realizing a decarbonized society, it is recognized internationally that the introduction of carbon pricing, including a carbon tax, is necessary, and discussions are underway in various countries toward the introduction of a carbon tax, etc. If carbon pricing is introduced in the future, failure to implement greenhouse gas reduction activities will result in large additional costs such as carbon taxes, which will increase direct costs. To this end, Kao has established a system to promote energy conservation activities at each of its sites and continues to monitor energy consumption, while implementing thorough energy conservation activities such as reducing exhaust heat and other energy losses, upgrading to high-efficiency equipment, and streamlining manufacturing processes. We also promote the installation of solar panels as a means of using energy with low CO2 emissions. In 2023, Kao had continued to strengthen steam trap maintenance and improve steam recovery volume with the aim of making steam use efficient. We are also proactively promoting on-site improvement activities to optimize energy consumption, such as lowering the temperature settings for insulating tanks and shortening operating times. In addition to initiatives in production (plants, offices, logistics centers), we also strive to eliminate unnecessary energy consumption in our offices. In 2023, there were 180 energy-saving activities, resulting in an annual CO2 reduction of 5,771 tons. Additionally, in order to significantly reduce CO2 emissions, the energy conservation promotion departments at each plant are considering purchasing electricity from renewable energy sources and investing in natural energy sources such as self-consumption solar power generation.

Forests

(3.1.1.1) Risk identifier

Select from:

☑ Risk4

(3.1.1.2) Commodity

Select all that apply

☑ Palm oil

(3.1.1.3) Risk types and primary environmental risk driver

Reputation

☑ Increased partner and stakeholder concern or negative partner and stakeholder feedback

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Downstream value chain

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ Japan

(3.1.1.9) Organization-specific description of risk

Most of Kao's cleaning products (such as Attack laundry detergent and Biore body soap) use palm oil as one of the ingredients. In the skincare, hair care, fabric, and home care businesses, which are mainly cleaning products, sales in 2023 were 742 billion yen. In Japan, where these businesses account for about 69% of sales, about 60% of consumers refer to word-of-mouth on social media, including negative campaigns, when purchasing daily necessities such as laundry detergent. Therefore, if customers and other stakeholders become increasingly concerned about Kao's activities for palms, there is a risk that many of Kao's brands will be damaged and sales will decrease. Kao promotes this activity every year with the goal of confirming 100% of the origin of the palm oil it purchases from 2014 to 2020. In 2020, we confirmed 100% traceability to the palm oil mill, and we will continue to do so in 2023.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Brand damage

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Very likely

(3.1.1.14) Magnitude

Select from:

☑ High

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The earnings of the financial index may be affected by reputational risk. The amount that could be affected is 113,000,000,000 yen.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.19) Anticipated financial effect figure in the short-term – minimum (currency)

113000000000

(3.1.1.20) Anticipated financial effect figure in the short-term – maximum (currency)

113000000000

(3.1.1.25) Explanation of financial effect figure

Kao's sales in the consumer products business totaled 1,210.3 billion yen. Of this amount, the Health & Beauty Care Business, which handles many products with active ingredients derived from palm oil, and Fabric & Home Care Products generate 742.0 billion yen in sales. These businesses account for about 61% of sales, and about 60% of consumers rely on word of mouth on social networking sites and other media, including negative campaigns, when purchasing daily necessities such as laundry detergent. Kao estimates that 25% of consumers will change their sales behavior when exposed to this information. If the reputational risk associated with palm oil procurement is revealed and sales decrease by 25% as a result, the annual negative impact would be 111.3 billion yen (742 billion yen x 60% x 25%). The financial impact of this risk may materialize within a year, given the actual negative campaign as described in the company-specific explanations. We recognize that this risk could occur at any time at this time.

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

☑ Greater traceability of commodities

(3.1.1.27) Cost of response to risk

3600000

(3.1.1.28) Explanation of cost calculation

The cost of administrative services is incurred annually, and costs are calculated from labor costs equivalent to 10% of three employees each year (3.6 million yen 12 million yen/person x 10% x 3 employees). No additional costs will be incurred in the foreseeable future.

(3.1.1.29) Description of response

Kao's policy is to procure only raw materials that are not associated with deforestation at their origin, in accordance with the Sustainable Palm Oil Procurement Guidelines by 2021. This goal is shared with all suppliers. To achieve this objective, Kao conducts research on deforestation risk at the origin using the following procedures. Obtain information on palm kernel mills and palm oil mills from Tier-1 suppliers and map this information. Identify the supply chain of palm palm palm mills Conduct risk mapping of all palm oil mills to identify those that may be doing business with farms at high risk of deforestation Visit and survey high-risk mills. As a result of these activities, traceability to palm oil mills was completed in 2020. This activity will continue in 2023. Our activities will not generate the negative campaign described above. One of the ways to confirm the country of origin is to purchase certified oil, which is priced at a premium.

Water

(3.1.1.1) Risk identifier

Select from:

☑ Risk6

(3.1.1.3) Risk types and primary environmental risk driver

Reputation

☑ Increased partner and stakeholder concern or negative partner and stakeholder feedback

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ China

☑ Japan

☑ Spain

☑ Mexico

☑ Thailand

☑ Indonesia

☑ Philippines

☑ Taiwan, China

(3.1.1.7) River basin where the risk occurs

Select all that apply

☑ Balsas

☑ Yangtze River (Chang Jiang)

☑ Other, please specify : ・Cabulig ・Bang Pakong ・Saluran Irigasi Kali Malang and Sungai Bekasi ・Touqian River ・El Besos ・Toyokawa

(3.1.1.9) Organization-specific description of risk

In fiscal 2023, our Hygiene & Living Care, Health & Beauty Care, Cosmetics, and Life Care businesses, which engage in water-intensive products, generated revenues of 1 trilion and 210.8 billion yen. In Japan, where these businesses account for about 57% of sales, about 60% of consumers refer to reviews on social networking sites,

etc., including negative campaign, when purchasing daily necessities such as laundry detergent. Droughts caused by climate change and increased water usage due to the spread of infectious diseases may also raise concerns among partners and stakeholders, or may develop into negative feedback from partners and stakeholders. If concerns among customers and other stakeholders about the water-related activities handled by Kao grow, the Kao brand will be damaged, and the risk of reduced sales will increase. We believe that water-saving activities to avoid water risks should be undertaken together with the local communities, including our sites. We communicate with local communities through reports and other means, and are actively involved in activities led by governments, local governments, and NPOs to help countries and regions solve their water problems. We also collaborate with suppliers and hold public exhibitions that focus on the water we use every day.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Decreased revenues due to reduced demand for products and services

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Very likely

(3.1.1.14) Magnitude

Select from:

☑ Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

We estimate a risk of 103,500,000,000 in the event of a negative campaign.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.19) Anticipated financial effect figure in the short-term – minimum (currency)

103500000000

(3.1.1.20) Anticipated financial effect figure in the short-term – maximum (currency)

103500000000

(3.1.1.25) Explanation of financial effect figure

In fiscal 2023, our Hygiene & Living Care, Health & Beauty Care, Cosmetics, and Life Care businesses, which engage in water-intensive products, generated revenues of 1 trilion and 210.8 billion yen. In Japan, where these businesses account for about 57% of sales, about 60% of consumers refer to reviews on social networking sites, etc., including negative campaign, when purchasing daily necessities such as laundry detergent. Kao estimates that 25% of consumers would change their sales behavior after being exposed to this information. If the reputation risk associated with water procurement becomes apparent and sales fall by 25%, this will have a negative impact of 1 trilion and 3.5 billion yen (1 trilion and 210.8 billion yen x 57% x 60% x 25%) per year. We recognize that this financial risk could occur at any time for now, given that the negative campaign described in the Company-specific Explanations occurred.

(3.1.1.26) Primary response to risk

Engagement

☑ Engage with local communities

(3.1.1.27) Cost of response to risk

1200000

(3.1.1.28) Explanation of cost calculation

Administrative costs are incurred for risk management activities linked to the local community. To manage this risk, we allocate annual personnel costs (12 million yen/person/year) to 10% of our employees per year. Therefore, the cost of handling is 1.2 million yen (12 million yen/per person x 10%). Additionally, there will be no additional costs for the time being.

(3.1.1.29) Description of response

In order for consumers to realize the Kirei Lifestyle, Kao recognizes that deepening mutual understanding and collaborating with various stakeholders are necessary. Water use during production has an impact on local communities, so communication activities are essential. Many plants prepare annual environmental reports and communicate with local residents. In order to solve the water problems faced by various countries and regions, we actively participate in activities led by national and local governments, NPOs, and other organizations. We are leading the Future of Washing Initiative, which goes beyond the boundaries of business and academic fields to gather the wisdom of industry, academia, and the public to discuss and make proposals for the future of washing and laundering. In China, we are conducting water-saving campaigns, and in Japan, we are participating in the Water Project conducted by the Ministry of the Environment of Japan. Suppliers in sectors with high water risks need to understand and take action to improve their own water management standards. Each year, we request their responses through the CDP Supply Chain Program. Kao then provides feedback based on the results of its evaluations to encourage each supplier to improve their activities. To realize Kirei Lifestyle, consumers' behavior needs to change. Through tours of museums and plants, we provide an opportunity for people to think about the Kirei Lifestyle, focusing on the water that all consumers use every day. For example, the Kao Eco-Lab Museum has an exhibit that allows people to experience the amount of water used in daily life. By implementing these activities and managing them to ensure smooth implementation, we have not experienced any reputational risk related to water. We also believe that by reviewing our activities as necessary in the future, no risks will arise.

Climate change

(3.1.1.1) Risk identifier

Select from:

☑ Risk2

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical

☑ Cyclone, hurricane, typhoon

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ Philippines

(3.1.1.9) Organization-specific description of risk

Kao Group's Pilipinas Kao Inc. is located on Mindanao in the Philippines. We manufacture the raw materials such as fatty alcohols and aroma chemicals. If the operations become impossible, it will affect Hygiene and Living Care, Health and Beauty Care, Cosmetics, and Chemical businesses, which account for 96% of total business sales. Kao Group company Pilipinas Kao Inc. has equipment with a book value of 16,193,000 thousand yen. If Pilipinas Kao Inc's production facilities are affected by a disaster, the production volume will decrease, and it will be unable to produce some of its products, it will not be able to supply chemical products in response to customer demand, and there is a risk that production of detergents that use these products as raw materials will be delayed or reduced. On the other hand, due to climate change, typhoons approaching and making landfall in the Philippines are becoming more powerful, and the damage they cause is also on the rise. The damage rate to a company's capital stock due to flooding is said to be 8.7% when water is flooded under the floorboards. The above risks will have financial impacts, such as increased capital investment costs. If plants were to be affected by this rate, a capital investment of at least about 1.4 billion yen would be required to restore them to normal operation. This is a strategically significant part of Kao's significant strategic and financial impact. 16,193,000,000 yen x 8.7% 1,408,791,000 yen.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Increased capital expenditures

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Likely

(3.1.1.14) Magnitude

Select from:

☑ Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The likely effect of the risk on the organization's financial position, performance, and cash flows over the selected future timeline. Kao Group's Pilipinas Kao, Inc. is

located in the Philippines. The company manufactures fatty alcohols, aroma chemicals, etc., and has equipment with a book value of 16,193 million yen. If Pilipinas Kao Inc's production facilities are affected by a disaster, the production volume will decrease, and it will be unable to produce some of its products, it will not be able to supply chemical products in response to customer demand, and there is a risk that production of detergents that use these products as raw materials will be delayed or reduced. On the other hand, due to impact of climate change, typhoons approaching and making landfall in the Philippines are becoming more powerful, and the damage they cause is also expanded. The damage rate to a company's capital stock due to flooding is said to be 8.7% when water is flooded under the floorboards. The above risks will have financial impacts, such as increased capital investment costs. If plants were to be affected under such situation, a capital investment of at least about 1.4 billion yen would be required to restore them to normal operation. This is a strategically significant part of Kao's strategic and financial impact. 16,193,000,000 yen x 8.7% 1,408,791,000 yen.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.19) Anticipated financial effect figure in the short-term – minimum (currency)

1408791000

(3.1.1.20) Anticipated financial effect figure in the short-term – maximum (currency)

1408791000

(3.1.1.25) Explanation of financial effect figure

It is said that the damage rate to a company's capital stock due to flooding under the floorboards is 8.7%. The above risks have financial impacts, such as increased capital investment costs. If plants were to be affected under such situation, it will require capital investments of at least 1,408,791,000 yen to restore the plant to normal operation. This is a strategically significant part of Kao's strategic and financial impact. 16,193,000,000 yen x 8.7% 1,408,791,000 yen.

(3.1.1.26) Primary response to risk

Nature based solutions, restoration and conservation

☑ Implement nature-based solutions

(3.1.1.27) Cost of response to risk

5000000

(3.1.1.28) Explanation of cost calculation

Pilipinas Kao, Inc. had been creating mangrove forests on the coast since 2010 and continued to do so in 2023. Mangrove purchase, planting, and maintenance costs is 5 million yen. 0.2 million yen for (purchase of mangrove seedlings) 4.8 million yen for (labor costs for planting and maintenance) 5 million yen. As a result, in 2023, Pilipinas Kao Inc. was able to produce 140,000 tons, almost the same level as the previous year, without suffering flood damage from high waves during typhoons. We will maintain and manage mangrove forests to reduce the risk of flooding in Pilipinas Kao Inc. until at least 2025.

(3.1.1.29) Description of response

If a plant is flooded and production facility is damaged by a disaster, capital investment will be required to restore the facility. Pilipinas Kao Inc. is located along the coast, so it is important for us to take measures to reduce the risk of flooding from typhoons and storm surges. As a result, Pilipinas Kao Inc. decided to create mangrove forests on the coast to strengthen the natural disaster prevention functions of the area.

Climate change

(3.1.1.1) Risk identifier

Select from:

☑ Risk3

(3.1.1.3) Risk types and primary environmental risk driver

Market

☑ Changing customer behavior

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Downstream value chain

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ Japan

(3.1.1.9) Organization-specific description of risk

Kao's Hygiene and Living Care business accounts for 34.1% of Kao's sales in 2023, and is made up of products closely related to consumers' lives, such as laundry products (laundry detergents, finishing agents, and bleach). In Japan, Kao's main market, it is common to dry laundry outside on sunny days and indoors on rainy days. In Japan, use of laundry products depends on the weather, so future changes in weather due to climate change could have a significant impact on the laundry product market. Japan's fabric and home care market, which includes laundry products, grew 2.1% year-on-year in 2023 and is expected to continue to grow. If Kao launches a new product, there is a risk that if sales do not grow, it will result in a decrease in sales rather than an increase. Kao's remuneration for its domestic fabric and home care business in 2023 is 380.7 billion yen, of which 2.1% is approximately 8 billion yen. Losing this opportunity is a risk that could have a significant strategic and financial impact (strategic importance) on Kao.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Decreased revenues due to reduced demand for products and services

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Long-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Likely

(3.1.1.14) Magnitude

Select from:

☑ Medium-high

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Japan's fabric and home care market, which includes laundry products, grew 2.1% year-on-year in 2023 and is expected to continue to grow. If Kao launches a new product, there is a risk that if sales do not grow, it will result in a decrease in sales rather than an increase. Kao's remuneration for its domestic hygiene and living care business in 2023 is 380.7 billion yen, of which 2.1% is about 8 billion yen. Losing this opportunity is a risk that could have a significant strategic and financial impact

(strategic importance) on Kao.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.23) Anticipated financial effect figure in the long-term – minimum (currency)

8000000000

(3.1.1.24) Anticipated financial effect figure in the long-term – maximum (currency)

8000000000

(3.1.1.25) Explanation of financial effect figure

Kao's remuneration for its domestic hygiene and living care business in 2023 is 380.7 billion yen, of which 2.1% is approximately 8 billion yen.

(3.1.1.26) Primary response to risk

Infrastructure, technology and spending

☑ Increase investment in R&D

(3.1.1.27) Cost of response to risk

32600000000

(3.1.1.28) Explanation of cost calculation

In 2023, we will invest 32.6 billion yen in R&D and expansion of production facilities in the Hygiene & Life Care business, which accounts for 34.1% of sales. 16 billion yen (R&D expenses) 16.6 billion yen (production facility expansion expenses) 32.6 billion yen As a result, sales in the Fabric & Home Care business in 2023 will be 349.1 billion yen As a result, sales of the Fabric and Home Care Business in 2023 will be 349.1 billion yen, up 2.1% from 342.1 billion yen in the previous year.

(3.1.1.29) Description of response

The Hygiene & Living Care business, which accounts for 34.1% of Kao's compensation in 2023, consists of products closely related to consumers' lives, such as laundry products (laundry detergents, finishing agents, and bleaches). In Japan, Kao's main market, it is common to dry laundry outside on sunny days and indoors on rainy days. In Japan, the use of laundry products depends on the weather, and future changes in weather due to climate change could have a significant impact on the laundry product market. Meanwhile, Japan's fabric and home care market, which includes laundry products, grew 2.1% year-on-year in 2023 and is expected to continue to grow. The financial impact for Kao will be a decline if it is unable to keep up with the growth by introducing new products. Kao conducted a climate change scenario analysis in 2021 to examine future weather changes and the risks that these pose to the market for laundry products. The result of the climate change scenario analysis showed that if the average temperature in Japan rises by 2 degrees Celsius, the number of sunny days in summer will remain unchanged, but the frequency of heavy rain and high tides caused by strong low-pressure systems and typhoons, i.e., the number of humid days will increase. Drying laundry indoors on humid days produces odors that do not occur when drying outdoors, so demand for laundry products that take odors into consideration is likely to increase, expanding the market for laundry products. Failure to do so may result in loss of sales. Kao decided to strengthen research and development and increase production capacity in order to increase the number of odor-focused products, such as "Attack ZERO," which was released in 2023.

Forests

(3.1.1.1) Risk identifier

Select from:

☑ Risk5

(3.1.1.2) Commodity

Select all that apply

☑ Timber products

(3.1.1.3) Risk types and primary environmental risk driver

Reputation

☑ Increased partner and stakeholder concern or negative partner and stakeholder feedback

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Downstream value chain

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ Japan

(3.1.1.9) Organization-specific description of risk

Kao sells Merries baby diapers throughout Asia, and expanding sales of these diapers is one of Kao's growth drivers. Merries" is made of pulp. The sanitary business, including Merries, is one of Kao's core businesses with annual sales of 173.4 billion yen. This situation has led to a reduction in operations at Kao's plants, leading to an increase in fixed costs rather than sales. In Japan, where more than half of the sales of Kao's human health business, of which Merries baby diapers are a part, come from, about 60% of consumers use word of mouth on social networking sites and other media, including negative campaigns, when purchasing daily necessities such as baby diapers. Therefore, if customers and others become increasingly concerned about Kao's wood business, there is a risk of damage to the "Mary's" brand and a decrease in sales of baby diapers. Therefore, in 2014, Kao set a goal of confirming 100% of the origin of its paper and pulp by 2020, and has been conducting activities every year. Through these activities, Kao was able to confirm 100% origin as of 2020. Kao will continue this activity in 2023. This activity does not generate the negative campaign described above. Note that the only additional cost to verify the origin is the labor cost to conduct this activity. These risks have not yet surfaced, but we recognize that they may become apparent in one to three years as awareness of the Forest Stewardship Council (FSC) certification increases.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Brand damage

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Likely

(3.1.1.14) Magnitude

Select from:

☑ Medium

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization

in the selected future time horizons

The earnings of the financial index may be affected by reputational risk. The amount that could be affected is 26,000,000,000 yen.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.19) Anticipated financial effect figure in the short-term – minimum (currency)

26000000000

(3.1.1.20) Anticipated financial effect figure in the short-term – maximum (currency)

26000000000

(3.1.1.25) Explanation of financial effect figure

Kao is developing its sanitary business, including Merries baby diapers, in Asian countries. The sanitary business is one of Kao's core businesses, with annual sales of 173.4 billion yen. In Japan, about 60% of consumers refer to word of mouth and negative campaigns on social networking sites when purchasing daily necessities such as disposable baby diapers. The sanitary business, to which Mary's baby diapers belong, accounts for 46% of domestic sales. In Japan, about 60% of consumers refer to word of mouth and negative campaigns on SNS when purchasing daily necessities such as disposable baby diapers. Kao estimates that up to 25% of consumers exposed to this information will change their sales behavior. If 25% of consumers do not actually purchase the product, annual sales in the sanitary business will decrease by 26 billion yen (173.4 billion yen x 60% x 25%). This is equivalent to 15% of Kao's 173.4 billion sanitary business (to which Mary's baby diapers belong). Since the impact on sales exceeds 1 billion yen, we have positioned this as a high-impact risk. We recognize that this risk could occur at any time at this time.

(3.1.1.26) Primary response to risk

Compliance, monitoring and targets

☑ Greater traceability of commodities

(3.1.1.27) Cost of response to risk

1200000

(3.1.1.28) Explanation of cost calculation

Kao's measures did not involve an increase in direct costs. On the other hand, Kao incurred administrative costs to manage the implementation. To manage this risk, one personnel cost (12 million yen/person/year) is allocated to 10% of employees annually. Therefore, the cost to respond to the situation was 1.2 million yen (12 million yen/person x 10%). No additional costs will be incurred for the foreseeable future.

(3.1.1.29) Description of response

Kao's sales of Merries disposable diapers are 173.4 billion yen. If reputational and other risks were to materialize and sales were to decline by 5%, this would have a negative impact of more than 8.7 billion yen. Although these risks have not yet materialized, Kao recognizes that reputational risks for products that do not use certified products may materialize in one to three years as certification systems such as the Forest Management Council (FSC) become more widely known around the world. Kao continues to work toward the strategic goals of (1) identifying 100% of pulp and paper origins by 2020, (2) replacing all pulp and paper with certified products by 2025. As a result, in 2021, (1) 100% verification of origin was completed and (2) the percentage of certified products was 98%. Thus, Kao's identification of the origin of pulp and paper and procurement of certified products are at a high level relative to its strategic targets. Kao also recognizes that this is sufficient because it has not engaged in negative campaigning against this risk or the resulting decline in sales.
[Add row]

(3.1.2) Provide the amount and proportion of your financial metrics from the reporting year that are vulnerable to the substantive effects of environmental risks.

Climate change

(3.1.2.1) Financial metric

Select from:
☑ CAPEX

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

32600000000

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

Select from:

☑ 1-10%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

0

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

Select from:
☑ Less than 1%

(3.1.2.6) Amount of CAPEX in the reporting year deployed towards risks related to this environmental issue

32600000000

(3.1.2.7) Explanation of financial figures

The Hygiene & Living Care business, which will account for 34.1% of Kao's total compensation in 2023, consists of laundry products (laundry detergents, finishers, and bleaches) and other products closely related to consumers' lives. In Japan, Kao's main market, laundry is generally hung outside on sunny days and inside on rainy days. Tactics: In Japan, laundry product use is weather-dependent, and future weather changes due to climate change could have a significant impact on the laundry product market. On the other hand, the fabric and home care market, including laundry products, in Japan is expected to grow 2.1% YoY in 2023. The financial impact on Kao would be a decrease, rather than an increase, in sales if it fails to respond to this growth by introducing new products. Actions taken Kao conducted a climate change scenario analysis in 2021 to study future weather changes and the risks that weather changes pose to the laundry product market. Results The results of the climate change scenario analysis showed that if the average temperature in Japan increases by 2C, the number of sunny days in summer will remain the same, but the frequency of heavy rain and high tides caused by strong low-pressure systems and typhoons, i.e., humid days, will increase. Drying laundry indoors on humid days produces odors that do not occur when drying outdoors, which may increase demand for odor-conscious laundry products and expand the market for laundry products. Failure to do so could increase or decrease sales. In 2023, Kao will invest 32.6 billion yen in R&D and expansion of production facilities in the Hygiene & Life Care business, which accounts for 34.1% of sales. 16 billion yen (R&D expenses) 16.6 billion yen (production facility expansion expenses) 32.6 billion yen As a result, sales in the Fabric & Home Care business in 2023 will be 3,. As a result, sales in the Fabric and Home Care business in 2023 will be 349.1 billion yen, up 2.1% from 342.1 billion yen in the previous year.

Forests

(3.1.2.1) Financial metric

Select from:

☑ Revenue

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

915400000000

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

Select from:

☑ 51-60%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

0

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

Select from:

☑ Less than 1%

(3.1.2.7) Explanation of financial figures

Kao's Hygiene & Living Care and Health & Beauty Care businesses, which mainly use palm oil among Kao products, had revenues of 915.4 billion yen in 2023. The cost of managing these levitation risks is incurred annually, and the cost is calculated from labor costs (3.6 million yen 12 million yen/employee x 10% x 3 employees), which is equivalent to 10% of 3 employees each year with respect to palm oil and 1 employee each year with respect to wood products. No additional costs will be incurred in the foreseeable future.

Water

(3.1.2.1) Financial metric

Select from:

☑ Revenue

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

1210754000000

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

Select from:
☑ 71-80%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

261200000000

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

Select from:
☑ 21-30%

(3.1.2.7) Explanation of financial figures

In fiscal 2023, our Hygiene & Living Care, Health & Beauty Care, Cosmetics, and Life Care businesses, which engage in water-intensive products, generated revenues of 1 trilion and 210.8 billion yen. On the other hand, the total shipment value of plants at drought risk locations in 2023 is 261.2 billion yen. This total shipment amount represents 22% of the revenue mentioned above. Furthermore, our company believes that if a measure to prevent the existence of the relevant risk is developed and implemented, the relevant risk will no longer exist. Currently, we are implementing the 3Rs by reducing water usage in the above areas, and no risks affecting finances have arisen.
[Add row]

(3.2) Within each river basin, how many facilities are exposed to substantive effects of water-related risks, and what percentage of your total number of facilities does this represent?

Row 1

(3.2.1) Country/Area & River basin

China

☑ Yangtze River (Chang Jiang)

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

In China, our company has manufacturing site s for its chemical business, as well as manufacturing and sales sites for skin care products such as UV care, shampoos, laundry detergents, and super‐water reducer for concrete. The manufactured products are sold within China, and any disruption to supply would pose a reputational risk to the company in a market of 1.4 billion people. According to WRI Aqueduct, current water stress in the areas of our sites is Extremely high to high and are under significant stress. The polulation in the areas is expected to continue to grow and water-related risk is anticipated to continue, therefore, we are working to conserve water in production and provide water-saving products.

Row 2

(3.2.1) Country/Area & River basin

Philippines

☑ Other, please specify :Cabulig

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Pilipinas Kao manufactures oleochemicals such as high-purity single-cut fatty alcohol, refined glycerin and tertiary amine. It is an environmentally friendly oleochemical, and used for a wide range of applications, including cosmetics, pharmaceuticals, industrial and household detergents, emulsifiers, additives, and base materials for agricultural chemical production. Most of its products are exported to neighboring Asian countries, the United States, Europe, Africa, and the Middle East. In 2001, the Philippine government designated the entire site of Jasaan plant in Misamis Oriental Province as a special economic zone, granting Pilipinas Kao, Inc. many preferential treatments. According to WRI Aqueduct, the current water stress in the area of site is low, but a risk assessment based on the CBWT methodology indicates a higher risk result. We will continue to evaluate and identify risks. We continue to evaluate the situation and are working to save water in production and provide water-saving products by examining measures to prevent risks from materializing and countermeasures to be taken when they do materialize.*

Row 3

(3.2.1) Country/Area & River basin

Thailand

☑ Other, please specify **:**Bang Pakong

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Kao Industrial Thailand manufactures household products such as household detergents, shampoos, hand soaps, and etc. The manufactured products are sold in Thailand, and also exported to neighboring countries and Japan. According to WRI Aqueduct, the current water stress in the area of site is low, but a risk assessment based on the CBWT methodology indicates a higher risk in the future (2030 to 2040). We continue to evaluate the situation and are working to save water in production and provide water-saving products by examining measures to prevent risks from materializing and countermeasures to be taken when they do materialize. * Context-Based Water Targets: a guide to setting water-related targets that take into account the state of the watershed*

Row 4

(3.2.1) Country/Area & River basin

Indonesia

☑ Other, please specify **:**Saluran Irigasi Kali Malang and Sungai Bekasi

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

PT. Kao Indonesia Chemicals is a pioneer in surfactants, which are used in a wide range of fields, including laundry detergents, toiletries, cosmetics, textiles, paper and pulp, plastics, construction, and agrochemicals, and provides a wide range of surfactants both domestically and internationally, including Japan. Surfactants are the main base material for our products that use a lot of water, and are important raw materials for our core businesses: Hygiene & Living Care, Health & Beauty Care, Cosmetics, and Life Care. Current water stress in the area of site is High, according to WRI Aqueduct. As water-related risks are expected to continue into the future, we are working to conserve water in production and provide water-saving products.

Row 5

(3.2.1) Country/Area & River basin

Taiwan, China

☑ Other, please specify **:**Touqian

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Hsinchu plant in Taiwan manufactures household detergents, skin care and hair care products, and chemicals. They are supplied throughout Taiwan, and many of our products are used in daily life. We believe that if the plant were not able to operate stably and we were to experience shortages, this would have an adverse effect on the daily lives, including hygiene, of many people in Taiwan. In recent years, the effects of climate change have been causing changes in typhoons' paths and resulting in changes in rainfall in Taiwan. In 2020, the country experienced its most severe water shortage in 56 years, with no typhoons making landfall. At Hsinchu plant, we conduct training in anticipation of water supply restrictions and strive to promote the 3Rs of water. We also strive to obtain information of local companies and other entities that share the same watershed and use this information in risk management.

Row 6

(3.2.1) Country/Area & River basin

Mexico

☑ Balsas

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Quimi-Kao mainly manufactures cationic surfactant derivatives of fatty acids. The products are mainly shipped to Mexico, Central and South America, the United States, Australia and Asia, and are used in a variety of our group's products. According to WRI Aqueduct, current water stress in the area of site is Extremely high and the area is under significant stress. As water-related risks are expected to continue into the future, we are working to conserve water in production and provide water-saving products.

Row 7

(3.2.1) Country/Area & River basin

Spain

☑ Other, please specify **:**El Besos

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

Kao Chemicals Europe mainly produces fragrances, surfactants, inks, etc. According to WRI Aqueduct, the current water stress in the area of site is low, but a risk assessment based on the CBWT methodology still shows high risk results. The average annual temperature in Catalonia (2022-2023), where Mollet plant is located, is the highest in the history of measurements, and precipitation has been decreasing in recent years. At our plants, we work with local governments to restrict water intake and conserve water. We continue to save water in production and provide water-saving products by examining preventive measures of risks and countermeasures to be taken when they do materialize. * Context-Based Water Targets: a guide to setting water-related targets that take into account the state of the watershed*

Row 8

(3.2.1) Country/Area & River basin

Japan

☑ Other, please specify **:**Toyokawa

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 1-10%

(3.2.11) Please explain

At Toyohashi plant, we manufacture a wide variety of products, mainly skin care and hair care products. Many of our products are used in everyday life, and we believe that if Toyohashi plant and its fully automated warehouse are not able to operate stably and we experience shortages of products, it would have an adverse effect on the daily lives of many people. Toyohashi City experienced a drought in 2012 due to record low rainfall, with the discharge rate of Toyokawa River falling below normal levels for about a month. Having experienced this, Toyohashi Plant has installed a water tank to prepare for future water droughts and strives to conserve water.
[Add row]

(3.3) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Comment
	Select from: ☑ No	*No fines, enforcement orders or other penalties were imposed on the company for breaches of water-related regulations during 2023.*

[Fixed row]

(3.5) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Select from:

☑ Yes

(3.5.1) Select the carbon pricing regulation(s) which impact your operations.

Select all that apply

☑ EU ETS

☑ Tokyo CaT - ETS

(3.5.2) Provide details of each Emissions Trading Scheme (ETS) your organization is regulated by.

EU ETS

(3.5.2.1) % of Scope 1 emissions covered by the ETS

2.22

(3.5.2.2) % of Scope 2 emissions covered by the ETS

0

(3.5.2.3) Period start date

12/31/2022

(3.5.2.4) Period end date

12/30/2023

(3.5.2.5) Allowances allocated

5111

(3.5.2.6) Allowances purchased

6833

(3.5.2.7) Verified Scope 1 emissions in metric tons CO2e

11944

(3.5.2.8) Verified Scope 2 emissions in metric tons CO2e

0

(3.5.2.9) Details of ownership

Select from:

☑ Facilities we own and operate

(3.5.2.10) Comment

Situation) Olesa site in Kao Corporation, S.A. is subject to EU-ETS. We purchase allowances when our emissions exceed the allowances allocated. The allowances allocated in 2023 was 5111 tons. Task) Emissions (scope1) must be reduced steadily by improving production efficiency and energy intensity. Action) Our main activity is as follows; Steam boiler and chiller renewal, Heat exchangers renewals, Air conditioner renewals, Condensates recovery, Leakages prevention and control, Thermal

insulation improvement. Result) Compared to 2022, significant decrease in emissions (scope1) (26512t to 11944t, 55% decrease) against the decrease in production (58616t to 56263t, 4.0% decrease). This is due to the fact that the Olesa plant has stopped operating its cogeneration facilities since June 2023. KCSA is excluded from the EU-ETS and will not have to purchase allowances from 2024 onwards.

Tokyo CaT - ETS

(3.5.2.1) % of Scope 1 emissions covered by the ETS

0.99

(3.5.2.2) % of Scope 2 emissions covered by the ETS

0

(3.5.2.3) Period start date

12/31/2022

(3.5.2.4) Period end date

12/30/2023

(3.5.2.5) Allowances allocated

10490

(3.5.2.6) Allowances purchased

0

(3.5.2.7) Verified Scope 1 emissions in metric tons CO2e

5905

(3.5.2.8) Verified Scope 2 emissions in metric tons CO2e

0

(3.5.2.9) Details of ownership

Select from:

☑ Facilities we own and operate

(3.5.2.10) Comment

*Situation) Since Sumida site in Kao Japan is equivalent to a large-scale business office designated by the Tokyo Metropolitan Government, there is an obligation of total emission reduction. From 2020, we have shifted to the third reduction plan period (2020-2024, reduction obligation rate: 27%), so allowances allocated will be as follows. Allowances allocated Standard emission 14,370(t-CO2) * 0.73 10,490(t-CO2) Task) Sumida site is a complex business establishment with factory, laboratories and offices. Compared to other factories, there are very few mechanical equipment, and there is little room for reduction activities by improving equipment efficiency and devising production activities, so the current situation is that reduction activities are limited to LED lighting, etc. Action) In order to fulfill our reduction obligations, we have implemented the following reduction activities: LED lighting, Reduction of steam loss, Repair of air leaks, etc. Result) Compared to the allowances allocated 10,490 tons, emissions were 5,905 tons. In 2023, due to business restructuring, much of the plant production equipment was transferred to other plants. The 10% increase in production in 2023 compared to 2022 is due to the inclusion of figures from external managed plants, while the energy used on site decreased, resulting in a decrease in emissions of approximately 20% compared to the previous year.*
[Fixed row]

(3.5.4) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

A description of your strategy for complying with the systems in which you participate. Some Kao business sites are already subject to the Emissions Trading Scheme (ETS). Since our policy is to prioritize the reduction, we will purchase emission rights if the amount of emissions exceed the allocation. Kao is promoting activities to reduce emissions by sharing Kao Group's energy-saving technologies globally through the Responsible Care Promotion Committee, which oversees the activities of each site. We are prioritizing capital investment in plants that consume a large amount of energy, including those that are subject to ETS, and are also developing a strategy to implement measures to reduce emissions that are being rolled out throughout the company. ・Use case of the strategy: The activity themes of the Tokyo Metropolitan Government's ETS 3rd Plan period (2020 to 2024) are the continuation of energy conservation and the promotion of renewable energy use with an eye toward a decarbonized society. At the Sumida Plant in Tokyo, which introduced ETS, in addition to promoting the use of LEDs and updating air conditioners, we repaired air leaking equipment and reduced steam loss in 2023. In addition, in April 2021, we began introducing renewable energy electricity, reducing CO2 emissions from purchased electricity to zero. KCSA is not subject to the EU-ETS from 2024, so no measures are being considered.

(3.6) Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

	Environmental opportunities identified
Climate change	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized
Forests	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized
Water	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized

[Fixed row]

(3.6.1) Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp1

(3.6.1.2) Commodity

Select all that apply

☑ Not applicable

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

☑ Increased efficiency of production and/or distribution processes

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Direct operations

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Japan

(3.6.1.8) Organization specific description

Kao has set a goal of reducing its energy consumption by 1% each year. Electricity consumption in Japan and Asia is 85%. These sites consume approximately 5,000GWh of energy per year. The cost exceeds 10 billion yen. Kao's largest energy consumers are its manufacturing sites, while energy consumption in its offices and logistics centers is much less than that of its manufacturing sites. Meanwhile, Kao is aiming for sales of 2.5 trillion yen and an operating profit of 17% (currently 7.5%) for 2030. Efforts to reduce energy consumption and cut costs will lead to lower manufacturing costs and provide an important opportunity to increase operating profits. In 2023, Kao continued to strengthen steam trap maintenance and improve steam recovery volume with the aim of making steam use efficient. We are also proactively promoting on-site improvement activities to optimize energy consumption, such as lowering the temperature settings for insulating tanks and shortening operating times. These include encouraging the turning off of unnecessary lighting, installing motion sensors to automatically turn lights on and off, optimizing air conditioning temperature settings, and encouraging people to use the stairs to reduce unnecessary elevator use. In 2023, there were 180 energy-saving activities, resulting in annual CO2 reduction of 5,771 tons and annual cost reduction amount of about 170 million yen.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Reduced direct costs

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Virtually certain (99–100%)

(3.6.1.12) Magnitude

Select from:

☑ Medium-low

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Kao has set a goal of reducing its energy consumption by 1% each year. Electricity consumption in Japan and Asia is 85%. Therefore, saving electricity in Japan and Asia is efficient. Kao is a manufacturer, and it has over 30 manufacturing sites in Japan, Asia, Europe and the Americas. These sites consume approximately 5,000GWh of energy per year. The cost exceeds 10 billion yen. Kao's largest energy consumers are its manufacturing sites, while energy consumption in its offices and logistics centers is much less than that of its manufacturing sites. Meanwhile, Kao is aiming for sales of 2.5 trillion yen and an operating profit of 17% (currently 7.5%) for 2030. Efforts to reduce energy consumption and cut costs will lead to lower manufacturing costs and provide an important opportunity to increase operating profits. In addition, a climate change scenario analysis conducted by Kao in 2019 showed that fossil fuel prices would rise under a 2 degrees Celsius scenario. Therefore, for Kao, which uses a large amount of fossil fuels, reducing the amount of energy required for manufacturing will lead to reduced manufacturing costs and provide a major opportunity to achieve its operating profit target for 2030. Kao has established a system for promoting energy-saving activities at each of its sites and is continuously monitoring energy consumption while implementing thorough energy-saving activities, including reducing waste heat and other energy losses, upgrading to highly efficient equipment, and making manufacturing processes more efficient. In 2023, Kao continued to strengthen steam trap maintenance and improve steam recovery volume with the aim of making steam use efficient. We are also proactively promoting on-site improvement activities to optimize energy consumption, such as lowering the temperature settings for insulating tanks and shortening operating times. In addition to initiatives in production (plants, offices, logistics centers), we also strive to eliminate unnecessary energy consumption in our offices. These include encouraging the turning off of unnecessary lighting, installing motion sensors to automatically turn lights on and off, optimizing air conditioning temperature settings, and encouraging people to use the stairs to reduce unnecessary elevator use. In 2023, there were 180 energy-saving activities, resulting in annual CO2 reduction of 5,771 tons and annual cost reduction amount of about 170 million yen.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.17) Anticipated financial effect figure in the short-term - minimum (currency)

17000000

(3.6.1.18) Anticipated financial effect figure in the short-term – maximum (currency)

17000000

(3.6.1.23) Explanation of financial effect figures

In 2023, Kao continued to strengthen steam trap maintenance and improve steam recovery volume with the aim of making steam use efficient. We are also proactively promoting on-site improvement activities to optimize energy consumption, such as lowering the temperature settings for insulating tanks and shortening operating times. In addition to initiatives in production (plants, offices, logistics centers), we also strive to eliminate unnecessary energy consumption in our offices. These include encouraging the turning off of unnecessary lighting, installing motion sensors to automatically turn lights on and off, optimizing air conditioning temperature settings, and encouraging people to use the stairs to reduce unnecessary elevator use. In 2023, there were 180 energy-saving activities, resulting in annual CO2 reduction of 5,771 tons and annual cost reduction amount of about 170 million yen. 170 million yen of the reduced cost was calculated by multiplying the energy consumption reduced by energy conservation activities by the unit cost of each energy.

(3.6.1.24) Cost to realize opportunity

1416000000

(3.6.1.25) Explanation of cost calculation

Kao is a manufacturing company with over 30 manufacturing facilities in Japan, Asia, Europe and the Americas. These sites consume approximately 5,000 GWh of energy each year to manufacture their products. The cost exceeds 10 billion yen. Kao consumes roughly the same amount of fossil fuels for heat utilization and electricity to operate its facilities. Meanwhile, Kao is aiming for sales of 2.5 trillion yen and an operating profit of 17% (currently about 7.5%) for 2030. Reducing energy usage and cost-cutting initiatives will lead to lower manufacturing costs and provide a significant opportunity to increase operating profits. In addition, a climate change scenario analysis conducted by Kao in 2019 showed that fossil fuel prices would rise under a 2 degrees Celsius scenario. Therefore, for Kao, which uses a large amount of fossil fuels, reducing the amount of energy consumption required for manufacturing will lead to reduced manufacturing costs and provide a major opportunity to achieve its operating profit target for 2030. Kao invested 918 million yen in capital investments to reduce Scope 1 2 emissions in fiscal 2023. 345 million yen (Japan) 573 million yen (Asia, Europe, and Americas) 918 million yen. Going forward, the company will continue to promote the conversion to renewable energy in its production sites in order to achieve its goal of 100% renewable energy for electricity consumption by 2030. Additionally, in order to achieve the 2030 target of "Scope 1 2 CO2 emissions (absolute amount) reduction rate (base year: 2017)," we will implement Scope 1 reduction measures such as using biomass fuels.

(3.6.1.26) Strategy to realize opportunity

Kao is a manufacturing company with over 30 manufacturing sites in Japan, Asia, Europe and the Americas. These sites consume approximately 5,000 GWh of energy each year to manufacture their products. The cost exceeds 10 billion yen. Kao consumes roughly the same amount of fossil fuels for heat utilization and electricity to operate its facilities. Meanwhile, Kao is aiming for sales of 2.5 trillion yen and an operating profit of 17% (currently about 7.5%) for 2030. Reducing energy usage and cost-cutting initiatives will lead to lower manufacturing costs and provide a significant opportunity to increase operating profits. In addition, a climate change scenario analysis conducted by Kao in 2019 showed that fossil fuel prices would rise under a 2 degrees Celsius scenario. Therefore, for Kao, which uses a large amount of fossil

fuels, reducing the amount of energy consumption required for manufacturing will lead to reduced manufacturing costs and provide a major opportunity to achieve its operating profit target for 2030. Kao has a strategy to continuously reduce energy use in manufacturing toward 2030. At each site, we are establishing a system to promote energy-saving activities, including reducing energy losses such as waste heat and upgrading to more efficient equipment. We also monitor energy usage at each site and provide feedback.

Forests

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp4

(3.6.1.2) Commodity

Select all that apply

☑ Timber products

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

☑ Increased sales of existing products and services

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Downstream value chain

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Japan

(3.6.1.6) River basin where the opportunity occurs

Select all that apply

☑ Unknown

(3.6.1.8) Organization specific description

In order to realize a sustainable society, ethical consumption is expected to expand around the world in the future. For example, the market for certified sustainable products in the U.S. is growing at 5% per year, and this growth rate is expected to continue. On the other hand, the market for certified sustainable products in Asia, including Japan, has not yet reached the size of the U.S. market. Therefore, assuming a market growth rate of 1/2 that of the U.S., the market growth rate for Asia is expected to be 2.5% per year. Kao's sales of sanitary products in Asia in 2023 were 92.9 billion yen. Therefore, this product could contribute to an increase in sales of more than 2.5 billion yen by attaching ethical certification labels such as FSC and PEFC to the product and stimulating ethical consumers to purchase the product. Kao sees 1 billion yen as a "big impact" and a serious strategy to stimulate ethical consumption. Kao offers products that clearly state FSC certification. We believe that this will contribute to improving the value of our product brands and expand the new ethical market. The ratio of certified paper products and pulp used in household products in 2023 is 98%. In the Kao Kirei Lifestyle Plan announced in April 2019, Kao set a new target of 100% certification for paper products and pulp used in consumer products by 2025 Kao confirmed that there is no need to change the target in 2023.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Increased revenues resulting from increased demand for products and services

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Likely (66–100%)

(3.6.1.12) Magnitude

Select from:

☑ Medium

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the

organization in the selected future time horizons

The market for certified sustainable products in the U.S. is growing at an annual rate of 5%, and this growth rate is expected to continue. Kao's sanitary business, which includes Merries baby diapers, has exceeded 100 billion yen in sales, reaching 173.4 billion yen in 2023. If the reputation of this business improves and sales in Asia increase by 2.5%, the impact would be 4.3 billion yen. This opportunity is not yet apparent, but we recognize that it could become apparent in the next 1-3 years as awareness of FSC certification grows.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.17) Anticipated financial effect figure in the short-term - minimum (currency)

4300000000

(3.6.1.18) Anticipated financial effect figure in the short-term – maximum (currency)

4300000000

(3.6.1.23) Explanation of financial effect figures

Sales of Kao's sanitary business, including Merries baby diapers, have exceeded 100 billion yen, reaching 173.4 billion yen in 2023. If business reputation improves and sales in Asia increase by 2.5%, there will be an impact of 4.3 billion yen. 4.3 billion yen 174.5 billion yen x 2.5%.

(3.6.1.24) Cost to realize opportunity

430000000

(3.6.1.25) Explanation of cost calculation

Since certified products are priced approximately 10% higher than non-certified products, there will be a difference in raw material costs between non-certified and certified products. Therefore, 430 million yen, or 10% of 4.3 billion yen, is the cost to realize the opportunity. 430 million yen 4.3 billion yen x 10%. Kao continues to achieve its strategic goals of (1) identifying 100% of its paper and pulp origins by 2020 and replacing all paper and pulp with certified products by 2025. As a result, by 2023 (i) 100% of origin certification will be complete and (ii) 98% of products will be certified; we will support 100% certified products by 2025 and continue this commitment beyond 2025.

(3.6.1.26) Strategy to realize opportunity

In terms of governance in ESG procurement, we aim to ensure traceability of raw materials back to their origins and make the supply chain visible. In particular, in the procurement of palm oil and palm kernel oil, we are working to solve essential issues in the supply chain, from ensuring traceability and promoting the purchase of RSPO-certified oil to supporting small palm farms and establishing a Grievance Mechanism, as well as disclosing our forest footprint, In the procurement of palm oil and palm kernel oil, we are expanding our activities to solve essential issues in the supply chain, from ensuring traceability and promoting the purchase of RSPO-certified oil to supporting small-scale palm plantations, establishing a gleaning mechanism, and disclosing our forest footprint. In the procurement of palm oil and palm kernel oil, we aim to achieve zero deforestation in consideration of biodiversity conservation. In addition, we aim to have all palm oil used by the Kao Group be RSPO certified by 2025, and to complete traceability confirmation to palm plantations by 2025. In the procurement of paper and pulp, we aim to achieve zero deforestation in consideration of the preservation of biodiversity, and to have 100% of paper products and pulp used for household products be certified by 2025. We will also continue to confirm traceability to the origin.

Water

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp6

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Resource efficiency

☑ Cost savings

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Direct operations

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ China

☑ Indonesia

☑ Japan

☑ Philippines

☑ Spain
☑ Mexico
☑ Thailand
☑ Taiwan, China

(3.6.1.6) River basin where the opportunity occurs

Select all that apply

☑ Balsas
☑ Yangtze River (Chang Jiang)
☑ Other, please specify : ・Cabulig ・Bang Pakong ・Saluran Irigasi Kali Malang and Sungai Bekasi ・Touqian River ・El Besos ・Toyokawa

(3.6.1.8) Organization specific description

Water is an important raw material in the production of our products, and we use water in our plants for blending into products and for cleaning and cooling equipment. All plants, not just the eight sites at risk of drought, have set water usage reduction targets for each plant and are working to reduce and reuse water usage from the perspective of the 3Rs (Reduce, Reuse, Recycle). We also recognize that we play an important role because our products which require water are used in the home. As we consider that Kao products, which use water, should consume as little water as possible (and thus water costs) while taking into consideration the convenience of consumers in countries where they are sold, including the eight locations mentioned above, and Kao continues to develop and provide water-saving products based on innovation.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Reduced direct costs

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Virtually certain (99–100%)

(3.6.1.12) Magnitude

Select from:

☑ Medium

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The Kao Group's overall water consumption in 2023 will be reduced by 18% compared to 2005. This reduction will result in annual cost savings of 390 million yen (calculated as water usage at each site x actual water costs at each site x 390 million yen per year based on the average exchange rate for 2023). If this is continued every year and is feasible, it is expected that the same amount of savings will be achieved each year.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.17) Anticipated financial effect figure in the short-term - minimum (currency)

1170000000

(3.6.1.18) Anticipated financial effect figure in the short-term – maximum (currency)

1170000000

(3.6.1.23) Explanation of financial effect figures

The company has reduced the water consumption of its direct business activities by 18% in 2023 compared to 2005, and by continuing to do so every year in the future, a short-term (three-year total) effect of JPY 1.17 billion is expected. (Calculated at JPY 390 million per year based on the amount of water used at sites x actual water costs at sites x average exchange rate in 2023; JPY 390 million/year x 3 years JPY 1.17 billion).

(3.6.1.24) Cost to realize opportunity

1200000

(3.6.1.25) Explanation of cost calculation

There are management costs associated with the activities that create and manage water usage reductions. To manage this risk, we allocate annual personnel costs (12 million/person) to 10% of our employees per year. Therefore, the cost of responding was 1.2 million yen (12 million yen/person x 10%). Additionally, there will be no additional costs for the time being.

(3.6.1.26) Strategy to realize opportunity

Kao has set a goal of reducing water usage in its direct business activities by 45% by 2030 compared to that of 2005. Additionally, we have set a milestone goal of the reduction by 43% by 2025. Each Kao plant is working on reduction activities to achieve the company-wide target set at the end of the previous fiscal year (2023 target: 42% reduction). Each plant uses water to mix products and to clean and cool equipment. To continue the stable operation of our plants and to protect the ecosystems of the watersheds in which our plants are located, we set water usage reduction targets every year and are working to reduce and reuse water usage from a 3Rs (Reduce, Reuse, Recycle) perspective. Reduce: Kao Chemicals GmbH and other plants are working to reduce water consumption by increasing the frequency of reusing water for boiler and cooling. Reuse: Rainwater is being reused for watering green spaces at Sumida Office, Kao Chemical Corporation Shanghai, Fatty Chemical (Malaysia) Sdn. Bhd., and other locations. Recycle: Many of our plants actively recover used steam and purify and reuse water used in processes. The estimated reduction amount for 2023 are greater than what Kao determines would have a significant impact. Therefore, activities to increase water efficiency in direct operations are viewed as strategic opportunities. We will continue these activities. * We define an event as having a substantial impact if it is expected to have an economic impact exceeding 1 billion yen (equivalent to approximately 0.1% of sales) within 10 years and continue for several years.*

Climate change

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp2

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

☑ Development of new products or services through R&D and innovation

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Downstream value chain

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Japan

(3.6.1.8) Organization specific description

The Hygiene and Living Care business, which accounts for 34.1% of Kao's compensation in 2023, consists of products closely related to consumers' lives, such as laundry products (laundry detergents, fabric softener, and bleaches). In Japan, Kao's main market, it is common to dry laundry outside on sunny days and indoors on rainy days. Meanwhile, Japan's fabric and home care market, which includes laundry products, grew by 2.1% year-on-year in 2023 and continues to grow and is expected to grow further in the future. Kao conducted a climate change scenario analysis in 2020 to investigate future weather changes and the potential impacts these will have on the laundry products market. The analysis results showed that if the average temperature rises by 2 degrees Celsius in Japan, the number of sunny days in summer will remain unchanged, but the temperature will rise. Such weather changes lead to changes in clothing behavior, i.e., an increase in the frequency of sweating and changing clothes, resulting in an increase in the amount of laundry and the frequency of washing. These changes in laundry habits are resulting in increased demand related to the Fabric and Home Care business, providing opportunities for increased sales for the business. Japan's fabric and home care market, which includes laundry products, is expected to grow 2.1% year-on-year in 2023 due to changes in laundry habits and is expected to continue growing in the future.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Increased revenues resulting from increased demand for products and services

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Long-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Likely (66–100%)

(3.6.1.12) Magnitude

Select from:

☑ Medium-high

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the

organization in the selected future time horizons

The Hygiene and Living Care business, which accounts for 34.1% of Kao's compensation in 2023, consists of products closely related to consumers' lives, such as laundry products (laundry detergents, fabric softener, and bleaches). In Japan, Kao's main market, it is common to dry laundry outside on sunny days and indoors on rainy days. Meanwhile, Japan's fabric and home care market, which includes laundry products, grew 2.1% year-on-year in 2023 and is expected to grow further in the future. Kao conducted a climate change scenario analysis in 2020 to investigate future weather changes and the potential impacts these will have on the laundry products market. The analysis results showed that if the average temperature rises by 2 degrees Celsius in Japan, the number of sunny days in summer will remain unchanged, but the temperature will rise. Such weather changes lead to changes in clothing behavior, i.e., an increase in the frequency of sweating and changing clothes, resulting in an increase in the amount of laundry and the frequency of washing. These changes in laundry habits are resulting in increased demand related to the Fabric and Home Care business, providing opportunities for increased sales for the business. Japan's fabric and home care market, which includes laundry products, grew 2.1% year-on-year in 2023 due to changes in laundry habits and is expected to continue growing in the future. We expect this growth to continue for some time to come.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.21) Anticipated financial effect figure in the long-term - minimum (currency)

7300000000

(3.6.1.22) Anticipated financial effect figure in the long-term – maximum (currency)

7300000000

(3.6.1.23) Explanation of financial effect figures

The Hygiene and Living Care business, which accounts for 34.1% of Kao's compensation in 2023, consists of products closely related to consumers' lives, such as laundry products (laundry detergents, finishing agents, and bleaches). In Japan, Kao's main market, it is common to dry laundry outside on sunny days and indoors on rainy days. Meanwhile, Japan's fabric and home care market, which includes laundry products, grew 2.1% year-on-year in 2023 and is expected to grow further in the future. Kao conducted a climate change scenario analysis in 2020 to investigate future weather changes and the potential impacts these will have on the laundry products market. The analysis showed that if the average temperature in Japan rises by 2 degrees Celsius, the number of sunny days in summer will not change, but the temperature will rise. Such weather changes lead to changes in clothing behavior, i.e., an increase in the frequency of sweating and changing clothes, resulting in an increase in the amount of laundry and the frequency of washing. These changes in laundry habits are resulting in increased demand related to the Fabric and Home Care business, providing opportunities for increased sales for the business. Japan's fabric and home care market, which includes laundry products, grew 2.1% year-on-year in 2023 due to changes in laundry habits and is expected to continue growing in the future. We expect this growth to continue for some time to come. Kao's

domestic fabric and home care sales in 2023 is 349.1 billion yen. Due to changes in laundry habits, the company expects sales to increase by 2.1% (7.3 billion yen). 349.1 billion yen x 2.1% 7.3 billion yen.

(3.6.1.24) Cost to realize opportunity

32600000000

(3.6.1.25) Explanation of cost calculation

In 2022, the company launched a concentrated liquid laundry detergent called "Attack ZERO Indoor Drying". It has the special ability to repel the bacteria that cause odors and darkening that occur when drying clothes indoors. At least until 2030, when temperatures will continue to rise, we will continue to develop similar technologies and seize sales opportunities in the Hygiene and Lifestyle Care business. In 2023, the company invested 32.6 billion yen in research and development and to expand production facilities in its Hygiene and Lifestyle Care business. As we believe that a similar investment will be necessary going forward, we estimate the cost to realize this opportunity to be 32.6 billion yen.

(3.6.1.26) Strategy to realize opportunity

The Hygiene and Living Care business, which accounts for 34.1% of Kao's compensation in 2023, consists of products closely related to consumers' lives, such as laundry products (laundry detergents, finishing agents, and bleaches). In Japan, Kao's main market, it is common to dry laundry outside on sunny days and indoors on rainy days. Meanwhile, Japan's fabric and home care market, which includes laundry products, grew 2.1% year-on-year in 2023 and is expected to grow further in the future. Kao conducted a climate change scenario analysis in 2020 to investigate future weather changes and the potential impacts these will have on the laundry products market. The analysis showed that if the average temperature in Japan rises by 2 degrees Celsius, the number of sunny days in summer will not change, but the temperature will rise. Such weather changes lead to changes in clothing behavior, i.e., an increase in the frequency of sweating and changing clothes, resulting in an increase in the amount of laundry and the frequency of washing. Japan's population peaked in 2004 and had been declining every year until 2020, and is expected to continue to decline in the future. Therefore, the reason for the 1.5% growth in Japan's fabric and home care market, which includes laundry products, in 2022 is likely to be due to changes in laundry habits, rather than population growth. The change in laundry habits predicted in the scenario analysis, i.e., an increase in the number of times laundry is done, creates a “business opportunity” for laundry detergent that can wash clothes in a short time. In 2022, the company launched a concentrated liquid laundry detergent called "Attack ZERO Indoor Drying". It has the special ability to repel the bacteria that cause odors and darkening that occur when drying clothes indoors. In 2023, the company invested 32.6 billion yen in research and development and expansion of production facilities for its Hygiene and Lifestyle Care business. The company continues to develop similar technologies and seize sales opportunities in the Hygiene and Lifestyle Care business at least until 2030, when temperatures will continue to rise.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp3

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Capital flow and financing

☑ Access to sustainability linked loans

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Upstream value chain

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Japan

(3.6.1.8) Organization specific description

ESG investment is attracting attention worldwide. In particular, decarbonization is an urgent issue, and we would like to see more aggressive investment in companies that are proactively addressing this challenge and promotion of efforts to decarbonize society as a whole. Kao aims to achieve sales of 2.5 trillion yen in 2030 (1.67 times of that of 2017). Therefore, it will be necessary to raise funds from the market in the future, and reducing the cost of raising funds is a challenge. In 2019, Kao formulated its ESG strategy, "Kirei Life Plan". One of the key themes is "decarbonization," and the company formulated a long-term plan to achieve zero carbon by 2040 and carbon negative by 2050. At the same time, we set targets for 2030 of a 55% reduction in Scope 12 and a 22% reduction in LC-LO2. To achieve these goals, Kao decided to undertake a company-wide carbon emissions reduction initiative. In 2023, as a result of our decarbonization activities, we reduced Scope 12 by 35% and LC-LO2 by 15%. The company also installed solar power generation facility at three locations, including Pilipinas Kao Inc. If Kao's reputation is enhanced through these activities, we can expect to be able to set the interest rate on a future issue of 50-billion-yen corporate bonds with a seven-year maturity at 0.1%, 0.3% lower than the global average of 0.4%. This will reduce Kao's fundraising costs by 1.05 billion yen. This is an important strategic opportunity.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Increased access to capital at lower/more favorable rates

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Very likely (90–100%)

(3.6.1.12) Magnitude

Select from:

☑ Medium

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

ESG investment is attracting attention worldwide. In particular, decarbonization is an urgent issue, and we would like to see more aggressive investment in companies that are proactively addressing this challenge and promotion of efforts to decarbonize society as a whole. Kao aims to achieve sales of 2.5 trillion yen in 2030 (1.67 times of that of 2017). Therefore, it will be necessary to raise funds from the market in the future, and reducing the cost of raising funds is a challenge. In 2019, Kao formulated its ESG strategy, "Kirei Life Plan". One of the key themes is "decarbonization," and the company formulated a long-term plan to achieve zero carbon by 2040 and carbon negative by 2050. At the same time, we set targets for 2030 of a 55% reduction in Scope 12 and a 22% reduction in LC-LO2. To achieve these goals, Kao decided to undertake a company-wide carbon emissions reduction initiative. In 2023, as a result of our decarbonization activities, we reduced Scope 12 by 35% and LC-LO2 by 15%. The company also installed solar power generation facility at three locations, including Pilipinas Kao Inc. If Kao's reputation is enhanced through these activities, we can expect to be able to set the interest rate on a future issue of 50-billion-yen corporate bonds with a seven-year maturity at 0.1%, 0.3% lower than the global average of 0.4%. This will reduce Kao's fundraising costs by 1.05 billion yen. This is an important strategic opportunity.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.17) Anticipated financial effect figure in the short-term - minimum (currency)

1050000000

(3.6.1.18) Anticipated financial effect figure in the short-term – maximum (currency)

1050000000

(3.6.1.23) Explanation of financial effect figures

ESG investment is attracting attention around the world. It is expected that efforts to reduce carbon emissions will lead to decarbonization of society as a whole. Kao needs to raise funds from the market to increase sales, so reducing procurement costs is a challenge. In 2019, Kao formulated its ESG strategy, the "Kirei Life Plan," and decided to work on reducing carbon emissions across the entire company (company-wide). In 2023, as a result of decarbonization activities, Kao's Scope 12 was reduced by 35% and LC-LO2 by 15%. Kao also installed solar power generation equipment. If Kao's reputation is enhanced through these activities, in the future, Kao expects to be able to set an interest rate of 0.1%, 0.3% lower than the global average interest rate of 0.4% for corporate bonds, assuming a total of 50 billion yen in corporate bonds (maturity of 7 years). This will reduce Kao's fundraising costs by 1.05 billion yen. This is a major strategic opportunity. 50 billion yen x 0.3%/year x 7 years 1.05 billion yen

(3.6.1.24) Cost to realize opportunity

1200000

(3.6.1.25) Explanation of cost calculation

Kao has been utilizing the issuance of " Sustainability-Linked Bond", whose financial and structural characteristics change according to the achievement status of activity targets for the realization of a sustainable society. For example, for the 25-billion-yen corporate bond scheduled to be issued in 2023, we have set the medium-term target for 2026, calculated from our 2030 target, as the "Sustainability Performance Target (SPT)," which determines the terms and conditions of issuance of the corporate bond. Achievement of the SPT entitles 0.1% interest rate preference. We will continue to issue such corporate bonds until 2030, and in addition to reducing CO2 emissions in our business activities, we will provide products and services that address climate change and contribute to reducing CO2 emissions in society, as well as fix carbon in the atmosphere, thereby contributing to a decarbonized society. Kao's measures did not directly result in increased costs. On the other hand, administrative costs are incurred to manage the implementation status. To manage this opportunity, 10% of the annual labor cost for one employee (12 million yen/person/year) is required each year. Therefore, the management cost is 1.2 million yen (12 million yen/person x 1 person x 10%). There will be no additional costs for the time being.

(3.6.1.26) Strategy to realize opportunity

ESG investment is attracting attention around the world. It is expected that efforts to reduce carbon emissions will lead to decarbonization of society as a whole. Kao needs to raise funds from the market to increase sales, so reducing procurement costs is a challenge. In 2019, Kao formulated its ESG strategy, the "Kirei Life Plan," and decided to work on reducing carbon emissions across the entire company (company-wide). In 2023, as a result of decarbonization activities, Kao's Scope 12 was reduced by 35% and LC-LO2 by 15%. Kao also installed solar power generation equipment. If Kao's reputation is enhanced through these activities, in the future, Kao expects to be able to set an interest rate of 0.1%, 0.3% lower than the global average interest rate of 0.4% for corporate bonds, assuming a total of 50 billion yen in corporate bonds (maturity of 7 years).

Forests

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp5

(3.6.1.2) Commodity

Select all that apply

☑ Palm oil

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

☑ Increased sales of existing products and services

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Downstream value chain

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Japan

(3.6.1.8) Organization specific description

Ethical consumption is expected to expand around the world in order to realize a sustainable society. Among Kao's businesses, the Hygiene & Living Care, Cosmetics, Health & Beauty Care, and Chemicals segments use palm oil as a raw material, accounting for 96% of total sales. Of all our businesses, we recognize that demand for certified palm oil products is highest in our Chemicals business. For example, the market for certified sustainable products in the U.S. is growing at 5% per year and is expected to continue to grow at this rate. If the RSPO and other ethical certification labels were applied to the palm derivatives business 2023 sales (257.7 billion yen), sales would increase by 5%, equivalent to 12.9 billion yen. Kao considers 1 billion yen to be a "big impact" and a full-fledged strategy to stimulate ethical consumption. Kao can respond to the new ethical market in a timely manner by seeking RSPO certified products. By the end of 2018, Kao obtained RSPO supply chain certification at a total of 35 Group factories and business sites, achieving 100% of its original plan. In 2023, the percentage of RSPO-certified palm oil (palm oil, palm kernel oil, and their derivatives) purchased was 40% of total palm oil. by 2025, the percentage of RSPO-certified palm oil (palm oil, palm kernel oil We aim to purchase 100% of RSPO-

certified palm oil (palm oil, palm kernel oil, and their derivatives) by 2025, and will increase the percentage of RSPO-certified palm oil purchased.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Increased revenues resulting from increased demand for products and services

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Likely (66–100%)

(3.6.1.12) Magnitude

Select from:

☑ Medium-high

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The market for certified sustainable products in the U.S. is growing at a rate of 5% per year, and this growth rate is expected to continue. 2023 sales will be approximately 366.1 billion yen for the Chemicals business and 257.7 billion yen for the Palm Derivatives business. If the RSPO and other ethical certification labels were applied to the palm derivatives business sales (257.7 billion yen), sales would increase by 5%, equivalent to 12.9 billion yen. Kao considers 1 billion yen to be a "big impact" and a full-fledged strategy to stimulate ethical consumption. Kao is expanding the number of RSPO-certified factories to enable RSPO-certified labeling.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.17) Anticipated financial effect figure in the short-term - minimum (currency)

12900000000

(3.6.1.18) Anticipated financial effect figure in the short-term – maximum (currency)

12900000000

(3.6.1.23) Explanation of financial effect figures

In 2023, sales of the Chemicals business will be approximately 366.1 billion yen and sales of the Palm Derivatives business will be approximately 257.7 billion yen. If the RSPO or other ethical certification labels were applied to the sales of the palm derivatives business (257.7 billion yen), sales would increase by 5%, equivalent to 12.9 billion yen. 12.9 billion yen 257.7 billion yen x 5%.

(3.6.1.24) Cost to realize opportunity

1900000000

(3.6.1.25) Explanation of cost calculation

Certified products are priced approximately 15% higher than non-certified products, resulting in a cost difference between non-certified and certified products. Therefore, 1.9 billion yen, or 15% of 12.9 billion yen, is the cost of realizing the opportunity. 1.9 billion yen 12.9 billion yen x 15%. In the Chemicals business, we sold 257.7 billion yen of products containing RSPO-certified palm oil and palm kernel oil derivatives in 2023. In 2023, RSPO-certified palm oil (palm oil, palm kernel oil, and their derivatives) accounted for 40% of total palm oil purchases, and we will increase the ratio of RSPO-certified palm oil (palm oil, palm kernel oil, and their derivatives) purchases, aiming for 100% purchases by 2025.

(3.6.1.26) Strategy to realize opportunity

In terms of the social aspect of ESG procurement, we will strive to strengthen human rights due diligence on suppliers by promoting Sedex and SMETA audits. In terms of governance, we will ensure traceability of raw materials to their origins and aim to make the supply chain visible. In particular, in the procurement of palm oil and palm kernel oil, we will ensure traceability and promote the purchase of RSPO-certified oil, as well as support small palm plantations and establish a Grievance Mechanism, In the procurement of palm oil and palm kernel oil, we are expanding our activities to solve essential issues in the supply chain, from ensuring traceability and promoting the purchase of RSPO-certified oil to supporting small-scale palm plantations, establishing a gleaning mechanism, and disclosing our forest footprint. In the procurement of palm oil and palm kernel oil, we aim to achieve zero deforestation in consideration of biodiversity conservation. In addition, we aim to have all palm oil used by the Kao Group be RSPO certified by 2025, and to complete traceability confirmation to palm plantations by 2025. In the procurement of paper and pulp, we aim to achieve zero deforestation in consideration of the preservation of biodiversity, and to have 100% of paper products and pulp used for household products be certified by 2025. We will also continue to confirm traceability to the origin.

[Add row]

(3.6.2) Provide the amount and proportion of your financial metrics in the reporting year that are aligned with the substantive effects of environmental opportunities.

Climate change

(3.6.2.1) Financial metric

Select from:
☑ OPEX

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

45000000000

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

Select from:
☑ 1-10%

(3.6.2.4) Explanation of financial figures

In 2023, in order to further accelerate the promotion of ESG activities, we have launched two sustainability-linked fundraising. The first is a sustainability-linked loan that started in March 2023 and borrowed 20 billion yen. The interest rate of this loan fluctuates based on the achievement of the Sustainability Performance Targets, and the low interest condition is to obtain two or more "A" ratings out of three CDP ratings. The other is a sustainability-linked bond issued in June 2023, which is a 25 billion yen corporate bond. The bond's sustainability performance target is to reduce CO2 emissions (Scope 12) by 39% (compared to FY2017) by FY2026. Through this funding, we will promote business activities that create opportunities and avoid risks associated with climate change.

Forests

(3.6.2.1) Financial metric

Select from:

☑ OPEX

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

3600000

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

Select from:

☑ Less than 1%

(3.6.2.4) Explanation of financial figures

Palm is the most important natural resource for Kao, and we are promoting activities for sustainable palm oil procurement. As part of our efforts to understand and improve risks in the supply chain, we will ensure traceability to plantations and promote a switch to 100% RSPO-certified oil. Furthermore, we will support small-scale palm plantations and introduce a grievance mechanism targeting small-scale palm plantations in order to resolve the essence of the issues. Achievements in 2023 were as follows Confirmation of traceability to the plantation: 87%. Procurement of certified oil: RSPO-certified oil as a percentage of total palm oil: 40 Support for small-scale palm plantations: 839 plantations RSPO certified Introduction of the Grievance Mechanism: Operational from September 2022 Administrative costs are incurred annually, and costs are calculated from labor costs equivalent to 10% of three employees each year (3.6 million yen 12 million yen/person x 10% x 3 employees). No additional costs will be incurred in the foreseeable future.

Water

(3.6.2.1) Financial metric

Select from:

☑ Revenue

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

390000000

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

Select from:

☑ Less than 1%

(3.6.2.4) Explanation of financial figures

In fiscal 2023, our Hygiene & Living Care, Health & Beauty Care, Cosmetics, and Life Care businesses, which engage in water-intensive products, generated revenues of 1 trilion and 210.8 billion yen. The increase in revenue due to water reduction in fiscal 2023 is 390 million yen, an increase of 0.03%.
[Add row]

C4. Governance

(4.1) Does your organization have a board of directors or an equivalent governing body?

(4.1.1) Board of directors or equivalent governing body

Select from:

☑ Yes

(4.1.2) Frequency with which the board or equivalent meets

Select from:

☑ More frequently than quarterly

(4.1.3) Types of directors your board or equivalent is comprised of

Select all that apply

☑ Executive directors or equivalent

(4.1.4) Board diversity and inclusion policy

Select from:

☑ Yes, and it is publicly available

(4.1.5) Briefly describe what the policy covers

Our Board of Directors will delegate significant authority to executive officers while further strengthening its monitoring function in order to encourage management to take appropriate risks and make swift and decisive decisions. Additionally, we recognize that it is the responsibility of the Board of Directors to consolidate internal control systems, including risk and crisis management systems, and will establish and operate these systems appropriately. At the Board of Directors meetings (attended by Directors and Audit & Supervisory Board Members), directors indicate the overall direction of the management strategy, etc., and Directors and Audit & Supervisory Board Members objectively and from various perspectives deliberate on the appropriateness of the strategy and the risks involved in its implementation, and properly supervise and audit the status of execution. In order to realize the above, we believe it is important that people from inside and outside the company with diverse knowledge, experience, abilities, etc. share opinions from various perspectives and engage in constructive discussions. Company's Board of Directors is highly effective as a whole, with internal and external Directors and Corporate Auditors complementing each other with their knowledge, experience, and expertise to oversee that

management is conducting business operations transparently, fairly, promptly, and decisively in accordance with the above strategies.
[Fixed row]

(4.1.1) Is there board-level oversight of environmental issues within your organization?

	Board-level oversight of this environmental issue
Climate change	*Select from:* ☑ Yes
Forests	*Select from:* ☑ Yes
Water	*Select from:* ☑ Yes

[Fixed row]

(4.1.2) Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Climate change

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply
☑ Chief Executive Officer (CEO)

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☑ Board mandate

☑ Individual role descriptions

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☑ Scheduled agenda item in every board meeting (standing agenda item)

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☑ Overseeing and guiding scenario analysis

☑ Overseeing the setting of corporate targets

☑ Monitoring progress towards corporate targets

☑ Overseeing and guiding public policy engagement

☑ Approving and/or overseeing employee incentives

☑ Overseeing and guiding the development of a climate transition plan

☑ Overseeing and guiding major capital expenditures

☑ Overseeing reporting, audit, and verification processes

☑ Monitoring the implementation of a climate transition plan

☑ Overseeing and guiding the development of a business strategy

☑ Overseeing and guiding acquisitions, mergers, and divestitures

☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities

(4.1.2.7) Please explain

The ESG Committee is chaired by the President & CEO and its members include the Senior Managing Executive Officer, Managing Executive Officer, etc. The Committee promotes the Kirei Lifestyle Plan (KLP) by formulating policies and strategies for ESG activities, making investment decisions, identifying issues, risks and opportunities, and checking the status of activities. In 2023, the ESG Committee met six times. Under the supervision of the Board of Directors, the Internal Control Committee manages risks related to climate change issues, while the ESG Committee manages opportunities. Both committees are chaired by the President and Chief Executive Officer. Under the supervision of the Internal Control Committee, there are two committees: the Responsible Care Committee, which manages policy, regulatory, and technology risks, and the Risk and Crisis Management Committee, which manages market, reputation, and acute risks. The Responsible Care Committee meets twice a year to report and discuss the status of regulatory compliance and CO2 emissions reduction, and to set targets for the following year. Opportunity management on climate change issues is conducted by the ESG Committee, which meets six times a year. The committee members are responsible for business, sales, R&D, SCM, etc., and the committee is operated in tandem with the business. The committee and its subordinate organization, the ESG Promotion

Council, discuss environmental issues, including climate change, as well as social and governance issues. The Committee reports on its activities to the Board of Directors at least once a year and is supervised by the Board of Directors.

Forests

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☑ Chief Executive Officer (CEO)

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☑ Board mandate

☑ Individual role descriptions

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☑ Scheduled agenda item in every board meeting (standing agenda item)

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☑ Overseeing and guiding scenario analysis

☑ Overseeing the setting of corporate targets

☑ Monitoring progress towards corporate targets

☑ Overseeing and guiding public policy engagement

☑ Approving and/or overseeing employee incentives

☑ Overseeing and guiding major capital expenditures

☑ Overseeing and guiding the development of a business strategy

☑ Overseeing and guiding acquisitions, mergers, and divestitures

☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities

(4.1.2.7) Please explain

Because forest risk products are closely related to Kao's business, they require monitoring as a management issue and are under the supervision of the Board of Directors. the ESG Management Committee is responsible for ensuring compliance with Kao's policy on forest issues. It then studies and evaluates social trends and other issues related to forest-related goals, and reviews them as necessary. The Internal Control Committee is responsible for achieving the goals related to forest issues. One of its subcommittees, the Responsible Care Committee, reviews the achievement of forest-related goals on an annual basis. These two committees are under the Board of Directors. Both committees are chaired by the CEO. In 2023, the CEO approved maintaining goals such as 100% RSPO certified oil purchase rate and palm oil traceability to all small plantations by 2025. Review and guidance on corporate responsibility strategies; - Key action plans; - Strategies; and - Performance goal setting:. The functions of these four governance mechanisms are covered by the ESG Management Committee (Chairman and CEO), which meets six times a year at Kao. The content is overseen by the Board of Directors, which deliberated six times in 2023. -Acquisitions and divestitures; -Major capital expenditures, employee incentive offerings; -Annual budget review and guidance; -Review of business plans, innovation/ R&D priorities:. Of these six governance structures, the function of integrating issues related to forestry is covered by the Executive Committee (Chairman and CEO), which meets monthly at Kao. The content is overseen by the Board of Directors and was discussed at least six times in 2023. Implementation and performance monitoring, risk management policy review and guidance:. The functions of these two governance structures, which integrate forest-related issues, are covered by two subcommittees of the Internal Control Committee (Chairman and CEO), which meets multiple times at Kao. The content is supervised by the Board of Directors and was discussed twice in 2023.

Water

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☑ Chief Executive Officer (CEO)

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☑ Yes

(4.1.2.3) Policies which outline the positions' accountability for this environmental issue

Select all that apply

☑ Board mandate
☑ Individual role descriptions

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:
☑ Scheduled agenda item in every board meeting (standing agenda item)

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply
☑ Overseeing and guiding scenario analysis
☑ Overseeing the setting of corporate targets
☑ Monitoring progress towards corporate targets
☑ Overseeing and guiding public policy engagement
☑ Approving and/or overseeing employee incentives
☑ Overseeing and guiding major capital expenditures
☑ Overseeing and guiding the development of a business strategy
☑ Overseeing and guiding acquisitions, mergers, and divestitures
☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities

(4.1.2.7) Please explain

Water-related risks are managed by the RC Committee and the Risk and Crisis Committee, which are under the Internal Control Committee (chaired by the CEO). For each identified risk, a person (an executive officer) is assigned to address it. The person in charge will plan and implement countermeasures and report the status of the countermeasures to the Committee. Water opportunities are managed by the ESG Management Committee. A person in charge (executive officer) shall be appointed for each identified opportunity. The person in charge will formulate and execute the implementation of the KPIs and the overall promotion plan, and the committee will report on the progress. The CEO will chair the committee. The activities of the above committees are overseen by the Board of Directors. Therefore, all responsibility and authority regarding water issues at Kao rests with the CEO. Example: In 2023, the Board of Directors decided that there was no need to revisit the water target of "reducing water usage across the entire life cycle by 10% per unit of sales (base year: 2017)" as the target was on track and achieving it would contribute to avoiding water risks in society. Therefore, the CEO has full responsibility and authority for Kao to comply with water-related laws and regulations and to set and achieve water reduction targets.
[Fixed row]

(4.2) Does your organization’s board have competency on environmental issues?

Climate change

(4.2.1) Board-level competency on this environmental issue

Select from:

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply

☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Engaging regularly with external stakeholders and experts on environmental issues

☑ Integrating knowledge of environmental issues into board nominating process

☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)

☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Experience

☑ Executive-level experience in a role focused on environmental issues

Forests

(4.2.1) Board-level competency on this environmental issue

Select from:

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply

☑ Consulting regularly with an internal, permanent, subject-expert working group
☑ Engaging regularly with external stakeholders and experts on environmental issues
☑ Integrating knowledge of environmental issues into board nominating process
☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)
☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Experience
☑ Executive-level experience in a role focused on environmental issues

Water

(4.2.1) Board-level competency on this environmental issue

Select from:
☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply
☑ Consulting regularly with an internal, permanent, subject-expert working group
☑ Engaging regularly with external stakeholders and experts on environmental issues
☑ Integrating knowledge of environmental issues into board nominating process
☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)
☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Experience
☑ Executive-level experience in a role focused on environmental issues

[Fixed row]

(4.3) Is there management-level responsibility for environmental issues within your organization?

	Management-level responsibility for this environmental issue
Climate change	*Select from:* ☑ Yes
Forests	*Select from:* ☑ Yes
Water	*Select from:* ☑ Yes

[Fixed row]

(4.3.1) Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Executive Officer (CEO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

Policies, commitments, and targets

☑ Measuring progress towards environmental corporate targets

☑ Setting corporate environmental targets

Strategy and financial planning

☑ Developing a climate transition plan

☑ Implementing a climate transition plan

☑ Conducting environmental scenario analysis

☑ Implementing the business strategy related to environmental issues

☑ Managing environmental reporting, audit, and verification processes

☑ Managing acquisitions, mergers, and divestitures related to environmental issues

☑ Managing major capital and/or operational expenditures relating to environmental issues

Other

☑ Providing employee incentives related to environmental performance

(4.3.1.4) Reporting line

Select from:

☑ Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

The Company has established an Internal Control Committee (ICC) under the Board of Directors. The Risk and Crisis Management Committee (RCMC) under the ICC and the Responsible Care Promotion Committee (RCPC), also under the ICC, manage the relevant risks, while the ESG Committee under the Board manages the relevant opportunities. The CEO is the Chair of the RCMC and the RCPC. Under the direction of the CEO, these committees will report to the Board of Directors at least annually on their objectives, plans and performance on relevant issues, as well as proposed amendments to their plans as necessary. This means that relevant issues will be reported to the Board at least four times a year. RCMC has established a risk management system and operational plans, and RCPC ensures that the plans are properly implemented in each division, subsidiary and affiliate company. The ESG Committee is responsible for determining the direction of our activities and promoting them. The CEO is responsible for the risk management system developed by the RCMC and its operational planning and implementation (checked by the RCPC).

Forests

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Executive Officer (CEO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

Policies, commitments, and targets

☑ Measuring progress towards environmental corporate targets

☑ Setting corporate environmental targets

Strategy and financial planning

☑ Conducting environmental scenario analysis

☑ Implementing the business strategy related to environmental issues

☑ Managing acquisitions, mergers, and divestitures related to environmental issues

☑ Managing major capital and/or operational expenditures relating to environmental issues

Other

☑ Providing employee incentives related to environmental performance

(4.3.1.4) Reporting line

Select from:

☑ Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

The Company has established an Internal Control Committee (ICC) under the Board of Directors. The Risk and Crisis Management Committee (RCMC) under the ICC and the Responsible Care Promotion Committee (RCPC), also under the ICC, manage the relevant risks, while the ESG Committee under the Board manages the relevant opportunities. The CEO is the Chair of the RCMC and the RCPC. Under the direction of the CEO, these committees will report to the Board of Directors at least annually on their objectives, plans and performance on relevant issues, as well as proposed amendments to their plans as necessary. This means that relevant issues will be reported to the Board at least four times a year. RCMC has established a risk management system and operational plans, and RCPC ensures that the plans are properly implemented in each division, subsidiary and affiliate company. The ESG Committee is responsible for determining the direction of our activities and promoting them. The CEO is responsible for the risk management system developed by the RCMC and its operational planning and implementation (checked by the RCPC).

Water

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ Chief Executive Officer (CEO)

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

Engagement

☑ Managing public policy engagement related to environmental issues

☑ Managing value chain engagement related to environmental issues

Policies, commitments, and targets

☑ Measuring progress towards environmental corporate targets

☑ Setting corporate environmental targets

Strategy and financial planning

☑ Conducting environmental scenario analysis

☑ Implementing the business strategy related to environmental issues

☑ Managing acquisitions, mergers, and divestitures related to environmental issues

☑ Managing major capital and/or operational expenditures relating to environmental issues

Other

☑ Providing employee incentives related to environmental performance

(4.3.1.4) Reporting line

Select from:

☑ Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ More frequently than quarterly

(4.3.1.6) Please explain

The Company has established an Internal Control Committee (ICC) under the Board of Directors. The Risk and Crisis Management Committee (RCMC) under the ICC and the Responsible Care Promotion Committee (RCPC), also under the ICC, manage the relevant risks, while the ESG Committee under the Board manages the

relevant opportunities. The CEO is the Chair of the RCMC and the RCPC. Under the direction of the CEO, these committees will report to the Board of Directors at least annually on their objectives, plans and performance on relevant issues, as well as proposed amendments to their plans as necessary. This means that relevant issues will be reported to the Board at least four times a year. RCMC has established a risk management system and operational plans, and RCPC ensures that the plans are properly implemented in each division, subsidiary and affiliate company. The ESG Committee is responsible for determining the direction of our activities and promoting them. The CEO is responsible for the risk management system developed by the RCMC and its operational planning and implementation (checked by the RCPC).
[Add row]

(4.5) Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

Climate change

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:
☑ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

11

(4.5.3) Please explain

The incorporation of ESG-related KPIs into compensation policy will be discussed by the Director and Executive Officer Compensation Advisory Committee and resolved by the Board of Directors. The long-term incentive compensation included in the compensation for directors and executive officers (approximately 30-50% of the basic compensation for each position) includes an ESG performance evaluation that measures the progress of ESG management. The "value index" is weighted at 40%, and payment rates are determined based on evaluations using external indicators and the degree of achievement of internal company goals, etc. The total compensation for the Representative Director in charge of ESG in 2023 was 159 million yen, and the long-term incentive compensation was 17 million yen.*

Forests

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:

☑ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

11

(4.5.3) Please explain

The incorporation of ESG-related KPIs into compensation policy will be discussed by the Director and Executive Officer Compensation Advisory Committee and resolved by the Board of Directors. The long-term incentive compensation included in the compensation for directors and executive officers (approximately 30-50% of the basic compensation for each position) includes an ESG performance evaluation that measures the progress of ESG management. The "value index" is weighted at 40%, and payment rates are determined based on evaluations using external indicators and the degree of achievement of internal company goals, etc. The total compensation for the Representative Director in charge of ESG in 2023 was 159 million yen, and the long-term incentive compensation was 17 million yen.*

Water

(4.5.1) Provision of monetary incentives related to this environmental issue

Select from:
☑ Yes

(4.5.2) % of total C-suite and board-level monetary incentives linked to the management of this environmental issue

11

(4.5.3) Please explain

The incorporation of ESG-related KPIs into compensation policy will be discussed by the Director and Executive Officer Compensation Advisory Committee and resolved by the Board of Directors. The long-term incentive compensation included in the compensation for directors and executive officers (approximately 30-50% of the basic compensation for each position) includes an ESG performance evaluation that measures the progress of ESG management. The "value index" is weighted at 40%, and payment rates are determined based on evaluations using external indicators and the degree of achievement of internal company goals, etc. The total compensation for the Representative Director in charge of ESG in 2023 was 159 million yen, and the long-term incentive compensation was 17 million yen.*
[Fixed row]

(4.5.1) Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Climate change

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ Chief Executive Officer (CEO)

(4.5.1.2) Incentives

Select all that apply

☑ Bonus - % of salary

(4.5.1.3) Performance metrics

Targets

☑ Progress towards environmental targets

Strategy and financial planning

☑ Achievement of climate transition plan

Emission reduction

☑ Reduction in absolute emissions

Resource use and efficiency

☑ Reduction in total energy consumption

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

☑ Long-Term Incentive Plan, or equivalent, only (e.g. contractual multi-year bonus)

(4.5.1.5) Further details of incentives

The Compensation Advisory Committee for Directors and Executive Officers deliberates on the reflection of ESG-related KPIs in the compensation policy, which is then approved by the Board of Directors. Long-term incentive compensation (approximately 30-50% of base compensation for each position) included in the compensation for directors and executive officers is weighted 40% based on the "ESG Strength Evaluation Index," which measures the degree of promotion of ESG management, and the payment rate is determined based on the evaluation by external indicators and the degree of achievement of internal targets.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Kao has set a target of reducing lifecycle water usage per unit of sales by 10% (base year: 2017) by 2030, and is managing progress toward this goal. This target has been set as a KPI in Kao's ESG strategy, "Kirei Lifestyle," and progress towards this KPI has been set as an important indicator of progress towards the ESG strategy, and is therefore linked to incentive compensation.

Forests

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ Chief Executive Officer (CEO)

(4.5.1.2) Incentives

Select all that apply

☑ Bonus - % of salary

(4.5.1.3) Performance metrics

Resource use and efficiency

☑ Eliminating deforestation and conversion of other natural ecosystems in direct operations and/or other parts of the value chain

☑ Improvements in commodity volume data collection, reporting and third-party verification/certification

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

☑ Long-Term Incentive Plan, or equivalent, only (e.g. contractual multi-year bonus)

(4.5.1.5) Further details of incentives

The Compensation Advisory Committee for Directors and Executive Officers deliberates on the reflection of ESG-related KPIs in the compensation policy, which is then approved by the Board of Directors. Long-term incentive compensation (approximately 30-50% of base compensation for each position) included in the compensation for directors and executive officers is weighted 40% based on the "ESG Strength Evaluation Index," which measures the degree of promotion of ESG management, and the payment rate is determined based on the evaluation by external indicators and the degree of achievement of internal targets.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Kao aims to increase the ratio of certified paper products and pulp used in household products to 100% and the traceability to small palm plantations to 100% by 2025. 2023, the ratio of certified paper products and pulp used in household products to 98% and the traceability to small palm plantations to to 87% confirmed traceability to the plantation. These goals are set as KPIs in Kao's ESG strategy, "Kirei Lifestyle," and progress on KPIs is set as a key indicator of progress in ESG strategy. By tying these ambitious goals to incentives, we are encouraging more daring risk-taking.

Water

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ Chief Executive Officer (CEO)

(4.5.1.2) Incentives

Select all that apply

☑ Bonus - % of salary

(4.5.1.3) Performance metrics

Targets

☑ Progress towards environmental targets

☑ Achievement of environmental targets

Resource use and efficiency

☑ Reduction of water withdrawals – direct operations

☑ Reduction in water consumption volumes – direct operations

☑ Improvements in water efficiency – downstream value chain (excluding direct operations)

Pollution

☑ Improvements in wastewater quality – direct operations

☑ Reduction or phase out of hazardous substances

☑ Increase in substitution of listed environmental contaminants

Engagement

☑ Increased engagement with suppliers on environmental issues

☑ Increased engagement with customers on environmental issues

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

☑ Long-Term Incentive Plan, or equivalent, only (e.g. contractual multi-year bonus)

(4.5.1.5) Further details of incentives

Kao's directors and officers may receive long-term incentive compensation based on ESG strength metrics. This includes the performance of water-related activities. The ESG strength evaluation index is determined by evaluation of external indicators such as DJSI, CDP, climate change, water security, and forestry, as well as the degree of achievement of targets such as "10% reduction in full life cycle water usage per unit of sales (base year: 2017)." Long-term incentive compensation will be paid at 0-40% of base compensation depending on results. Kao's Chief Procurement Officer (CPO) will also be eligible to receive long-term incentive compensation based on ESG strength indicators. This includes the performance of water-related activities. Kao's Chief Procurement Officer (CPO) is eligible to receive long-term incentive compensation based on indicators of ESG strength, including the performance of water-related activities. The assessment of ESG strength indicators is determined by external indicators such as DJSI, CDP, climate change, water security, and forestry, as well as the achievement of targets such as "a 10% reduction in lifecycle water usage per unit of sales (base year: 2017)." CPOs are also eligible to receive short-term incentive compensation based on their individual performance related to the stable procurement of raw materials, such as reducing water withdrawals and consumption in the supply chain, improving water efficiency and wastewater

improvements, and supplier engagement. Short-term incentive compensation individual performance may range from 0 to 25% of base compensation depending on performance.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Kao has set a target of reducing lifecycle water usage per unit of sales by 10% (base year: 2017) by 2030, and is managing progress toward this goal. This target has been set as a KPI in Kao's ESG strategy, "Kirei Lifestyle," and progress towards this KPI has been set as an important indicator of progress towards the ESG strategy, and is therefore linked to incentive compensation.

Climate change

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ Chief Sustainability Officer (CSO)

(4.5.1.2) Incentives

Select all that apply

☑ Bonus - % of salary

(4.5.1.3) Performance metrics

Targets

☑ Progress towards environmental targets

Strategy and financial planning

☑ Achievement of climate transition plan

Emission reduction

☑ Reduction in absolute emissions

Resource use and efficiency

☑ Reduction in total energy consumption

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

☑ Long-Term Incentive Plan, or equivalent, only (e.g. contractual multi-year bonus)

(4.5.1.5) Further details of incentives

The Compensation Advisory Committee for Directors and Executive Officers deliberates on the reflection of ESG-related KPIs in the compensation policy, which is then approved by the Board of Directors. Long-term incentive compensation (approximately 30-50% of base compensation for each position) included in the compensation for directors and executive officers is weighted 40% based on the "ESG Strength Evaluation Index," which measures the degree of promotion of ESG management, and the payment rate is determined based on the evaluation by external indicators and the degree of achievement of internal targets.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Kao has set a target of reducing lifecycle water usage per unit of sales by 10% (base year: 2017) by 2030, and is managing progress toward this goal. This target has been set as a KPI in Kao's ESG strategy, "Kirei Lifestyle," and progress towards this KPI has been set as an important indicator of progress towards the ESG strategy, and is therefore linked to incentive compensation.
[Add row]

(4.6) Does your organization have an environmental policy that addresses environmental issues?

	Does your organization have any environmental policies?
	Select from: ☑ Yes

[Fixed row]

(4.6.1) Provide details of your environmental policies.

Row 1

(4.6.1.1) Environmental issues covered

Select all that apply

☑ Climate change

(4.6.1.2) Level of coverage

Select from:

☑ Organization-wide

(4.6.1.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

☑ Downstream value chain

(4.6.1.4) Explain the coverage

Kao aims to reduce Scope 12 CO2 emissions (absolute amount) at all Kao Group sites by 55% by 2030 (base year 2017) and to convert 100% of electricity used to renewable electricity by 2030. In addition, we aim to achieve carbon zero in 2040 and carbon negative in 2050 by reducing CO2 emissions (absolute amount) in the product life cycle (CO2 emissions from raw material procurement, manufacturing, transportation, use, and disposal) by 22% by 2030 (base year: 2017).

(4.6.1.5) Environmental policy content

Environmental commitments

☑ Commitment to stakeholder engagement and capacity building on environmental issues

Climate-specific commitments

☑ Commitment to 100% renewable energy

☑ Commitment to net-zero emissions

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

Select all that apply

☑ Yes, in line with the Paris Agreement

(4.6.1.7) Public availability

Select from:

☑ Publicly available

(4.6.1.8) Attach the policy

4.6.1_Climate.pdf

Row 2

(4.6.1.1) Environmental issues covered

Select all that apply

☑ Water

(4.6.1.2) Level of coverage

Select from:

☑ Organization-wide

(4.6.1.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

☑ Downstream value chain

(4.6.1.4) Explain the coverage

Policies on 'water and the environment' are included in the following six policies: All policies apply across the Kao Group. Kirei Lifestyle Plan as an ESG Strategy Corporate Water Goals and Objectives - Commitment to alignment with public policy initiatives such as the SDGs We aim to reduce water withdrawals from our direct operations by 1% each year. Environmental Statement - Water-related innovation initiatives Environmentally Friendly Design Guidelines - Water management and/or joint action initiative Responsible Care Policy - Going beyond legal compliance ・The company is committed to reducing its environmental impact through the effective use of resources such as water and raw materials, the promotion of resource recycling by reducing, reusing and recycling plastics and other waste materials, and the proper treatment of waste water and gases. Purchasing Guidelines - Explanation of water-related procurement standards - Reference to international standards and recognized water initiatives - In our partnership requirements with our suppliers, we require them to implement voluntary management measures, such as water conservation and efficient water use. Human Rights Policy - Recognition of the human right to water and sanitation: Kao provides a safe and comfortable working environment. Policy for promoting responsible chemical management - Minimize environmental impact throughout the product lifecycle

(4.6.1.5) Environmental policy content

Environmental commitments

☑ Commitment to comply with regulations and mandatory standards

☑ Commitment to stakeholder engagement and capacity building on environmental issues

Water-specific commitments

☑ Commitment to reduce or phase out hazardous substances

☑ Commitment to control/reduce/eliminate water pollution

☑ Commitment to reduce water consumption volumes

☑ Commitment to reduce water withdrawal volumes

☑ Commitment to safely managed WASH in local communities

Social commitments

☑ Adoption of the UN International Labour Organization principles

☑ Commitment to respect internationally recognized human rights

Additional references/Descriptions

☑ Acknowledgement of the human right to water and sanitation

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

Select all that apply

☑ Yes, in line with the Kunming-Montreal Global Biodiversity Framework

☑ Yes, in line with Sustainable Development Goal 6 on Clean Water and Sanitation

(4.6.1.7) Public availability

Select from:

☑ Publicly available

(4.6.1.8) Attach the policy

Kao_policy2024full_final.pdf

Row 3

(4.6.1.1) Environmental issues covered

Select all that apply

☑ Forests

(4.6.1.2) Level of coverage

Select from:

☑ Organization-wide

(4.6.1.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

(4.6.1.4) Explain the coverage

Kao recognizes that our business depends on natural capital, and we are committed to sustainable procurement of natural resources. In particular, palm oil, a key raw material for surfactants, as well as paper and pulp used for packaging materials and diapers, are positioned as Kao's most important natural resources.

(4.6.1.5) Environmental policy content

Environmental commitments

☑ Commitment to comply with regulations and mandatory standards

☑ Commitment to stakeholder engagement and capacity building on environmental issues

Forests-specific commitments

☑ Commitment to best management practices for soils and peat

☑ Commitment to conduct or support restoration and/or compensation to remedy for past deforestation or conversion

☑ Commitment to facilitate the inclusion of smallholders into the value chain

☑ Commitment to no-deforestation by target date, please specify :We support the principles of NDPE Policy*1 and commit deforestation free by 2025.

☑ Commitment to the use of the High Conservation Value (HCV) approach

Social commitments

☑ Adoption of the UN International Labour Organization principles

☑ Commitment to respect and protect the customary rights to land, resources, and territory of Indigenous Peoples and Local Communities

☑ Commitment to respect internationally recognized human rights

☑ Commitment to secure Free, Prior, and Informed Consent (FPIC) of indigenous people and local communities

Additional references/Descriptions

☑ Reference to timebound environmental milestones and targets

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

Select all that apply

☑ Yes, in line with the Kunming-Montreal Global Biodiversity Framework

(4.6.1.7) Public availability

Select from:

☑ Publicly available

(4.6.1.8) Attach the policy

4.6.1_Forest.pdf
[Add row]

(4.10) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

(4.10.1) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Select from:
☑ Yes

(4.10.2) Collaborative framework or initiative

Select all that apply
☑ RE100
☑ UN Global Compact
☑ Japan Climate Initiative (JCI)
☑ Japan Climate Leaders' Partnership (JCLP)
☑ Roundtable on Sustainable Palm Oil (RSPO)
☑ Science-Based Targets Initiative (SBTi)
☑ Task Force on Nature-related Financial Disclosures (TNFD)
☑ Task Force on Climate-related Financial Disclosures (TCFD)

(4.10.3) Describe your organization's role within each framework or initiative

Kao believes that dialogue with investors and other stakeholders is an important activity for the sustainable growth of the planet and companies, and therefore endorsed the TCFD in March 2019. Kao is proactively disclosing information on climate change in order to promote dialogue with investors and other stakeholders. The Kao Group has set a goal of reducing energy consumption at all its sites by 1% each year since 2013. GHG emissions (Scope 1 2) for all sites are set to be -55% (absolute amount: compared to 2017), in line with the SBT 1.5C target, and the product lifecycle GHG emissions (Scope 1 2 3) target is -22% (absolute amount: compared to 2017), in line with the SBT 2C target. Both are endorsed by the SBT initiative. In addition, in June 2021, we joined RE100 and set the goal of shifting 100% of electricity purchased at all Kao Group sites to renewable sources by 2025 and 100% of electricity used at all Kao Group sites to renewable sources by 2030.
[Fixed row]

(4.11) In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

(4.11.1) External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

Select all that apply

☑ Yes, we engaged directly with policy makers

☑ Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation

(4.11.2) Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

Select from:

☑ Yes, we have a public commitment or position statement in line with global environmental treaties or policy goals

(4.11.3) Global environmental treaties or policy goals in line with public commitment or position statement

Select all that apply

☑ Paris Agreement

☑ Kunming-Montreal Global Biodiversity Framework

☑ Sustainable Development Goal 6 on Clean Water and Sanitation

(4.11.4) Attach commitment or position statement

4.11.pdf

(4.11.5) Indicate whether your organization is registered on a transparency register

Select from:

☑ No

(4.11.8) Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

In Japan, the person in charge of the environmental department checks the policymaker's and trade association's site site multiple times a year. If there are changes to

policies, laws or regulations and the changes are important, they would be deliberated by the ESG Management Committee. At locations outside of Japan, local environmental department personnel get information from the policymaker's site. If there are changes in policies, laws or regulations and the changes are important, contact the HQ Japan and the ESG Management Committee would discuss them.
[Fixed row]

(4.11.1) On what policies, laws, or regulations that may (positively or negatively) impact the environment has your organization been engaging directly with policy makers in the reporting year?

Row 1

(4.11.1.1) Specify the policy, law, or regulation on which your organization is engaging with policy makers

From March 2022, the "Nature Positive Economy Transition Strategy" was discussed at the Nature Positive Economy Study Group established by the Ministry of the Environment and announced jointly by the four ministries of the Ministry of the Environment, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure and Transport.

(4.11.1.2) Environmental issues the policy, law, or regulation relates to

Select all that apply
☑ Climate change
☑ Forests

(4.11.1.3) Focus area of policy, law, or regulation that may impact the environment

Environmental protection and management procedures
☑ Forest management plans

(4.11.1.4) Geographic coverage of policy, law, or regulation

Select from:
☑ National

(4.11.1.5) Country/area/region the policy, law, or regulation applies to

Select all that apply

☑ Japan

(4.11.1.6) Your organization’s position on the policy, law, or regulation

Select from:

☑ Support with no exceptions

(4.11.1.8) Type of direct engagement with policy makers on this policy, law, or regulation

Select all that apply

☑ Regular meetings

(4.11.1.9) Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)

0

(4.11.1.10) Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

Kao's corporate philosophy, the Kao Way, defines its purpose as realizing a prosperous, harmonious world. From the perspective of biodiversity, we believe that symbiosis means minimizing dependence on and impact on nature without exceeding nature's capacity for production and regeneration, and maximizing value for people, society, and the planet. Kao has set targets for its main raw materials, palm oil, paper and pulp, including verifying zero deforestation at the source and ensuring traceability. To achieve these targets, it is promoting specific activities such as mapping deforestation risks and investigating factories determined to be high risk. Our goal is to complete traceability verification up to major plantations in 2020, and to complete traceability verification down to small palm farms by 2025. The TNFD recommends the disclosure of "amount of wastewater discharged into the environment" and "concentration of major pollutants in wastewater" as disclosure indicators related to "wastewater (wastewater pollution)." At Kao, we not only comply with laws and regulations but also have established management standards that are stricter than regulatory values to manage wastewater discharged into the environment at each of our business sites. The number of leaks at all production sites in 2023 was zero. Kao also collects data on water withdrawal volumes at each of its sites. The KLP "Water Conservation" initiative targets a 45% reduction (per unit of sales) compared to 2005 levels by 2030 for all Kao Group sites, and a 10% reduction (per unit of sales) across the entire product lifecycle compared to 2017 levels.

(4.11.1.11) Indicate if you have evaluated whether your organization’s engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

Select from:

☑ Yes, we have evaluated, and it is aligned

(4.11.1.12) Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

Select all that apply

☑ Paris Agreement

☑ Kunming-Montreal Global Biodiversity Framework

Row 2

(4.11.1.1) Specify the policy, law, or regulation on which your organization is engaging with policy makers

Since March 2022, Kao has participated in discussions at the Nature Positive Economy Study Group set up by the Ministry of the Environment, which has now compiled the Nature Positive Economy Transition Strategy, jointly signed by four ministries: the Ministry of the Environment, the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Economy, Trade and Industry and the Ministry of Land, Infrastructure and Transport.

(4.11.1.2) Environmental issues the policy, law, or regulation relates to

Select all that apply

☑ Water

(4.11.1.3) Focus area of policy, law, or regulation that may impact the environment

Environmental impacts and pressures

☑ Water pollution

(4.11.1.4) Geographic coverage of policy, law, or regulation

Select from:

☑ National

(4.11.1.5) Country/area/region the policy, law, or regulation applies to

Select all that apply

☑ Japan

(4.11.1.6) Your organization’s position on the policy, law, or regulation

Select from:

☑ Support with no exceptions

(4.11.1.8) Type of direct engagement with policy makers on this policy, law, or regulation

Select all that apply

☑ Regular meetings

(4.11.1.9) Funding figure your organization provided to policy makers in the reporting year relevant to this policy, law, or regulation (currency)

0

(4.11.1.10) Explain the relevance of this policy, law, or regulation to the achievement of your environmental commitments and/or transition plan, how this has informed your engagement, and how you measure the success of your engagement

Kao's corporate philosophy, the Kao Way, defines its purpose as realizing a prosperous, harmonious world. From the perspective of biodiversity, we believe that symbiosis means minimizing dependence on and impact on nature without exceeding nature's capacity for production and regeneration, and maximizing value for people, society, and the planet. The TNFD recommends the disclosure of "amount of wastewater discharged into the environment" and "concentration of major pollutants in wastewater" as disclosure indicators related to "wastewater (wastewater pollution)." At Kao, we not only comply with laws and regulations but also have established management standards that are stricter than regulatory values to manage wastewater discharged into the environment at each of our business sites. The number of leaks at all production sites in 2023 was zero. Kao also collects data on water withdrawal volumes at each of its sites. The KLP "Water Conservation" initiative targets a 45% reduction (per unit of sales) compared to 2005 levels by 2030 for all Kao Group sites, and a 10% reduction (per unit of sales) across the entire product lifecycle compared to 2017 levels.

(4.11.1.11) Indicate if you have evaluated whether your organization’s engagement on this policy, law, or regulation is aligned with global environmental treaties or policy goals

Select from:

☑ Yes, we have evaluated, and it is aligned

(4.11.1.12) Global environmental treaties or policy goals aligned with your organization's engagement on this policy, law or regulation

Select all that apply

☑ Kunming-Montreal Global Biodiversity Framework

☑ Sustainable Development Goal 6 on Clean Water and Sanitation

[Add row]

(4.11.2) Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

Row 1

(4.11.2.1) Type of indirect engagement

Select from:

☑ Indirect engagement via a trade association

(4.11.2.4) Trade association

Asia and Pacific

☑ Japan Chemical Industry Association

(4.11.2.5) Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

Select all that apply

☑ Climate change

(4.11.2.6) Indicate whether your organization’s position is consistent with the organization or individual you engage with

Select from:

☑ Consistent

(4.11.2.7) Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

Select from:

☑ Yes, we publicly promoted their current position

(4.11.2.8) Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

Kao is a corporate member of the Japan Chemical Industry Association. Corporate membership allows us to promote global decarbonization as an industry association. Japan Chemical Industry Association aims to achieve carbon neutrality by 2050 and has announced "the chemical industry's stance toward carbon neutrality". Kao aims to achieve carbon neutral by 2040, and both Japan Chemical Industry Association and Kao agree on the consistency with the 1.5C target. Kao supports the following policies of Japan Chemical Industry Association (JCIA): JCIA had participated in the Japan Business Federation's "Voluntary Action Plan for the Environment" from 1997 to 2012, promoting energy conservation and continuing activities to reduce CO2 emissions. From fiscal 2013, JCIA has participated in the Japan Business Federation's "Action Plan for a Low Carbon Society," aiming to (1) reduce CO2 emissions in the domestic business activities, and (2) reduce CO2 emissions company-wide. (2) reduce CO2 emissions throughout the supply chain through the spread of low-carbon products and technologies and reinforce cooperation among promoting entities, 3) International contribution through deploying Japanese chemical products and processes to overseas, and 4) development of innovative technologies that are mid- to long-term technological developments with a view to practical application since after 2020. We are promoting measures against global warming through these four pillars.

(4.11.2.9) Funding figure your organization provided to this organization or individual in the reporting year (currency)

1866

(4.11.2.10) Describe the aim of this funding and how it could influence policy, law or regulation that may impact the environment

Kao is a corporate member of the Japan Chemical Industry Association. By being a corporate member, we can promote the decarbonization efforts of the world as an industry group. The Japan Chemical Industry Association has announced "a stance as a chemical industry toward carbon neutrality" aiming for carbon neutrality in 2050. Kao is aiming for carbon neutrality in 2040, but both the Chemical Industry Association and Kao agree that the target is consistent with the 1.5C target. Kao agree with Japan Chemical industry Association's policy as below. The chemical industry participated in Keidanren's "Voluntary Environmental Action Plan" from 1997 to 2012, promoted energy conservation, and continued activities to curb CO2 emissions. From fiscal 2013, we will participate in Keidanren's "Low Carbon Society Action Plan" to (1) reduce CO2 emissions from domestic business activities, and (2) reduce CO2 emissions throughout the supply chain through the spread of low-carbon products and technologies. Strengthening cooperation between actors to be promoted, (3) International contribution through overseas expansion of Japanese chemical products

and processes, (4) Development of innovative technologies that are medium- to long-term technological developments with a view to practical application after 2020. We are promoting global warming countermeasures with these four pillars.

(4.11.2.11) Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals

Select from:

☑ Yes, we have evaluated, and it is aligned

(4.11.2.12) Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation

Select all that apply

☑ Paris Agreement

[Add row]

(4.12) Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response?

Select from:

☑ Yes

(4.12.1) Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Row 1

(4.12.1.1) Publication

Select from:

☑ In mainstream reports, in line with environmental disclosure standards or frameworks

(4.12.1.2) Standard or framework the report is in line with

Select all that apply

☑ TCFD

☑ TNFD

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☑ Climate change

☑ Forests

☑ Water

☑ Biodiversity

(4.12.1.4) Status of the publication

Select from:

☑ Complete

(4.12.1.5) Content elements

Select all that apply

☑ Governance

☑ Risks & Opportunities

☑ Strategy

(4.12.1.6) Page/section reference

P16-34

(4.12.1.7) Attach the relevant publication

securities-fy2023-all-01.pdf

(4.12.1.8) Comment

Related details on p 16-34 of the Kao Annual Securities Report (Full Year 2023).
[Add row]

C5. Business strategy

(5.1) Does your organization use scenario analysis to identify environmental outcomes?

Climate change

(5.1.1) Use of scenario analysis

Select from:
☑ Yes

(5.1.2) Frequency of analysis

Select from:
☑ Not defined

Forests

(5.1.1) Use of scenario analysis

Select from:
☑ Yes

(5.1.2) Frequency of analysis

Select from:
☑ Not defined

Water

(5.1.1) Use of scenario analysis

Select from:

☑ Yes

(5.1.2) Frequency of analysis

Select from:
☑ Not defined
[Fixed row]

(5.1.1) Provide details of the scenarios used in your organization’s scenario analysis.

Climate change

(5.1.1.1) Scenario used

Climate transition scenarios
☑ IEA NZE 2050

(5.1.1.3) Approach to scenario

Select from:
☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:
☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply
☑ Policy
☑ Market

☑ Reputation
☑ Technology
☑ Liability

(5.1.1.6) Temperature alignment of scenario

Select from:
☑ 1.5°C or lower

(5.1.1.7) Reference year

2018

(5.1.1.8) Timeframes covered

Select all that apply
☑ 2030
☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts
☑ Climate change (one of five drivers of nature change)

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

Kao aims to achieve sales of 2.5 trillion yen in its 2030 business strategy. Therefore, using sales as a parameter, and assuming that SCOPE 12 emissions will increase with sales, a carbon tax imposed on SCOPE 12 emissions in 2030 was selected as an option in the analysis. The carbon tax in 2030 for developed countries in IEA NZE 2050 is US130/t-CO2. emissions in SCOPE 1 2 in 2030 would increase to 1.67 times 2017 emissions in the absence of abatement activities. The carbon tax burden would be approximately 28.8 billion yen/year. This carbon tax burden needs to be reduced. Therefore, Kao has set a target of a 55% reduction in SCOPE 12 emissions in 2030, with an ICP price of US168/t-CO2, which is equivalent to the carbon tax in 2035. As a result, the carbon tax burden could be reduced to approximately 7.8 billion yen/year if the 2030 reduction target is achieved.

(5.1.1.11) Rationale for choice of scenario

Kao aims to contribute to the realization of a decarbonized society and sustainable business by reducing CO2 emissions in our business activities, as well as in society, and by fixing carbon in the atmosphere, toward achieving carbon zero in 2040 and carbon negative in 2050. analysis. On the other hand, the RCP8.5 scenario is used to analyze the society if the current temperature increase continues.

Forests

(5.1.1.1) Scenario used

Climate transition scenarios

☑ IEA NZE 2050

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Policy

☑ Market

☑ Liability

☑ Reputation

☑ Technology

☑ Acute physical

☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 1.5°C or lower

(5.1.1.7) Reference year

2018

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2025

☑ 2030

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Changes to the state of nature

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

Kao aims to achieve sales of 2.5 trillion yen in its 2030 business strategy. Using temperature increase as a parameter, palm yield with increasing temperature in palm-growing regions was used as an analysis option. From peer-reviewed published literature, Kao confirmed that for every 1C increase in temperature in 2030, palm yield will decrease by 10%. Kao is highly dependent on palm oil, with businesses such as Hygiene & Living Care and Chemicals accounting for 81% of its sales. The impact of climate change on palm growth is one of Kao's risks. Kao needs to quantify the impact of climate change on palm growth. Therefore, Kao conducted research on the impact of climate change on palm growth in peer-reviewed public papers. As a result, it was confirmed that in Malaysia, one of the palm-growing regions, there is a risk of a 10% decrease in palm yield for every 1C increase in temperature.

(5.1.1.11) Rationale for choice of scenario

Kao aims to contribute to the realization of a decarbonized society and sustainable business by reducing CO2 emissions in our business activities, as well as in society, and by fixing carbon in the atmosphere, toward achieving carbon zero in 2040 and carbon negative in 2050. analysis. On the other hand, the RCP8.5 scenario is used to analyze the society if the current temperature increase continues.

Water

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 8.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ SSP5

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Market

☑ Reputation

☑ Liability

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 4.0°C and above

(5.1.1.7) Reference year

2011

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2025
☑ 2030
☑ 2040
☑ 2050
☑ 2060
☑ 2070
☑ 2080
☑ 2090
☑ 2100

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Climate change (one of five drivers of nature change)

Stakeholder and customer demands

☑ Impact of nature service delivery on consumer

Direct interaction with climate

☑ On asset values, on the corporate

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

It has been reported that changes in precipitation and rises in sea levels due to climate change are not uniform around the world, with large regional differences. Future annual mean precipitation is reported to increase in the high latitudes and equatorial Pacific and decrease in the mid-latitudes and arid subtropics over the period 2080-2100 in the RCP8.5 model. The global average increase in sea-level rise is 0.71 m for the same model and period, but the range varies considerably, from 0.51 m to 0.92 m. Kao therefore conducted an assessment of water risks, including medium- to long-term risks, targeting its business sites, factories, and logistics bases. As part of the first screening, we identified the location conditions (mainly checking nearby rivers, coastlines, elevations, etc. from the perspective of flooding/flood high tides) and checked using existing tools (Aqueduct, hazard maps, etc.). Next, for the sites selected in the primary screening, a climate model was used to compare the risks of heavy rainfall, light rainfall, and flood high tides with the current climate (1951-2011). As a result, it was found that the frequency of light rainfall at all sites would be about the same as under the current climate, that the frequency of heavy rainfall and high tides would be greater at some sites than under the current climate, and that the damage caused by flooding would be roughly the same as Kao's previous assumptions.

(5.1.1.11) Rationale for choice of scenario

As temperatures rise, changing rainfall conditions will shorten the growing season for palm oil. Periods without sufficient rainfall increase the risk of palm oil crop failure. Palm oil is one of the main raw materials that Kao uses, and if its price were to rise or it became difficult to obtain, not only would it be impossible to sell chemical products such as surfactants, but it would also become impossible to manufacture household products (which account for more than 80% of our sales).

Climate change

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 8.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ SSP4

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Acute physical

☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 4.0ºC and above

(5.1.1.7) Reference year

2018

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2030

☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Climate change (one of five drivers of nature change)

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

Kao aims to achieve sales of 2.5 trillion yen in its 2030 business strategy. Kao is highly dependent on palm oil, with businesses such as Hygiene & Living Care and Chemicals accounting for 89% of its sales. The impact of climate change on palm growth is one of Kao's risks. Kao needs to quantitatively understand the impact of climate change on palm growth. Therefore, Kao conducted research on the impact of climate change on palm growth in peer-reviewed public papers. As a result, it was confirmed that in Malaysia, one of the palm-growing regions, there is a risk of a 10% decrease in palm yield for every 1C increase in temperature between 2030 and 2050.

(5.1.1.11) Rationale for choice of scenario

Kao aims to contribute to the realization of a decarbonized society and sustainable business by reducing CO2 emissions in our business activities, as well as in society, and by fixing carbon in the atmosphere, toward achieving carbon zero in 2040 and carbon negative in 2050. analysis. On the other hand, the RCP8.5 scenario is used to analyze the society if the current temperature increase continues.

Water

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 4.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ SSP2

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Market

☑ Reputation

☑ Liability

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 2.0ºC - 2.4ºC

(5.1.1.7) Reference year

2020

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2025

☑ 2030

☑ 2040

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Climate change (one of five drivers of nature change)

Stakeholder and customer demands

☑ Impact of nature service delivery on consumer

Direct interaction with climate

☑ On asset values, on the corporate

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

*A quantitative assessment of water resource risk in the basin was conducted based on the CBWT*1 methodology for multiple locations that are expected to be at high risk of drought due to the Aqueduct. Future predictions for 2030 and 2040 are assessed using optimistic scenarios (RCP4.5 model, SSP2) and other scenarios. As a result, we were able to confirm that this evaluation method is effective. We are continuing to conduct quantitative assessments one by one and have confirmed that there are several factories where the risk is high. We will expand the number of locations subject to evaluation in the future and consider preventive measures to prevent risks from materializing and measures to be taken in the event that risks do materialize. *1 Context-Based Water Targets: A guide for setting water-related targets that take into account the state of the watershed.*

(5.1.1.11) Rationale for choice of scenario

Because water is a local resource, for example, even if the same amount of water is withdrawn from a river, the impact on water resources will be significantly different depending on whether the water is withdrawn in a river basin with abundant water resources or in a river basin with high water stress. Therefore, for Kao to continue to operate its business sustainably, it needs to recognize that it must both reduce its own water risks and take into consideration the local environment and residents.

Forests

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 8.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ SSP5

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Policy

☑ Market

☑ Liability

☑ Reputation

☑ Technology

☑ Acute physical

☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 4.0°C and above

(5.1.1.7) Reference year

2018

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2025

☑ 2030

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Changes to the state of nature

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

Kao aims to achieve sales of 2.5 trillion yen in its 2030 business strategy. Using temperature increase as a parameter, palm yield with increasing temperature in palm-growing regions was used as an analysis option. From peer-reviewed published literature, Kao confirmed that for every 1C increase in temperature in 2030, palm yield will decrease by 10%. Kao is highly dependent on palm oil, with businesses such as Hygiene & Living Care and Chemicals accounting for 81% of its sales. The impact of climate change on palm growth is one of Kao's risks. Kao needs to quantify the impact of climate change on palm growth. Therefore, Kao conducted research on the impact of climate change on palm growth in peer-reviewed public papers. As a result, it was confirmed that in Malaysia, one of the palm-growing regions, there is a risk of a 10% decrease in palm yield for every 1C increase in temperature.

(5.1.1.11) Rationale for choice of scenario

Kao aims to contribute to the realization of a decarbonized society and sustainable business by reducing CO2 emissions in our business activities, as well as in society, and by fixing carbon in the atmosphere, toward achieving carbon zero in 2040 and carbon negative in 2050. analysis. On the other hand, the RCP8.5 scenario is used to analyze the society if the current temperature increase continues.
[Add row]

(5.1.2) Provide details of the outcomes of your organization’s scenario analysis.

Climate change

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Risk and opportunities identification, assessment and management

☑ Strategy and financial planning

☑ Resilience of business model and strategy

☑ Capacity building

☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☑ Organization-wide

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

Summarize the results of scenario analysis and their impacts on other environmental issues Kao's scenario analysis for 2030 conducted from 2018 to 2021 shows that: consumers of Kao products tend to seek out low-carbon and ethical products, and demand for products in the summer increases due to longer summer months caused by rising temperatures. Therefore, strengthening ethical products and products for which demand is high during the summer is one of Kao's important growth strategies in the short, medium, and long term. Kao's ESG strategy, the "Kirei Life Plan", clearly states this as an item that Kao must achieve in order to make consumers "beautiful". We continued with this strategy in 2023, confirming its resilience. Temperatures continued to rise in 2023, and in Japan, Kao's main market, summer temperatures exceeded 30 degrees Celsius on many days. As a result, there is an increased demand for products that allow people to live comfortably without having to worry about sweat odor, even when the temperature is high, and product development to meet this demand has become necessary. In its core business, Fabric and Home Care, the company has taken some important strategic decisions to cater to these consumer demands, including Humming, the main brand of fabric softener, will be equipped with technology which (i) counteracts against odor of sweat and (ii) makes clothes feel cooler, "cool sensation technology". 100% of the "Humming" models sold in Japan are equipped with one of these technologies. As a result, sales of the Fabric and Home Care business in Japan increased by 1.3% in 2023.

Forests

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☑ Business division

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

The scenario analysis revealed that in Malaysia and Indonesia, where Kao procures more than 90% of its palm oil, suitable land for palm oil cultivation decreases as temperatures rise. Furthermore, in Malaysia, where Kao procures 50% of its palm oil, a 1C rise in temperature results in an approximately 10% decrease in yield. Therefore, Kao is implementing the following two activities to reduce, not increase, palm oil consumption. - Development of products with equivalent performance using fewer palm derivatives through efficient formulation design - Development of alternative raw material production methods from resources different from palm oil, such as algae and CO2, that have the same performance as palm oil derivatives.

Water

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Risk and opportunities identification, assessment and management

☑ Strategy and financial planning

☑ Resilience of business model and strategy

☑ Capacity building

☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☑ Organization-wide

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

We reviewed published literature to assess the impacts of climate change on palm cultivated in Malaysia and Indonesia, where Kao purchases palm oil. The results confirmed that rising temperatures are likely to reduce palm yields for example, rising temperatures will reduce the areas suitable for cultivation, and in Malaysia, a further 1C rise in temperature (approximately 2C above pre-industrial revolution levels) will result in a roughly 10% drop in harvest yields. This is because rising temperatures will change rainfall conditions, resulting in longer periods throughout the year when rainfall is lacking the amount needed for palm tree growth. If we were unable to purchase approximately 500,000 tons of palm oil, not only would we be unable to sell chemical products such as surfactants, but we would also be unable to manufacture household products such as detergents and cleaning agents. This is expected to affect businesses that account for 80% of our sales.

[Fixed row]

(5.2) Does your organization’s strategy include a climate transition plan?

(5.2.1) Transition plan

Select from:

☑ Yes, we have a climate transition plan which aligns with a 1.5°C world

(5.2.3) Publicly available climate transition plan

Select from:

☑ Yes

(5.2.4) Plan explicitly commits to cease all spending on, and revenue generation from, activities that contribute to fossil fuel expansion

Select from:

☑ Yes

(5.2.5) Description of activities included in commitment and implementation of commitment

Kao will accelerate its activities to achieve carbon zero in 2040 and carbon negative in 2050. We will also maximize our contribution to reducing greenhouse gas emissions in society as a whole. 2030 Mid-Term TargetsWe have set a target of reducing energy consumption at all Kao Group sites by 1% each year, and have continued to do so since 2013. The target for greenhouse gas emissions (Scope 12) at all sites is -55% (absolute amount: compared to 2017), in line with the SBT 1.5C target, and the target for product life cycle greenhouse gas emissions (Scope 123) is -22% (absolute amount: compared to 2017) in line with the SBT 2C target. Both targets have been approved by the SBT Initiative. In addition, we joined RE100 in June 2021 and set a target of shifting 100% of purchased electricity at all Kao Group sites to renewable sources by 2025 and 100% of electricity used by 2030.

(5.2.7) Mechanism by which feedback is collected from shareholders on your climate transition plan

Select from:

☑ We have a different feedback mechanism in place

(5.2.8) Description of feedback mechanism

Kao's IR department regularly exchanges opinions with institutional investors. Of these, the ESG Managing Committee Secretariat participates and collects shareholder opinions on climate change-related themes. The information collected is used as one of the input information to improve the transition plan.

(5.2.9) Frequency of feedback collection

Select from:

☑ More frequently than annually

(5.2.10) Description of key assumptions and dependencies on which the transition plan relies

*If a carbon tax of US130/ton-CO2*1 is introduced in 2030, achieving the 2030 CO2 emission reduction target (Scope 12) of 55% will result in a carbon tax burden of approximately 7.8 billion yen, which is approximately 21 billion yen less than the tax burden without reduction activities. This is a reduction of approximately 21 billion yen in tax burden compared to the case where no reduction activities are undertaken.*

(5.2.11) Description of progress against transition plan disclosed in current or previous reporting period

Energy consumption at all Kao Group sites was reduced by 16.7 P (J-petajoules) and by 6% per unit of sales compared to the previous year, exceeding the target 1% reduction. In addition to initiatives such as achieving a 100% renewable energy ratio for purchased electricity at the Thai plant, where we have production bases, and starting to purchase renewable energy electricity in Vietnam, Indonesia, and Mexico, the introduction of low-carbon equipment such as hot water heat pumps and the impact of demand-responsive production led to a 35% reduction in greenhouse gas emissions compared to 2017. emissions were reduced by 35% compared to 2017. The ratio of renewable electricity was 72% for purchased electricity and 57% for used electricity.

(5.2.13) Other environmental issues that your climate transition plan considers

Select all that apply

☑ Forests

(5.2.14) Explain how the other environmental issues are considered in your climate transition plan

Kao aims to achieve sales of 2.5 trillion yen in its 2030 business strategy. Using temperature increase as a parameter, palm yield with increasing temperature in palm-growing regions was used as an analysis option. From peer-reviewed published literature, Kao confirmed that for every 1C increase in temperature in 2030, palm yield will decrease by 10%. Kao is highly dependent on palm oil, with businesses such as Hygiene & Living Care and Chemicals accounting for 89% of its sales. The impact of climate change on palm growth is one of Kao's risks. Kao needs to quantitatively understand the impact of climate change on palm growth. Therefore, Kao conducted research on the impact of climate change on palm growth in peer-reviewed public papers. As a result, it was confirmed that in Malaysia, one of the palm-growing regions, there is a risk of a 10% decrease in palm yield for every 1C increase in temperature.

[Fixed row]

(5.3) Have environmental risks and opportunities affected your strategy and/or financial planning?

(5.3.1) Environmental risks and/or opportunities have affected your strategy and/or financial planning

Select from:

☑ Yes, both strategy and financial planning

(5.3.2) Business areas where environmental risks and/or opportunities have affected your strategy

Select all that apply

☑ Products and services

☑ Upstream/downstream value chain

☑ Investment in R&D

☑ Operations

[Fixed row]

(5.3.1) Describe where and how environmental risks and opportunities have affected your strategy.

Products and services

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Risks and Opportunities Kao's scenario analysis for 2030, conducted from 2018 to 2021, shows the following: consumers of Kao products tend to seek low-carbon and ethical products, and demand for products in summer will increase due to the prolonged summer season caused by rising temperatures. Therefore, one of Kao's growth strategies is to strengthen ethical products and products for which demand increases during the summer months. It is a strategy: an important strategy in the short, medium, and long term because demand for ethical consumption is increasing, the rise in summer temperatures is already apparent, and these trends are expected to continue in the future. In Kao's ESG strategy, "Kirei Life Plan," it is clearly stated as an item that Kao must achieve in order to realize "Kirei" for consumers. Temperatures have continued to rise, and in Japan, Kao's main market, summer temperatures have exceeded 30C on many days. As a result, demand for products that allow people to live comfortably without worrying about the smell of sweat even in high temperatures has increased, and Kao needs to develop products to meet this demand. In order to meet such consumer demands, our main business, Fabric and Home Care, has made the following important strategic decisions: Humming, our main brand of fabric softener, will be equipped with "cool sensation technology," a technology that (i) combats sweat odor and (ii) makes clothes feel cooler. As a result, in 2023, 100% of "Humming" products sold in Japan would be equipped with one of these technologies. As a result, sales of the Fabric & Home Care business in Japan increased by 1.5%.

Upstream/downstream value chain

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Risks and OpportunitiesGlobally, carbon dioxide-absorbing forests are in significant decline, with deforestation responsible for about 20% of greenhouse gas emissions. The countries with the largest reductions in forest area are Malaysia and Indonesia. One of the reasons for this is the deforestation of tropical rainforests to expand palm plantations. Stopping deforestation related to palm plantations in Malaysia and Indonesia is an initiative that will not increase GHG emissions. Kao procures large quantities of palm oil. Kao also aims to increase its sales to 2.5 trillion yen by 2030 (more than 1.5 times the current level). To achieve this goal, Kao needs to increase its palm oil procurement, and there is a very important risk and opportunity to ensure that palm plantations grow sustainably without new deforestation, i.e., to increase the efficiency of palm plantations. Strategic Increasing the productivity of palm plantations in Malaysia and Indonesia, the major palm oil supplier countries, is an important strategy for Kao to procure palm oil. Under this strategy, Kao has set a goal of ensuring traceability to palm plantations by 2025, and is working with suppliers and others to achieve this goal. Kao procures palm kernel oil from Malaysia and Indonesia, and recognizes that it is important for palm plantations in both countries to

improve productivity without new deforestation. In particular, small-scale palm plantations, which account for about 40% of Indonesia's palm fruit production, are facing major social problems such as low productivity, poor labor conditions, and poor living conditions, which require immediate solutions. Kao made the following major strategic decision: Kao, together with two Indonesian companies, decided to collaborate to solve various issues, including productivity improvement of small-scale palm plantations. in October 2020, the three companies jointly launched a project to support 5,000 small-scale palm plantations by 2030 to improve productivity and In October 2020, the three companies announced that they would jointly offer the SMILE (Smallholder Inclusion for better Livelihood & Empowerment) program, which aims to support 5,000 small palm farms to improve productivity and obtain RSPO certification by 2030.

Investment in R&D

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Risks and OpportunitiesToward the realization of the SDGs, including climate change, consumers and industry are increasingly demanding products that contribute to sustainable development. As a result, expectations for Kao's innovation, which places the highest priority on "essentiality research" to get to the essence of things, are increasing every year. Kao recognizes this as an important growth opportunity. Kao has established KPIs for 19 priority measures in its ESG Strategic KLP (Kirei Life Plan). Key themes include decarbonization, water conservation, zero waste, improving quality of life, and Purpose-oriented brands that encourage consumers to change their behavior. StrategyKao's R&D strategy is to accelerate innovation, including climate change solutions, and to powerfully drive business growth through the achievement of KLPs.K2025, Kao's mid-term management plan through 2025, calls for Kao to become "an indispensable company for a sustainable society" and "a company that becomes stronger through investment. As a result of climate change scenario analysis, Kao has identified the supply of plastics, which are essential for the containers and packaging of Kao products, as one of the key risks and opportunities in the future transition to a net-zero society. Kao's challenge is to be the first in society to quickly establish a recycling-oriented economy that includes plastic containers and packaging. Recognizing this need, in September 2019, Kao announced its commitment to both "Reduce Innovation" to reduce fossil-based plastics and "Recycle Innovation" to recycle used plastics. In 2020, Kao formulated its medium-term group management plan, K25. This policy (goal) includes "positive recycling" (imagining new business through reuse) as a key outcome. Kao's R&D division established the "Recycling Science Research Center" in 2020, which was consulted and approved by the Executive Committee chaired by the CEO. The establishment of the center was a major strategic decision by Kao. The center will develop containers made of recycled plastic and research and develop social systems to efficiently collect and recycle used plastic containers and packaging. 2023 activities will target Japanese household products, such as Attack ZERO and CuCute Clear Foam Spray. The use of recycled plastic for PET containers in 2023 was 81%.

Operations

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Since October 2018, when the IPCC released its 1.5C Special Report, global companies have accelerated their efforts to raise their GHG reduction targets to the 1.5C level. While there is a risk that Kao will not be able to proactively address climate change if it does not follow this trend, we hope that setting more aggressive targets will lead to opportunities, and that Kao will be recognized as a leading company in ESG activities. Strategy Kao has developed and announced a new mid- to long-term strategy on climate change, aiming for zero carbon by 2040 and carbon negative by 2050. Kao clarifies this strategy in the Kao Sustainability Report 2024. While the world is accelerating the movement to raise the temperature to 1.5C, Kao has stayed with a 2C reduction target, lagging behind the global trend. Kao's challenge was to set 1.5C and net-zero targets (and more aggressive targets, if possible). Kao's ESG Executive Committee Secretariat set a new decarbonization target. The targets were discussed and approved by the ESG Committee, chaired by the CEO, after deliberations at the ESG Promotion Meeting, and included "Go carbon zero by 2040 and carbon negative by 2050," "Reduce carbon emissions by 55% by 2030 (Scope 12)," "Achieve RE100 by 2030 and "achieve RE100 by 2030. At the same time, the ESG Executive Committee also approved the development of new technologies to convert carbon dioxide into raw materials to reduce Scope 12 emissions. These are important strategic decisions. Based on this strategy, Kao is reviewing its previous mid-term plans and procedures for achieving its goals.

Products and services

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Kao has declared that the Kao Group will make a major shift toward ESG management and take on new challenges in order to build a foundation for sustainable growth in 2019, 2025, 2030 and beyond. We are promoting activities that embody the Kirei Lifestyle Plan (KLP), our ESG (Environmental, Social, and Governance) strategy that we announced in April 2019. Under the KLP, Kao aims to deliver on three commitments by 2030: Of these, water conservation is included in Kao's efforts, with the company declaring that by 2030, 100% of its products will leave an environmental footprint throughout their life cycle that is scientifically proven to be safe for nature to absorb. In 2019 we set water conservation goals. "Reduce life cycle water usage per unit of sales by 10% by 2030 (base year: 2017)." Achieving this goal will be a success indicator for activities related to water conservation.

Upstream/downstream value chain

(5.3.1.1) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Forests

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Risks in procurement include the risk of not being able to procure raw materials as planned due to fluctuations in prices caused by various factors, such as extreme weather conditions, natural disasters, geopolitical influences, and international conflicts, and the risk that stable procurement may be impaired by sudden changes in demand or problems at suppliers, which may disrupt the supply of products to the market. The Kao Group's raw materials are manufactured and supplied by Pioneer, a subsidiary of Kao Corporation. In addition, the Kao Group's raw materials are heavily dependent on natural capital such as palm oil, paper and pulp, and we must fulfill our social responsibility as a corporation by achieving sustainable procurement, giving full consideration to environmental aspects such as resource conservation, global warming prevention and biodiversity conservation, and social aspects such as safety, health, labor environment and human rights. In this context, we are working to fulfill our social responsibility as a corporation by realizing sustainable procurement. Under such circumstances, if for some reason in the supply chain, Kao's commitment to sustainable and responsible procurement is deemed insufficient, the Group's brand image and credibility may be damaged. For Kao, the most important natural resource is palm oil, and we are promoting activities for sustainable palm oil procurement. As part of our efforts to understand and improve risks in the supply

chain, we will ensure traceability to plantations and promote a 100% switch to RSPO certified oil. Furthermore, we will support small-scale palm plantations and introduce a grievance mechanism targeting small-scale palm plantations in order to essentially resolve issues. In the procurement of paper and pulp, we will give consideration to the preservation of biodiversity and aim for zero deforestation, aiming for 100% certified paper products and pulp used for household products by 2025. We will also continue to confirm traceability to the origin.
[Add row]

(5.3.2) Describe where and how environmental risks and opportunities have affected your financial planning.

Row 1

(5.3.2.1) Financial planning elements that have been affected

Select all that apply
☑ Revenues
☑ Direct costs

(5.3.2.2) Effect type

Select all that apply
☑ Risks
☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Select all that apply
☑ Climate change

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

According to Kao's scenario analysis for 2030, from 2018 to 2022, consumers of Kao products tend to seek low-carbon and ethical products. Therefore, strengthening ethical products and products in high demand during summer is part of Kao's growth strategy. Strategy: With the growing need for ethical consumption, this is an important strategy for the short, medium, and long term. It is clearly stated as an item in Kao's ESG strategy, "Kirei Life Plan: Achieving Kirei for Sei-katsu-sha. [The most important example of strategic decision-making] Temperatures continue to rise, and in Japan, Kao's main market, the number of summer days exceeding 30C is

increasing. As a result, there is a growing need for products that allow consumers to spend time comfortably without worrying about the smell of perspiration, and products that allow consumers to stay comfortable even in high temperatures. To meet these consumer needs, our mainstay Fabric & Home Care Division has launched "Ryokan Technology," a technology that makes you feel cooler while putting off the smell of sweat, as its main brand of foaming agents for textiles. As a strategic priority, the Company decided to implement this technology in "Humming" and other strategic priority measures. As a result, 100% of "Humming" products sold in Japan will be equipped with either technology by 2022. As a result, sales in the Fabric & Home Care segment in Japan in 2023 increased by 1.3%.

Row 2

(5.3.2.1) Financial planning elements that have been affected

Select all that apply

☑ Capital allocation

(5.3.2.2) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Select all that apply

☑ Water

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

Our medium- to long-term goal for water resource conservation is to ensure that by 2030, 100% of our products leave an environmental footprint throughout their life cycle that is scientifically proven to be safe for nature to absorb. In 2019, we set a target of reducing water usage across the entire lifecycle by 10% per unit of sales by 2030 (base year: 2017). Of the total water usage throughout the life cycle of a Kao product, the product usage stage accounts for approximately 90%. This means there is a demand for the development of water-saving products. We have set the development period for new products that will contribute to achieving this goal at 11 to 15 years, and allocate research and development funds for this purpose every year.

Row 3

(5.3.2.1) Financial planning elements that have been affected

Select all that apply

☑ Direct costs

(5.3.2.2) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Select all that apply

☑ Forests

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

In 2016, Kao formulated its "Where We Want to Be in 2030. We also set a sales target of 2.5 trillion yen by 2030.In 2019, we formulated the Kirei Lifestyle Plan, an ESG strategy for the year 2030. To this end, we have set 19 priority initiatives, including addressing forest issues and 2030 targets. Kao is committed to ensuring that these activities have a positive financial impact. Part of this initiative is a milestone to achieve sustainable palm oil procurement by 2020. Meanwhile, due to the expected growth in ethical consumption, in 2018, 35 sites, including factories and offices in Indonesia, Malaysia, Japan, and other countries, received RSPO SCCS certification in anticipation of future strong demand for the RSPO certified label. We recognize that maintaining this certification requires at least 7 million yen per year, which we have incorporated into our financial plan through 2030. In addition, the cost of insurance premiums for certified products and the cost of our involvement with small farmers and others is incorporated into our financial plan based on our activity plan for the current and following years. In the case of pulp and paper, the financial impact is almost zero, as the additional cost of introducing certified products from suppliers is almost zero.
[Add row]

(5.4) In your organization’s financial accounting, do you identify spending/revenue that is aligned with your organization’s climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
	Select from: ☑ No, and we do not plan to in the next two years

[Fixed row]

(5.9) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

(5.9.1) Water-related CAPEX (+/- % change)

13

(5.9.2) Anticipated forward trend for CAPEX (+/- % change)

5

(5.9.3) Water-related OPEX (+/- % change)

7.9

(5.9.4) Anticipated forward trend for OPEX (+/- % change)

5

(5.9.5) Please explain

As CAPEX, we tally up the amount of investments made annually in relation to water intake and wastewater treatment, such as measures to reduce water intake, improving wastewater treatment capacity, and preventing wastewater outflow. CAPEX in 2022 was 645 million yen, while in 2023 it was 468 million yen, resulting in a

decrease of (468-645)/64528%. This is because investment amounts in the Philippines, the United States, etc., which were large in 2022, decreased in 2023. Additionally, we calculate the operating costs required to maintain and manage water intake and discharge facilities every year as OPEX. OPEX in 2022 was 233 million yen, while in 2023 it was 291 million yen, resulting in an increase of (291-233)/29125%. This is mainly due to an increase in utility costs. Next year, we expect an increase in water-related capital investment due to the expansion of production facilities in response to increased production volume, so we expect both CAPEX and OPEX to increase by 5%.
[Fixed row]

(5.10) Does your organization use an internal price on environmental externalities?

	Use of internal pricing of environmental externalities	Environmental externality priced
	Select from: ☑ Yes	*Select all that apply* ☑ Carbon ☑ Water

[Fixed row]

(5.10.1) Provide details of your organization's internal price on carbon.

Row 1

(5.10.1.1) Type of pricing scheme

Select from:
☑ Shadow price

(5.10.1.2) Objectives for implementing internal price

Select all that apply
☑ Navigate regulations
☑ Drive energy efficiency
☑ Identify and seize low-carbon opportunities

☑ Stress test investments
☑ Drive low-carbon investment
☑ Reduce upstream value chain emissions

(5.10.1.3) Factors considered when determining the price

Select all that apply
☑ Alignment to scientific guidance

(5.10.1.4) Calculation methodology and assumptions made in determining the price

Carbon tax set at 168/ton-CO2 in 2035 from IEA World Energy Outlook 2021.

(5.10.1.5) Scopes covered

Select all that apply
☑ Scope 1
☑ Scope 2

(5.10.1.6) Pricing approach used – spatial variance

Select from:
☑ Uniform

(5.10.1.8) Pricing approach used – temporal variance

Select from:
☑ Evolutionary

(5.10.1.9) Indicate how you expect the price to change over time

Assuming that newly installed facilities will continue to operate after 2030, carbon emissions will be calculated based on our own criteria, referring to the carbon price list for developed countries in the most expensive scenario shown in the IEA World Energy Outlook. Adopt a price of 168USD/tCO2-ton.

(5.10.1.10) Minimum actual price used (currency per metric ton CO2e)

21000

(5.10.1.11) Maximum actual price used (currency per metric ton CO2e)

21000

(5.10.1.12) Business decision-making processes the internal price is applied to

Select all that apply

☑ Capital expenditure

☑ Operations

☑ Procurement

☑ Risk management

☑ Opportunity management

(5.10.1.13) Internal price is mandatory within business decision-making processes

Select from:

☑ Yes, for all decision-making processes

(5.10.1.14) % total emissions in the reporting year in selected scopes this internal price covers

6

(5.10.1.15) Pricing approach is monitored and evaluated to achieve objectives

Select from:

☑ Yes

(5.10.1.16) Details of how the pricing approach is monitored and evaluated to achieve your objectives

The element of a monitoring mechanism was left out of last year's response: CO2 emissions (Scope 12) in 2030 are expected to be 1.67 times higher than in 2017 if no measures are taken. However, Kao introduced an internal carbon pricing system in 2006 to control CO2 emissions (Scope 12) and has invested in energy-saving equipment, low-CO2 equipment, and renewable energy procurement over the past 17 years, contributing to decarbonization. We have been using this information for decision-making. Last year, Kao set a goal to reduce CO2 emissions by 2030. reduction target (Scope 12) from 22% reduction to 55% reduction. In order to achieve

this goal, equipment to be installed in the future must emit as little CO2 as possible. Therefore, Kao raised its internal carbon price from 3,500 yen/ton-CO2 to 168 dollars/ton-CO2. For example, for the installation of energy-saving equipment, the cost-benefit ratio is calculated as the sum of the energy cost reduced by the installation of the equipment and the carbon price of the amount of CO2 reduced. This approach is determined and operated by the ESG Committee. The decision to make a capital investment is based on whether EVA is positive or not. In other words, Kao requires EVA to be positive within the base year set for each item. In 2023, we adopted a hot water heat pump at the Wakayama Plant (scheduled to start operation in April 2024) and a solar power generation facility at Kao Industrial (Thailand) (scheduled to start operation in January 2025), and actively introduced energy-saving production facilities and decarbonization technologies, and promoted the use of renewable energy for electricity. In July, a new biomass heat utilization plant was installed in the Chemical's plant in Spain, which will enable a 95% reduction of CO2 emissions from the plant.
[Add row]

(5.10.2) Provide details of your organization’s internal price on water.

Row 1

(5.10.2.1) Type of pricing scheme

Select from:
☑ Shadow price

(5.10.2.2) Objectives for implementing internal price

Select all that apply
☑ Drive water-related investment
☑ Drive water efficiency
☑ Incentivize consideration of water-related issues in decision making
☑ Incentivize consideration of water-related issues in risk assessment
☑ Setting and/or achieving of water-related policies and targets

(5.10.2.3) Factors beyond current market price are considered in the price

Select from:
☑ Yes

(5.10.2.4) Factors considered when determining the price

Select all that apply

☑ Cost of required measures to achieve water-related targets

☑ Costs of disposing water

☑ Costs of treating water

☑ Existing water tariffs

☑ Scenario analysis

(5.10.2.5) Calculation methodology and assumptions made in determining the price

We classify water into seven categories to control manufacturing costs. Ion-exchanged water, which is the most expensive, is produced through a process called ion exchange. Since costs for chemicals used to regenerate the ion-exchange resin and for replacing the resin must be added, it is only used for mixing into products, for cleaning and sterilization, and for steam boilers. The cheapest industrial water is used for cooling etc.

(5.10.2.6) Stages of the value chain covered

Select all that apply

☑ Direct operations

(5.10.2.7) Pricing approach used – spatial variance

Select from:

☑ Differentiated

(5.10.2.8) Indicate how and why the price is differentiated

We use industrial water and tap water after improving its quality according to the requirements of our facilities and products. Because additional processes are required to improve water quality, water is differentiated and identified at seven levels according to the additional processes.

(5.10.2.9) Pricing approach used – temporal variance

Select from:

☑ Evolutionary

(5.10.2.10) Indicate how you expect the price to change over time

As climate change expands drought areas and increases the severity of drought, water will become more precious and we believe the price of water will continue to rise in at-risk areas. There are also concerns that Japan's water supply business will be affected by a declining population and aging water pipes, and water costs are expected to continue to rise. We recognize that, according to estimates by the Water Security Strategy Organization Secretariat published in 2024, water rates across Japan are expected to increase by an average of 48% by 2046. We strive to conserve water and sewer systems through our activities to reduce water usage and properly treat wastewater.

(5.10.2.11) Minimum actual price used (currency per cubic meter)

3.6

(5.10.2.12) Maximum actual price used (currency per cubic meter)

2027

(5.10.2.13) Business decision-making processes the internal water price is applied to

Select all that apply

☑ Operations

☑ Procurement

☑ Risk management

(5.10.2.14) Internal price is mandatory within business decision-making processes

Select from:

☑ Yes, for some decision-making processes, please specify **:**In our company, internal water pricing is an essential part of our operations, procurement and risk and opportunity management processes.

(5.10.2.15) Pricing approach is monitored and evaluated to achieve objectives

Select from:

☑ Yes

(5.10.2.16) Details of how the pricing approach is monitored and evaluated to achieve your objectives

In order to ensure stable operations at our main factory, Wakayama Factory, we have a contract with the Wakayama City Public Enterprise Bureau to limit the use of industrial water to a certain daily limit (28 km3/d in 2011) in consideration of past water droughts (1994) and fluctuations in water prices. Water usage is tallied and the

contract is renewed annually taking the results into consideration in order to reduce water usage.
[Add row]

(5.11) Do you engage with your value chain on environmental issues?

	Engaging with this stakeholder on environmental issues	Environmental issues covered
Suppliers	*Select from:* ☑ Yes	*Select all that apply* ☑ Climate change ☑ Forests ☑ Water
Smallholders	*Select from:* ☑ Yes	*Select all that apply*
Customers	*Select from:* ☑ Yes	*Select all that apply* ☑ Climate change ☑ Water
Investors and shareholders	*Select from:* ☑ Yes	*Select all that apply* ☑ Climate change ☑ Forests ☑ Water
Other value chain stakeholders	*Select from:* ☑ Yes	*Select all that apply* ☑ Forests

[Fixed row]

(5.11.1) Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

Climate change

(5.11.1.1) Assessment of supplier dependencies and/or impacts on the environment

Select from:

☑ Yes, we assess the dependencies and/or impacts of our suppliers

(5.11.1.2) Criteria for assessing supplier dependencies and/or impacts on the environment

Select all that apply

☑ Contribution to supplier-related Scope 3 emissions

(5.11.1.3) % Tier 1 suppliers assessed

Select from:

☑ 51-75%

(5.11.1.4) Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment

Business Suppliers that have a large impact on the company's business: Selection based on purchase price Suppliers that are difficult to switch Area Areas that have been pointed out as conflict areas, human rights issues, etc. Environmental protection areas such as natural forests ESG Natural raw materials as raw materials Suppliers with high human rights risk: Sedex, SAQ non-responsive or low-rated suppliers Suppliers that have committed inappropriate or fraudulent acts

(5.11.1.5) % Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

Select from:

☑ 76-99%

(5.11.1.6) Number of Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

384

Forests

(5.11.1.1) Assessment of supplier dependencies and/or impacts on the environment

Select from:

☑ Yes, we assess the dependencies and/or impacts of our suppliers

(5.11.1.2) Criteria for assessing supplier dependencies and/or impacts on the environment

Select all that apply

☑ Dependence on commodities

☑ Impact on deforestation or conversion of other natural ecosystems

(5.11.1.3) % Tier 1 suppliers assessed

Select from:

☑ 1-25%

(5.11.1.4) Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment

Business Suppliers that have a large impact on the company's business: Selection based on purchase price Suppliers that are difficult to switch Area Areas that have been pointed out as conflict areas, human rights issues, etc. Environmental protection areas such as natural forests ESG Natural raw materials as raw materials Suppliers with high human rights risk: Sedex, SAQ non-responsive or low-rated suppliers Suppliers that have committed inappropriate or fraudulent acts

(5.11.1.5) % Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

Select from:

☑ 100%

(5.11.1.6) Number of Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

43

Water

(5.11.1.1) Assessment of supplier dependencies and/or impacts on the environment

Select from:

☑ Yes, we assess the dependencies and/or impacts of our suppliers

(5.11.1.2) Criteria for assessing supplier dependencies and/or impacts on the environment

Select all that apply

☑ Dependence on water

☑ Impact on water availability

☑ Other, please specify :Adjustment Fee

(5.11.1.3) % Tier 1 suppliers assessed

Select from:

☑ 1-25%

(5.11.1.4) Define a threshold for classifying suppliers as having substantive dependencies and/or impacts on the environment

Kao has participated in the CDP supply chain program since 2015 and encourages suppliers in sectors with high water risks, selected based on internal criteria that take into account purchasing volume and price, to improve their own management levels. Specifically, we ask suppliers to fill out a CDP questionnaire, then we use our own proprietary evaluation method to evaluate the water management status of our suppliers and provide feedback on the results.

(5.11.1.5) % Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

Select from:

☑ 100%

(5.11.1.6) Number of Tier 1 suppliers meeting the thresholds for substantive dependencies and/or impacts on the environment

187
[Fixed row]

(5.11.2) Does your organization prioritize which suppliers to engage with on environmental issues?

Climate change

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☑ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☑ In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to climate change

☑ Business risk mitigation

☑ Procurement spend

☑ Regulatory compliance

☑ Reputation management

(5.11.2.4) Please explain

Suppliers are selected in addition to confirming their business status, In addition to confirming management conditions, we conduct ESG surveys using Sedex and our own survey sheets to make a comprehensive We make a comprehensive judgment based on ESG surveys using Sedex and our own survey sheets, in addition to confirming business conditions. We also conduct ESG surveys using Sedex and our own survey sheets to make a comprehensive judgment, Business perspective - Suppliers with significant impact on the company's business: Selection is based on purchase price. - Suppliers that are difficult to switch: Packaging material suppliers and contract manufacturers with unique designs and functions Area Perspective - Areas with conflict, human rights issues, etc.: Selected based on the amount of money spent. - Environmental protection areas such as natural forests: Suppliers of forest resources (palm oil, paper and pulp) ESG Perspective - Raw materials made from natural materials - Suppliers with high human rights risk: Sedex, Kao SAQ non-response or low evaluation - Suppliers who have committed inappropriate or fraudulent acts. - Suppliers who have engaged in inappropriate or fraudulent behavior

Forests

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☑ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☑ Material sourcing

☑ Procurement spend

☑ Reputation management

☑ Business risk mitigation

☑ Strategic status of suppliers

☑ In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to forests

(5.11.2.4) Please explain

Suppliers are selected in addition to confirming their business status, In addition to confirming management conditions, we conduct ESG surveys using Sedex and our own survey sheets to make a comprehensive We make a comprehensive judgment based on ESG surveys using Sedex and our own survey sheets, in addition to confirming business conditions. We also conduct ESG surveys using Sedex and our own survey sheets to make a comprehensive judgment, Business perspective - Suppliers with significant impact on the company's business: Selection is based on purchase price. - Suppliers that are difficult to switch: Packaging material suppliers and contract manufacturers with unique designs and functions Area Perspective - Areas with conflict, human rights issues, etc.: Selected based on the amount of money spent. - Environmental protection areas such as natural forests: Suppliers of forest resources (palm oil, paper and pulp) ESG Perspective - Raw materials made from natural materials - Suppliers with high human rights risk: Sedex, Kao SAQ non-response or low evaluation - Suppliers who have committed inappropriate or fraudulent acts. - Suppliers who have engaged in inappropriate or fraudulent behavior

Water

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☑ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☑ Material sourcing

☑ Procurement spend

☑ Reputation management

☑ Business risk mitigation

☑ Strategic status of suppliers

☑ In line with the criteria used to classify suppliers as having substantive dependencies and/or impacts relating to water

(5.11.2.4) Please explain

Suppliers are selected in addition to confirming their business status, In addition to confirming management conditions, we conduct ESG surveys using Sedex and our own survey sheets to make a comprehensive We make a comprehensive judgment based on ESG surveys using Sedex and our own survey sheets, in addition to confirming business conditions. We also conduct ESG surveys using Sedex and our own survey sheets to make a comprehensive judgment, Business perspective - Suppliers with significant impact on the company's business: Selection is based on purchase price. - Suppliers that are difficult to switch: Packaging material suppliers and contract manufacturers with unique designs and functions Area Perspective - Areas with conflict, human rights issues, etc.: Selected based on the amount of money spent. - Environmental protection areas such as natural forests: Suppliers of forest resources (palm oil, paper and pulp) ESG Perspective - Raw materials made from natural materials - Suppliers with high human rights risk: Sedex, Kao SAQ non-response or low evaluation - Suppliers who have committed inappropriate or fraudulent acts. - Suppliers who have engaged in inappropriate or fraudulent behavior
[Fixed row]

(5.11.5) Do your suppliers have to meet environmental requirements as part of your organization’s purchasing process?

Climate change

(5.11.5.1) Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process

Select from:

☑ Yes, environmental requirements related to this environmental issue are included in our supplier contracts

(5.11.5.2) Policy in place for addressing supplier non-compliance

Select from:

☑ Yes, we have a policy in place for addressing non-compliance

(5.11.5.3) Comment

We have published "Partnership Requirements for Suppliers," which requires suppliers to engage in activities that contribute to Kao's ESG vision of "Walking the Right Path," "Making Caring Choices for Society," and "Creating a Healthier and Cleaner World. Under "Walking the Right Path," Kao requires suppliers to take steps to comply with laws, regulations, and social norms.

Forests

(5.11.5.1) Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process

Select from:

☑ Yes, environmental requirements related to this environmental issue are included in our supplier contracts

(5.11.5.2) Policy in place for addressing supplier non-compliance

Select from:

☑ Yes, we have a policy in place for addressing non-compliance

(5.11.5.3) Comment

We have published "Partnership Requirements for Suppliers," which requires suppliers to engage in activities that contribute to Kao's ESG vision of "Walking the Right Path," "Making Caring Choices for Society," and "Creating a Healthier and Cleaner World. Under "Walking the Right Path," Kao requires suppliers to take steps to comply with laws, regulations, and social norms.

Water

(5.11.5.1) Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process

Select from:

☑ Yes, environmental requirements related to this environmental issue are included in our supplier contracts

(5.11.5.2) Policy in place for addressing supplier non-compliance

Select from:

☑ Yes, we have a policy in place for addressing non-compliance

(5.11.5.3) Comment

We have published our "Partnership Requirements for Suppliers" and require suppliers to engage in activities that contribute to Kao's ESG vision of "walking the right path," "making compassionate choices for society," and "creating a healthier and cleaner world." "Walking the Right Way" requires our suppliers to take steps to comply with laws, regulations and social norms. Furthermore, as part of our "making the world healthier and cleaner" initiative, we ask our suppliers to take voluntary measures such as conserving water and using it more efficiently.
[Fixed row]

(5.11.6) Provide details of the environmental requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Climate change

(5.11.6.1) Environmental requirement

Select from:

☑ Setting a science-based emissions reduction target

(5.11.6.2) Mechanisms for monitoring compliance with this environmental requirement

Select all that apply

☑ Supplier self-assessment

(5.11.6.3) % tier 1 suppliers by procurement spend required to comply with this environmental requirement

Select from:

☑ 51-75%

(5.11.6.4) % tier 1 suppliers by procurement spend in compliance with this environmental requirement

Select from:

☑ 51-75%

(5.11.6.7) % tier 1 supplier-related scope 3 emissions attributable to the suppliers required to comply with this environmental requirement

Select from:
☑ 51-75%

(5.11.6.8) % tier 1 supplier-related scope 3 emissions attributable to the suppliers in compliance with this environmental requirement

Select from:
☑ 51-75%

(5.11.6.9) Response to supplier non-compliance with this environmental requirement

Select from:
☑ Suspend and engage

(5.11.6.10) % of non-compliant suppliers engaged

Select from:
☑ 1-25%

(5.11.6.11) Procedures to engage non-compliant suppliers

Select all that apply
☑ Providing information on appropriate actions that can be taken to address non-compliance

(5.11.6.12) Comment

If a supplier does not comply, we will temporarily suspend transactions with the supplier, check the status of compliance, including audits, and provide guidance for improvement. If the violation is not corrected by this improvement guidance, we will, in principle, suspend transactions with the supplier. If the violation is minor, we will confirm it while retaining the supplier.

Forests

(5.11.6.1) Environmental requirement

Select from:

☑ No deforestation or conversion of other natural ecosystems

(5.11.6.2) Mechanisms for monitoring compliance with this environmental requirement

Select all that apply

☑ Certification

☑ Supplier self-assessment

☑ Geospatial monitoring tool

☑ Off-site third-party audit

☑ Supplier scorecard or rating

☑ Grievance mechanism/ Whistleblowing hotline

(5.11.6.3) % tier 1 suppliers by procurement spend required to comply with this environmental requirement

Select from:

☑ 1-25%

(5.11.6.4) % tier 1 suppliers by procurement spend in compliance with this environmental requirement

Select from:

☑ 1-25%

(5.11.6.5) % tier 1 suppliers with substantive environmental dependencies and/or impacts related to this environmental issue required to comply with this environmental requirement

Select from:

☑ 100%

(5.11.6.6) % tier 1 suppliers with substantive environmental dependencies and/or impacts related to this environmental

issue that are in compliance with this environmental requirement

Select from:

☑ 100%

(5.11.6.9) Response to supplier non-compliance with this environmental requirement

Select from:

☑ Suspend and engage

(5.11.6.10) % of non-compliant suppliers engaged

Select from:

☑ None

(5.11.6.11) Procedures to engage non-compliant suppliers

Select all that apply

☑ Developing quantifiable, time-bound targets and milestones to bring suppliers back into compliance

☑ Providing information on appropriate actions that can be taken to address non-compliance

(5.11.6.12) Comment

If a supplier does not comply, we will temporarily suspend transactions with the supplier, check the status of compliance, including audits, and provide guidance for improvement. If the violation is not corrected by this improvement guidance, we will, in principle, suspend transactions with the supplier. If the violation is minor, we will confirm it while retaining the supplier.

Water

(5.11.6.1) Environmental requirement

Select from:

☑ Setting and monitoring water pollution-related targets

(5.11.6.2) Mechanisms for monitoring compliance with this environmental requirement

Select all that apply

☑ Supplier scorecard or rating

(5.11.6.3) % tier 1 suppliers by procurement spend required to comply with this environmental requirement

Select from:

☑ 26-50%

(5.11.6.4) % tier 1 suppliers by procurement spend in compliance with this environmental requirement

Select from:

☑ 26-50%

(5.11.6.5) % tier 1 suppliers with substantive environmental dependencies and/or impacts related to this environmental issue required to comply with this environmental requirement

Select from:

☑ 100%

(5.11.6.6) % tier 1 suppliers with substantive environmental dependencies and/or impacts related to this environmental issue that are in compliance with this environmental requirement

Select from:

☑ 76-99%

(5.11.6.9) Response to supplier non-compliance with this environmental requirement

Select from:

☑ Suspend and engage

(5.11.6.10) % of non-compliant suppliers engaged

Select from:

☑ 1-25%

(5.11.6.11) Procedures to engage non-compliant suppliers

Select all that apply

☑ Developing quantifiable, time-bound targets and milestones to bring suppliers back into compliance

☑ Providing information on appropriate actions that can be taken to address non-compliance

(5.11.6.12) Comment

We will temporarily suspend operations, check compliance status, including through audits, and provide guidance for improvement. If the violation is not corrected despite this guidance for improvement, we will, in principle, cease doing business with you. If the violation is minor, we will retain the information and conduct a review. [Add row]

(5.11.7) Provide further details of your organization's supplier engagement on environmental issues.

Climate change

(5.11.7.2) Action driven by supplier engagement

Select from:

☑ Adaptation to climate change

(5.11.7.3) Type and details of engagement

Capacity building

☑ Support suppliers to develop public time-bound action plans with clear milestones

Information collection

☑ Collect targets information at least annually from suppliers

Innovation and collaboration

☑ Facilitate adoption of a unified climate transition approach with suppliers

(5.11.7.4) Upstream value chain coverage

Select all that apply

☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 51-75%

(5.11.7.6) % of tier 1 supplier-related scope 3 emissions covered by engagement

Select from:

☑ 1-25%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

Kao has identified 384 direct materials suppliers that have the potential to significantly impact internal standards. For these 384 suppliers, Kao uses a CDP response rate of 80% or higher and a supplier rating of 3 or higher on a 5-point scale of 50% or higher as indicators of successful engagement. We evaluate the responses we receive using Kao's proprietary evaluation methods and provide feedback to our suppliers, requesting them to improve their climate change initiatives. Kao's own evaluation method. With regard to suppliers of the same raw materials, as an incentive, Kao will purchase preferentially from suppliers with the highest Kao evaluation, taking procurement costs into consideration. In FY2023, 325 suppliers responded, for a response rate of 85%; 196 suppliers received a rating of 3 or higher, for a ratio of 60%, meeting the success indicator. This engagement impacts Scope 3, Category 1, which in 2023 was 3,892 thousand tons. This was a 5% decrease from 4,109 thousand tons in 2022.

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

Select from:

☑ Yes, please specify the environmental requirement **:**Set CO2 reduction targets, establish a progress management system, promote reduction activities, and introduce renewable energy

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Yes

Forests

(5.11.7.1) Commodity

Select from:

☑ Timber products

(5.11.7.2) Action driven by supplier engagement

Select from:

☑ No deforestation and/or conversion of other natural ecosystems

(5.11.7.3) Type and details of engagement

Capacity building

☑ Develop or distribute resources on how to map upstream value chain

☑ Support suppliers to develop public time-bound action plans with clear milestones

☑ Support suppliers to set their own environmental commitments across their operations

Information collection

☑ Collect environmental risk and opportunity information at least annually from suppliers

☑ Collect targets information at least annually from suppliers

Innovation and collaboration

☑ Collaborate with suppliers on innovations to reduce environmental impacts in products and services

☑ Engage with suppliers to advocate for policy or regulatory change to address environmental challenges

(5.11.7.4) Upstream value chain coverage

Select all that apply

☑ Tier 1 suppliers

☑ Tier 2 suppliers

☑ Tier 3 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 1-25%

(5.11.7.7) % tier 1 suppliers with substantive impacts and/or dependencies related to this environmental issue covered by engagement

Select from:

☑ 100%

(5.11.7.8) Number of tier 2+ suppliers engaged

5

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

Kao defines Tier 14 as follows and conducts engagement. - Tier 1: Printing companies, paper packaging companies, corrugated board companies (about 100 companies) - Tier 2: Paper companies (approx. 50) - Tier 3: Mills (about 1000 sawmills, chip mills, etc.) - Tier 4: Forest Management Unit The goal of the engagement for each Tier is to aim for no deforestation for the paper pulp used in Kao products. Engagement goals, measures of success, and FY23 performance for each tier are as follows: - Tier 1: Printing companies, paper packaging companies, corrugated board companies (about 100 companies) Engagement (1) ・Success measure: Completion of switching to 100% certified pulp and paper used in Kao products by 2025 ・FY2023 results: 98% Engagement (2) ・Success measure: Ensuring 100% traceability to the forest ・FY2023 results: Secured 100% and continued to implement it Engagement (3) ・Success measures: 100% survey rate of Sedex (including Kao SAQ and alternative programs) and CDP supply chain programs ・FY23 results: Sedex (including Kao SAQ and alternative programs): 89% (based on procurement value), CDP supply chain program: 97% (based on the number of companies) - Tier 2: Paper companies (approx. 50) engagement ・Success measure: 100% total visit rate of origin forests owned by paper companies ・FY2023 results: Approximately 10% (5 sites visited compared to the target of 50 sites) - Tier 3: Mills (about 1000 sawmills, chip mills, etc.) Success measure: Achieving 100% mill mapping (based on the amount raised) ・FY2023 results: 86%

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

Select from:

☑ Yes, please specify the environmental requirement **:**Aim to switch to 100% certified paper and pulp used in Kao products by 2025

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Yes

Water

(5.11.7.2) Action driven by supplier engagement

Select from:

☑ Adoption of the United Nation's International Labour Organization principles

(5.11.7.3) Type and details of engagement

Capacity building

☑ Support suppliers to develop public time-bound action plans with clear milestones

☑ Support suppliers to set their own environmental commitments across their operations

Financial incentives

☑ Feature environmental performance in supplier awards scheme

(5.11.7.4) Upstream value chain coverage

Select all that apply

☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 100%

(5.11.7.7) % tier 1 suppliers with substantive impacts and/or dependencies related to this environmental issue covered by engagement

Select from:

☑ 100%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

As our suppliers improve their Sedex performance, we believe they will also improve their ability to address ESG issues, including water management. This will make the supply chain more resilient. - Measuring the success and effectiveness of supplier engagement - As of the end of 2023, raw material suppliers whose ESG performance Kao has verified account for 97% of Kao's total purchases by value. We believe that the first step to success is being able to see what all our suppliers are up to. We rated Sedex's performance in 2023 on a five-point scale of S, A, B, C and no access rights. Evaluation criteria are set internally. Suppliers who did not respond were assigned No Access, and suppliers who responded less than 80% to the new SAQ were assigned a C. The response rate for the new SAQ was over 80%, and management control scores based on the Sedex assessment tool (0–5, higher values indicate better management) were rated as B for less than 2.0, A for 2.0–3.0, and S for 3.0 or greater. According to the evaluation results, 63% of suppliers were rated S or A. For Kao, ultimate success would be for all suppliers to achieve an S or A rating. Kao will continue to use Sedex to collaborate with all of its suppliers. For Kao, ultimate success means that all suppliers achieve an S or A rating. Kao will continue to use Sedex to work with all suppliers.

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

Select from:

☑ Yes, please specify the environmental requirement **:**As our suppliers improve their Sedex performance, we believe they will also improve their ability to address ESG issues, including water management. Kao will continue to use Sedex to work with all suppliers.

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Yes

Forests

(5.11.7.1) Commodity

Select from:

☑ Palm oil

(5.11.7.2) Action driven by supplier engagement

Select from:

☑ No deforestation and/or conversion of other natural ecosystems

(5.11.7.3) Type and details of engagement

Capacity building

☑ Support suppliers to develop public time-bound action plans with clear milestones

Information collection

☑ Collect targets information at least annually from suppliers

Innovation and collaboration

☑ Engage with suppliers to advocate for policy or regulatory change to address environmental challenges

(5.11.7.4) Upstream value chain coverage

Select all that apply

☑ Tier 1 suppliers

☑ Tier 2 suppliers

☑ Tier 3 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 1-25%

(5.11.7.7) % tier 1 suppliers with substantive impacts and/or dependencies related to this environmental issue covered by engagement

Select from:

☑ 100%

(5.11.7.8) Number of tier 2+ suppliers engaged

11000

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

(1) Kao obtains supply chain information from the refineries (Tier-1), including names of palm oil and palm kernel oil mills (Tier-2), names of parent companies, and locations (latitude and longitude). A palm mill list is created. Kao will contact the refinery (Tier-1) to confirm the status of NDPE/HCSA/FPIC compliance efforts at the refinery (Tier-1), refinery group companies, and palm oil and palm kernel oil mills (Tier-2). Kao regularly contacts refineries (Tier-1) to survey plantations (Tier-3) to confirm traceability to palm plantations (Tier-3). Kao currently publishes a list of 987 listed palm mills. Kao has requested and confirmed compliance with NDPE/HCSA for 8 refineries (Tier-1) in Indonesia and Malaysia (2) Kao created a palm mill map from the palm mill list confirmed in (1) above and (i) used satellite photos and other information to check whether there are any national parks, protected forests, or peatlands within a 50 km radius of the palm mill location; (ii) checked whether the parent company or other companies have had previous problems with the mill (iii) Whether information from NGOs has been verified and identified as a factory at risk. (3) Kao conducts interviews with the refineries (Tier-1) regarding palm oil mills that are identified as risk mills. For Tir (high-risk mills) that are deemed extremely high-risk, Kao conducts on-site inspections by a third party and requests improvements and follow-up. by 2019, Kao had conducted on-site inspections at eight mills and verified information from the refineries (Tier-1). Kao plans to conduct audits in the future if any problems are identified. Activities (2) and (3) above are being conducted in collaboration with external consultants. The traceability achievement rate of the plantation (Tier-3) is our measure of success, and we are aiming for 100%; the achievement rate in 2023 was 87%.

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

Select from:

☑ Yes, please specify the environmental requirement **:**Sustainable use of resources (prohibition of deforestation and peatland development, etc.)

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Yes

[Add row]

(5.11.8) Provide details of any environmental smallholder engagement activity

Row 1

(5.11.8.1) Commodity

Select from:

☑ Palm oil

(5.11.8.2) Type and details of smallholder engagement approach

Capacity building

☑ Disseminate technical materials

☑ Offer on-site technical assistance and extension services

☑ Provide training, support and best practices on sustainable agriculture practices and nutrient management

Financial incentives

☑ Pay higher prices linked to best agricultural practices

(5.11.8.3) Number of smallholders engaged

3083

(5.11.8.4) Effect of engagement and measures of success

Aiming to establish a sustainable palm oil supply chain in 2020, Kao, in collaboration with the Apical Group, an oil and fat production and sales company, and Asian Agri, a plantation company, announced that they have launched a program called SMILE (SMILE (Smallholder Inclusion for better Livelihood & Empowerment program)," a program to support small-scale palm farmers in Indonesia to improve productivity and obtain sustainable palm oil certification. Together with the above two companies, Kao will provide technical guidance to improve productivity, curb the development of new plantations by increasing yields, support the acquisition of RSPO certification for sustainable palm oil, and improve the livelihood of producers through dialogue with them, in order to resolve issues such as environmental degradation and human rights violations in Indonesia. Kao's original support is the Adjuvant Series Agricultural Materials (functional adhesives), which were developed based on Kao's long-accumulated research in surface science. By utilizing the adjuvant series, which enables efficient application of pesticides, Kao aims to reduce pesticide use and costs, stabilize farmers' income, and reduce environmental impact. field trials began in February 2022. As a measure of success, Kao aims to support 5,000 small-scale farmers in Indonesia by 2030. In Phase 1, which started in 2020, and Phase 2, which started in 2022, Kao provided support to a total of 3,083 farms in Sumatra, and by 2023, 839 farms had obtained RSPO certification, and 9,996 tons of independent small palm farmer certification credits were purchased from these certified farms. From 2022, the company will be able to purchase credits from the Indonesian independent small palm farmers. From 2022, we are preparing to introduce a grievance mechanism for independent small-scale farmers in Indonesia that will enable them to respond promptly to human rights issues. The grievance mechanism is an initiative to identify and investigate issues (grievances) in the field (farms), proactively resolve them, and follow up on the resolution status, in cooperation with NGOs. The program has received 213 requests and inquiries regarding the certification system, palm production, sustainable farming, and other issues.
[Add row]

(5.11.9) Provide details of any environmental engagement activity with other stakeholders in the value chain.

Climate change

(5.11.9.1) Type of stakeholder

Select from:

☑ Customers

(5.11.9.2) Type and details of engagement

Education/Information sharing

☑ Educate and work with stakeholders on understanding and measuring exposure to environmental risks

☑ Share information about your products and relevant certification schemes

(5.11.9.3) % of stakeholder type engaged

Select from:

☑ 51-75%

(5.11.9.4) % stakeholder-associated scope 3 emissions

Select from:

☑ 26-50%

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

The greenhouse gas emissions rate for each life cycle stage of Kao products are as follows: 39% at the usage stage, 39% at the raw materials procurement stage, and 7% at the manufacturing stage. Kao engages in a variety of activities together with various stakeholders related to its plants, including consumers and suppliers. Promoting behavioral change is an effective way to reduce GHG emissions. Kao's domestic sales account for approximately 57% of its total sales, 85% of which comes from its consumer business. Since 48% (57% x 85%) of sales are from Japanese consumers, we believe it is reasonable to target Japanese purchasers and those who will purchase Kao products in the future. Specifically, we will reach out to Japanese customers by using environmentally friendly products such as laundry detergent and dishwashing detergent that reduce CO2 emissions and water consumption during use. In particular, much of the emissions generated during the use of Kao products come from water usage. For this reason, elementary schools are implementing programs to teach children how to use water carefully. In 2023, it was

implemented at 533 schools. By teaching the habits learned by elementary school students to their parents at home, we are encouraging water conservation among customers of a wide range of ages.

(5.11.9.6) Effect of engagement and measures of success

Of the total CO2 emissions over the entire life cycle of Kao products (10,064Kt-CO2), product use stage (Category 11, Scope 3) accounts for 37%. Kao is working with its customers to reduce Category 11 emissions. The majority of emissions generated during the use of Kao products come from water. For this reason, elementary schools are implementing programs to teach children how to use water carefully. The goal is to have the program featured in classes in over 400 schools each year, which is an indicator of the program's success. (Measures of success including thresholds) In 2023, classes were held at 533 schools. By passing on the habits learned by elementary school students to their parents at home, we are encouraging customers of all ages to conserve water. As water conservation at home becomes more widespread, Kao's water-saving products will be purchased, which will lead to a reduction in Kao's Category 11, Scope 3 emissions. Category 11 in 2023 is 3,956Kt. This represents a 15% decrease compared to 2022's figure of 4,680Kt. The main factors behind this were the reflection of data on water heaters and a decrease in sales volume in Japan. However, an increase in the sales ratio of low-carbon products, such as stick-type laundry detergent that enables one-rinse, shampoo that reduces the amount of hot and cold water used during rinsing, dishwashing detergent and other products that contribute to reducing CO2 emissions at the usage stage also contributed to the decrease.

Forests

(5.11.9.1) Type of stakeholder

Select from:

☑ Other value chain stakeholder, please specify **:**employee

(5.11.9.2) Type and details of engagement

Education/Information sharing

☑ Educate and work with stakeholders on understanding and measuring exposure to environmental risks

(5.11.9.3) % of stakeholder type engaged

Select from:

☑ 76-99%

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

For each employee in the purchasing department to recognize the relationship with society and the environment and to change their behavior

(5.11.9.6) Effect of engagement and measures of success

As part of the training of employees in the Purchasing Department, we encourage them to take certification examinations, and in 2023 we are encouraging them to take the Environmental and Social Certification Examination (eco-test). Our measure of success is that 70% of employees newly assigned to the Purchasing Department pass the exam, and in 2023, the cumulative number of employees in the department who passed the exam reached 90%. As a result, each and every employee in the Purchasing Department is aware of the relationship with society and the environment, and is able to engage in their daily work.

Water

(5.11.9.1) Type of stakeholder

Select from:

☑ Customers

(5.11.9.2) Type and details of engagement

Education/Information sharing

☑ Educate and work with stakeholders on understanding and measuring exposure to environmental risks

☑ Run an engagement campaign to educate stakeholders about the environmental impacts about your products, goods and/or services

☑ Share information about your products and relevant certification schemes

☑ Share information on environmental initiatives, progress and achievements

(5.11.9.3) % of stakeholder type engaged

Select from:

☑ Less than 1%

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

The proportion of water usage at each stage of the Kao product's life cycle is as follows: 88% is at the usage stage, 11% at the raw materials procurement stage, and 1% at the manufacturing stage. Kao is therefore working on a range of activities in collaboration with various stakeholders related to factories, including consumers and suppliers. However, encouraging behavioral change among customers who are most involved in the usage phase, which accounts for 88% of total usage, is effective

in reducing tertiary water consumption. That's why we are incorporating this program into elementary school classes to help students develop water-saving habits. In addition, by passing on the water-saving habits learned by elementary school students to families, we aim to encourage customers of all ages to conserve water.

(5.11.9.6) Effect of engagement and measures of success

The success indicators for this program will be the number of schools participating (400 or more schools per year) and the evaluation results. In 2023, it was implemented in 533 schools. In the quantitative evaluation, our goal is for 80% or more of participants to answer that they have "changed" in terms of "making it their own" and "attitude and behavior." Looking at the results of a survey of teachers from 70 schools, 98% responded that they "have started to think of it as something that concerns me personally," and 84% responded that they "have seen changes in their awareness and behavior." I believe that both of these efforts have produced excellent results.

Water

(5.11.9.1) Type of stakeholder

Select from:

☑ Investors and shareholders

(5.11.9.2) Type and details of engagement

Education/Information sharing

☑ Share information on environmental initiatives, progress and achievements

(5.11.9.3) % of stakeholder type engaged

Select from:

☑ Less than 1%

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

We have the opportunity to engage with around 10 investors each year who are focused on the environmental sector. In fiscal year 2011, we received questions and requests mainly about "measures against deforestation in the supply chain, increasing the certified ratio of wood products and palm oil procurement, and responding to the European Deforestation Regulation (EUDR)," "progress and challenges in achieving CO2 and plastic reduction targets," "improving the rate of reduction in water usage intensity," and "the responsibility and involvement of directors in environment-related KPIs." We believe that the questions and requests we receive reflect the needs of society, and that they will enable us to review our goals and activities and advance our efforts.

(5.11.9.6) Effect of engagement and measures of success

We believe that letting investors understand our current situation, goals, and progress will help to gain credibility and transparency for Kao. As a result, we believe that this will lead to increased investor purchases of shares and investment, and will increase opportunities to reflect societal demands in our activities, thereby reducing business risks and thereby improving corporate value. For example, "In order to promote activities to reduce environmental risks, including water and climate change, it is necessary to accelerate these activities through fundraising. Combined with the effects of engagement, we have succeeded in attracting strong investment demand, and in fiscal 2023 we realized the procurement of 25 billion yen through sustainability-linked bonds (5-year bonds). The indicator of success is to achieve the SPT set as "a 39% reduction in Scope 1 2 CO2 emissions (absolute amount) by fiscal 2026 (base year: fiscal 2017)" and to raise funds on more favorable terms while accelerating activities to achieve sustainability, including the environment.
[Add row]

(5.13) Has your organization already implemented any mutually beneficial environmental initiatives due to CDP Supply Chain member engagement?

	Environmental initiatives implemented due to CDP Supply Chain member engagement	Primary reason for not implementing environmental initiatives	Explain why your organization has not implemented any environmental initiatives
	Select from: ☑ No, and we do not plan to within the next two years	*Select from:* ☑ Lack of internal resources, capabilities, or expertise (e.g., due to organization size)	*Kao is ready to agree to mutually beneficial proposal.*

[Fixed row]

C6. Environmental Performance - Consolidation Approach

(6.1) Provide details on your chosen consolidation approach for the calculation of environmental performance data.

Climate change

(6.1.1) Consolidation approach used

Select from:

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The Company and its affiliates (consisting of 113 subsidiaries and 5 affiliates) are mainly engaged in the manufacture and sale of consumer products and chemical business products, as well as related services.

Forests

(6.1.1) Consolidation approach used

Select from:

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The Company and its affiliates (consisting of 113 subsidiaries and 5 affiliates) are mainly engaged in the manufacture and sale of consumer products and chemical business products, as well as related services.

Water

(6.1.1) Consolidation approach used

Select from:

☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The Company and its affiliates (consisting of 113 subsidiaries and 5 affiliates) are mainly engaged in the manufacture and sale of consumer products and chemical business products, as well as related services.

Plastics

(6.1.1) Consolidation approach used

Select from:
☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The Company and its affiliates (consisting of 113 subsidiaries and 5 affiliates) are mainly engaged in the manufacture and sale of consumer products and chemical business products, as well as related services.

Biodiversity

(6.1.1) Consolidation approach used

Select from:
☑ Operational control

(6.1.2) Provide the rationale for the choice of consolidation approach

The Company and its affiliates (consisting of 113 subsidiaries and 5 affiliates) are mainly engaged in the manufacture and sale of consumer products and chemical business products, as well as related services.
[Fixed row]

C7. Environmental performance - Climate Change

(7.1) Is this your first year of reporting emissions data to CDP?

Select from:
☑ No

(7.1.1) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

	Has there been a structural change?
	Select all that apply ☑ No

[Fixed row]

(7.1.2) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?
	Select all that apply ☑ No

[Fixed row]

(7.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Select all that apply

☑ ISO 14064-1

☑ The Greenhouse Gas Protocol: Scope 2 Guidance

☑ IPCC Guidelines for National Greenhouse Gas Inventories, 2006

☑ The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

☑ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

☑ Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superseded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

(7.3) Describe your organization's approach to reporting Scope 2 emissions.

	Scope 2, location-based	Scope 2, market-based	Comment
	Select from: ☑ We are reporting a Scope 2, location-based figure	*Select from:* ☑ We are reporting a Scope 2, market-based figure	*We are reporting both maklet-based and location-based emissions.*

[Fixed row]

(7.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Select from:

☑ Yes

(7.4.1) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Row 1

(7.4.1.1) Source of excluded emissions

7 gases (excluding CO2) of Scope1 emitted from factories, offices, warehouses and commercial vehicles outside Japan

(7.4.1.2) Scope(s) or Scope 3 category(ies)

Select all that apply

☑ Scope 1

☑ Scope 2 (location-based)

☑ Scope 2 (market-based)

(7.4.1.3) Relevance of Scope 1 emissions from this source

Select from:

☑ Emissions are not relevant

(7.4.1.4) Relevance of location-based Scope 2 emissions from this source

Select from:

☑ Emissions are not relevant

(7.4.1.5) Relevance of market-based Scope 2 emissions from this source

Select from:

☑ Emissions are not relevant

(7.4.1.8) Estimated percentage of total Scope 1+2 emissions this excluded source represents

0.7

(7.4.1.10) Explain why this source is excluded

So far, we have only collected CO2 data from factories, offices, warehouses, and commercial vehicles outside of Japan. Assuming that the 7 non-CO2 gases outside Japan are emitted at the same rate as the actual data collected in Japan, the non-CO2 emissions from these sources are estimated to be about 0.70% of the total. increase.

(7.4.1.11) Explain how you estimated the percentage of emissions this excluded source represents

Total emissions of 7 gases in Japan were 2580 tonnes. As the total emissions of Scope 12 in Japan are 369000 tonnes, the emission rate is calculated to be 2580/369000 0.70 (%).
[Add row]

(7.5) Provide your base year and base year emissions.

Scope 1

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

653145.0

(7.5.3) Methodological details

GHG emissions emitted by companies and organizations As a general rule, the emission factors specified in the Act on Promotion of Global Warming Countermeasures are used.

Scope 2 (location-based)

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

447267.0

(7.5.3) Methodological details

Indirect GHG emissions from purchased electricity, heat, etc. As a general rule, emission factors are based on the laws and regulations of each country, and if the specific number of emission factors cannot be ascertained, the country-specific coefficients published by the International Energy Agency (IEA) are used.

Scope 2 (market-based)

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

404968

(7.5.3) Methodological details

Indirect GHG emissions from purchased electricity, heat, etc. As a general rule, emission factors are based on the laws and regulations of each country, and if the specific number of emission factors cannot be ascertained, the country-specific coefficients published by the International Energy Agency (IEA) are used.

Scope 3 category 1: Purchased goods and services

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

4496000.0

(7.5.3) Methodological details

A value calculated by multiplying the CO2 emissions of raw materials per unit quantity of products sold in Japan and overseas by the annual sales volume of the product. CO2 emissions of raw materials are calculated by multiplying the weight of purchased raw materials by inventory data (using supplier surveys, literature values, commercial databases, etc.).

Scope 3 category 2: Capital goods

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

239000.0

(7.5.3) Methodological details

Calculated by multiplying the investment amount by the "Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain" (Ministry of the Environment, Ministry of Economy, Trade and Industry)

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

29000.0

(7.5.3) Methodological details

Calculated by multiplying the amount of purchases by the Ministry of the Environment, the Ministry of Economy, Trade and Industry, a database of emissions intensity for calculating the greenhouse gas emissions of organizations throughout the supply chain.

Scope 3 category 4: Upstream transportation and distribution

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

253000.0

(7.5.3) Methodological details

CO2 emissions of products transported as shippers in Japan and overseas. Japan is calculated in accordance with the standards of the Energy Conservation Law. Overseas figures are calculated by Kao based on Japan figures.

Scope 3 category 5: Waste generated in operations

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

58000.0

(7.5.3) Methodological details

Calculated by multiplying the weight of emissions by the "Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain" (Ministry of the Environment, Ministry of Economy, Trade and Industry)

Scope 3 category 6: Business travel

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

4000.0

(7.5.3) Methodological details

Calculated by multiplying the number of employees by the "Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain" (Ministry of the Environment, Ministry of Economy, Trade and Industry)

Scope 3 category 7: Employee commuting

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

18000.0

(7.5.3) Methodological details

Calculated by multiplying the number of employees by the "Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain" (Ministry of the Environment, Ministry of Economy, Trade and Industry)

Scope 3 category 8: Upstream leased assets

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Not included in calculation

Scope 3 category 9: Downstream transportation and distribution

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

97000.0

(7.5.3) Methodological details

Calculated by multiplying the amount of products transported by a coefficient calculated by Kao

Scope 3 category 10: Processing of sold products

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

119000.0

(7.5.3) Methodological details

Calculated by multiplying the amount of products sold by a coefficient calculated by Kao

Scope 3 category 11: Use of sold products

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

4570000.0

(7.5.3) Methodological details

Use of sold products A value calculated by multiplying the CO2 emissions at the time of use per unit quantity of products sold in Japan and overseas by the annual sales volume of the product. However, industrial products are not included. CO2 emissions during use are calculated by multiplying the consumption of water, hot water, and electricity during use by inventory data (using literature values, commercial databases, etc.).

Scope 3 category 12: End of life treatment of sold products

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

1415000.0

(7.5.3) Methodological details

A value calculated by multiplying the CO2 emissions from disposal and recycling per unit quantity of products sold in Japan and overseas by the annual sales volume of the product. However, it does not include CO2 emissions from industrial products. CO2 emissions from disposal and recycling are divided into the contents of the product and the packaging container, and the contents are calculated assuming that all fossil-derived carbon is converted into CO2, and the packaging container is calculated by multiplying the weight allocated to the treatment method such as incineration, landfill, and recycling according to the actual results of each country by inventory data (using literature values, commercial databases, etc.).

Scope 3 category 13: Downstream leased assets

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Not included in calculation

Scope 3 category 14: Franchises

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Not included in calculation

Scope 3 category 15: Investments

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

7000.0

(7.5.3) Methodological details

Calculated by multiplying the investment amount by the "Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations Throughout the Supply Chain" (Ministry of the Environment, Ministry of Economy, Trade and Industry)

Scope 3: Other (upstream)

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Not included in calculation

Scope 3: Other (downstream)

(7.5.1) Base year end

12/31/2017

(7.5.2) Base year emissions (metric tons CO2e)

0.0

(7.5.3) Methodological details

Not included in calculation
[Fixed row]

(7.6) What were your organization’s gross global Scope 1 emissions in metric tons CO2e?

Reporting year

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

539107

(7.6.3) Methodological details

GHG emissions emitted by companies and organizations As a general rule, the emission factors specified in the Act on Promotion of Global Warming Countermeasures are used.

Past year 1

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

595285

(7.6.2) End date

12/30/2022

(7.6.3) Methodological details

GHG emissions emitted by companies and organizations As a general rule, the emission factors specified in the Act on Promotion of Global Warming Countermeasures are used.

Past year 2

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

604624

(7.6.2) End date

12/30/2021

(7.6.3) Methodological details

GHG emissions emitted by companies and organizations As a general rule, the emission factors specified in the Act on Promotion of Global Warming Countermeasures are used.

Past year 3

(7.6.1) Gross global Scope 1 emissions (metric tons CO2e)

616385

(7.6.2) End date

12/30/2020

(7.6.3) Methodological details

GHG emissions emitted by companies and organizations As a general rule, the emission factors specified in the Act on Promotion of Global Warming Countermeasures are used.
[Fixed row]

(7.7) What were your organization’s gross global Scope 2 emissions in metric tons CO2e?

Reporting year

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

400514

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

149382

(7.7.4) Methodological details

As a general rule, indirect GHG emissions such as purchased electricity and heat are specific to the laws and regulations of each country, and if the specific number of emission factors cannot be ascertained, the country-specific coefficients published by the International Energy Agency (IEA) are used.

Past year 1

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

423458

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

183013

(7.7.3) End date

12/30/2022

(7.7.4) Methodological details

As a general rule, indirect GHG emissions such as purchased electricity and heat are specific to the laws and regulations of each country, and if the specific number of emission factors cannot be ascertained, the country-specific coefficients published by the International Energy Agency (IEA) are used.

Past year 2

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

435073

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

241490

(7.7.3) End date

12/30/2021

(7.7.4) Methodological details

As a general rule, indirect GHG emissions such as purchased electricity and heat are specific to the laws and regulations of each country, and if the specific number of emission factors cannot be ascertained, the country-specific coefficients published by the International Energy Agency (IEA) are used.

Past year 3

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO2e)

443419

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO2e) (if applicable)

283430

(7.7.3) End date

12/30/2020

(7.7.4) Methodological details

As a general rule, indirect GHG emissions such as purchased electricity and heat are specific to the laws and regulations of each country, and if the specific number of emission factors cannot be ascertained, the country-specific coefficients published by the International Energy Agency (IEA) are used.
[Fixed row]

(7.8) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

(7.8.1) Evaluation status

Select from:
☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

3892000

(7.8.3) Emissions calculation methodology

Select all that apply
☑ Supplier-specific method
☑ Hybrid method

☑ Average data method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

24

(7.8.5) Please explain

We have established a CO2 emission factor for each type of raw material purchased. For raw materials that are purchased in large quantities, we get information directly from our suppliers. Other raw material CO2 emission information is sourced from a database.

Capital goods

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

281000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Calculated by multiplying spend-based cost by a database-derived emission factor.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

57000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Calculated by multiplying spend-based Scope-1 and 2 by a database-derived emission factor.

Upstream transportation and distribution

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

234000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average spend-based method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Calculated by multiplying average spend-based raw material transportation distance by a database-derived emission factor.

Waste generated in operations

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

58000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Waste-type-specific method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Kao confirms the amount of waste generated for each type of waste. It is calculated by multiplying each database-derived emission factor by the amount of waste generated

Business travel

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

4000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Kao confirms the amount of waste generated for each type of waste. It is calculated by multiplying each database-derived emission factor by the amount of waste generated

Employee commuting

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

18000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Calculated by multiplying average spend-based employee commuting by a database-derived emission factor.

Upstream leased assets

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Kao have leased assets. All Kao's leased assets include scope 1&2. We evaluate that upstream leased asset emissions are zero.

Downstream transportation and distribution

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

104000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Hybrid method

☑ Average data method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Calculated by multiplying average spend-based product transportation distance by a database-derived emission factor.

Processing of sold products

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

128000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average product method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Calculated by multiplying average processing of sold products by a database-derived emission factor

Use of sold products

(7.8.1) Evaluation status

Select from:
☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

3956000

(7.8.3) Emissions calculation methodology

Select all that apply
☑ Methodology for direct use phase emissions, please specify **:**Calculated by multiplying average processing of sold products by a database-derived emission factor

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Kao products use water and electricity when used. So, we investigate and find the average amount of water and electricity used for each product. Multiply the calculated CO2 emission factor of water and electricity used by the sales quantity.

End of life treatment of sold products

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

1324000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Waste-type-specific method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Kao has information on the materials used in its products. For each material, we multiply the CO2 emission factor by the sales

Downstream leased assets

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Kao doesn't have downstream leased assets. So, we choose Not relevant, explanation provided

Franchises

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Kao doesn't have downstream leased assets. So, we choose Not relevant, explanation provided

Investments

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO2e)

8000

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Investment-specific method

(7.8.4) Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

(7.8.5) Please explain

Calculated by multiplying average processing of sold products by a database-derived emission factor

Other (upstream)

(7.8.1) Evaluation status

Select from:
☑ Not relevant, explanation provided

(7.8.5) Please explain

Kao's Scope 3 covers all categories 1 to 15.

Other (downstream)

(7.8.1) Evaluation status

Select from:
☑ Not relevant, explanation provided

(7.8.5) Please explain

Kao's Scope 3 covers all categories 1 to 15.
[Fixed row]

(7.8.1) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

(7.8.1.1) End date

12/30/2022

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

4109000

(7.8.1.3) Scope 3: Capital goods (metric tons CO2e)

285000

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

58000

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO2e)

241000

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO2e)

66000

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

5000

(7.8.1.8) Scope 3: Employee commuting (metric tons CO2e)

18000

(7.8.1.9) Scope 3: Upstream leased assets (metric tons CO2e)

0

(7.8.1.10) Scope 3: Downstream transportation and distribution (metric tons CO2e)

109000

(7.8.1.11) Scope 3: Processing of sold products (metric tons CO2e)

131000

(7.8.1.12) Scope 3: Use of sold products (metric tons CO2e)

4680000

(7.8.1.13) Scope 3: End of life treatment of sold products (metric tons CO2e)

1417000

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO2e)

0

(7.8.1.15) Scope 3: Franchises (metric tons CO2e)

0

(7.8.1.16) Scope 3: Investments (metric tons CO2e)

5000

(7.8.1.17) Scope 3: Other (upstream) (metric tons CO2e)

0

(7.8.1.18) Scope 3: Other (downstream) (metric tons CO2e)

0

(7.8.1.19) Comment

blank

Past year 2

(7.8.1.1) End date

12/30/2021

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

4228000

(7.8.1.3) Scope 3: Capital goods (metric tons CO2e)

264000

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

60000

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO2e)

245000

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO2e)

68000

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

4000

(7.8.1.8) Scope 3: Employee commuting (metric tons CO2e)

18000

(7.8.1.9) Scope 3: Upstream leased assets (metric tons CO2e)

0

(7.8.1.10) Scope 3: Downstream transportation and distribution (metric tons CO2e)

108000

(7.8.1.11) Scope 3: Processing of sold products (metric tons CO2e)

131000

(7.8.1.12) Scope 3: Use of sold products (metric tons CO2e)

4647000

(7.8.1.13) Scope 3: End of life treatment of sold products (metric tons CO2e)

1432000

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO2e)

0

(7.8.1.15) Scope 3: Franchises (metric tons CO2e)

0

(7.8.1.16) Scope 3: Investments (metric tons CO2e)

5000

(7.8.1.17) Scope 3: Other (upstream) (metric tons CO2e)

0

(7.8.1.18) Scope 3: Other (downstream) (metric tons CO2e)

0

(7.8.1.19) Comment

blank

Past year 3

(7.8.1.1) End date

12/30/2020

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO2e)

4215000

(7.8.1.3) Scope 3: Capital goods (metric tons CO2e)

259000

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)

59000

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO2e)

249000

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO2e)

65000

(7.8.1.7) Scope 3: Business travel (metric tons CO2e)

4000

(7.8.1.8) Scope 3: Employee commuting (metric tons CO2e)

18000

(7.8.1.9) Scope 3: Upstream leased assets (metric tons CO2e)

0

(7.8.1.10) Scope 3: Downstream transportation and distribution (metric tons CO2e)

111000

(7.8.1.11) Scope 3: Processing of sold products (metric tons CO2e)

116000

(7.8.1.12) Scope 3: Use of sold products (metric tons CO2e)

4653000

(7.8.1.13) Scope 3: End of life treatment of sold products (metric tons CO2e)

1438000

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO2e)

0

(7.8.1.15) Scope 3: Franchises (metric tons CO2e)

0

(7.8.1.16) Scope 3: Investments (metric tons CO2e)

6000

(7.8.1.17) Scope 3: Other (upstream) (metric tons CO2e)

0

(7.8.1.18) Scope 3: Other (downstream) (metric tons CO2e)

0

(7.8.1.19) Comment

blank
[Fixed row]

(7.9) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	*Select from:* ☑ Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	*Select from:* ☑ Third-party verification or assurance process in place
Scope 3	*Select from:* ☑ Third-party verification or assurance process in place

[Fixed row]

(7.9.1) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Row 1

(7.9.1.1) Verification or assurance cycle in place

Select from:
☑ Annual process

(7.9.1.2) Status in the current reporting year

Select from:
☑ Complete

(7.9.1.3) Type of verification or assurance

Select from:
☑ Limited assurance

(7.9.1.4) Attach the statement

KAO_Independent_Assurance_Report_Letter_2024F.pdf

(7.9.1.5) Page/section reference

Report; KAO_Independent_Assurance_Report_Letter_2023F.pdf P1 Letter; KAO_Independent_Assurance_Report_Letter_2023F.pdf P2-3

(7.9.1.6) Relevant standard

Select from:
☑ ISAE 3410

(7.9.1.7) Proportion of reported emissions verified (%)

100
[Add row]

(7.9.2) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Row 1

(7.9.2.1) Scope 2 approach

Select from:

☑ Scope 2 market-based

(7.9.2.2) Verification or assurance cycle in place

Select from:
☑ Annual process

(7.9.2.3) Status in the current reporting year

Select from:
☑ Complete

(7.9.2.4) Type of verification or assurance

Select from:
☑ Limited assurance

(7.9.2.5) Attach the statement

KAO_Independent_Assurance_Report_Letter_2024F.pdf

(7.9.2.6) Page/ section reference

Report; KAO_Independent_Assurance_Report_Letter_2023F.pdf P1 Letter; KAO_Independent_Assurance_Report_Letter_2023F.pdf P2-3

(7.9.2.7) Relevant standard

Select from:
☑ ISAE 3410

(7.9.2.8) Proportion of reported emissions verified (%)

100
[Add row]

(7.9.3) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Row 1

(7.9.3.1) Scope 3 category

Select all that apply

☑ Scope 3: Purchased goods and services

☑ Scope 3: Upstream transportation and distribution

☑ Scope 3: Use of sold products

☑ Scope 3: End-of-life treatment of sold products

(7.9.3.2) Verification or assurance cycle in place

Select from:

☑ Annual process

(7.9.3.3) Status in the current reporting year

Select from:

☑ Complete

(7.9.3.4) Type of verification or assurance

Select from:

☑ Limited assurance

(7.9.3.5) Attach the statement

KAO_Independent_Assurance_Report_Letter_2024F.pdf

(7.9.3.6) Page/section reference

Report; KAO_Independent_Assurance_Report_Letter_2023F.pdf P1 Letter; KAO_Independent_Assurance_Report_Letter_2023F.pdf P2-3

(7.9.3.7) Relevant standard

Select from:
☑ ISAE 3410

(7.9.3.8) Proportion of reported emissions verified (%)

100
[Add row]

(7.10) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Select from:
☑ Decreased

(7.10.1) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Change in renewable energy consumption

(7.10.1.1) Change in emissions (metric tons CO2e)

20166.1

(7.10.1.2) Direction of change in emissions

Select from:
☑ Decreased

(7.10.1.3) Emissions value (percentage)

2.38

(7.10.1.4) Please explain calculation

*In 2023, in addition to the impact of the decrease in production with regard to 'Change in output', emissions decreased compared to the previous year due to 'Change in renewable energy consumption', 'Other emissions reduction activities', etc. In 2023, emissions were reduced by 20,166 (tCO2e) due to the promotion of emission reduction projects through the introduction of renewable energy. Therefore, (-20,166/778,299)*100 -2.38% (i.e. emissions were 2.38% lower than in the previous year).*

Other emissions reduction activities

(7.10.1.1) Change in emissions (metric tons CO2e)

7418.9

(7.10.1.2) Direction of change in emissions

Select from:

☑ Decreased

(7.10.1.3) Emissions value (percentage)

0.88

(7.10.1.4) Please explain calculation

*In 2023, energy-saving activities promoted by the entire Kao Group reduced emissions by 7,420 (tCO2e). 2022 total Scope 1 and Scope 2 emissions were 778,299 (tCO2e), so (-7,420/778,299)*100 -0.88% (i.e. emissions decreased by 0.88% compared to the previous year).*

Divestment

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

Not applicable.

Acquisitions

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

Not applicable.

Mergers

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

Not applicable.

Change in output

(7.10.1.1) Change in emissions (metric tons CO2e)

49164.2

(7.10.1.2) Direction of change in emissions

Select from:

☑ Decreased

(7.10.1.3) Emissions value (percentage)

5.81

(7.10.1.4) Please explain calculation

*In 2023, production decreased by 6.6% year-on-year, resulting in a decrease of 49,164 (tCO2e); in 2022, total Scope 1 and Scope 2 emissions were 778,299 (tCO2e), so (-49,164/778,299)*100 -5.81% (i.e. emissions were emissions decreased by 5.81% compared to the previous year).*

Change in methodology

(7.10.1.1) Change in emissions (metric tons CO2e)

3875.9

(7.10.1.2) Direction of change in emissions

Select from:

☑ Increased

(7.10.1.3) Emissions value (percentage)

0.46

(7.10.1.4) Please explain calculation

*The change in the GHG emission factor for electricity resulted in an increase of 3,876 (tCO2e), as the total Scope 1 and Scope 2 emissions in 2022 were 778,299 (tCO2e), so (3,876/778,299)*100 0.46% (i.e. an emissions increase of 0.46% year on year). The result was.*

Change in boundary

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:

☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

Not applicable.

Change in physical operating conditions

(7.10.1.1) Change in emissions (metric tons CO2e)

0

(7.10.1.2) Direction of change in emissions

Select from:
☑ No change

(7.10.1.3) Emissions value (percentage)

0

(7.10.1.4) Please explain calculation

Not applicable.

Unidentified

(7.10.1.1) Change in emissions (metric tons CO2e)

205.3

(7.10.1.2) Direction of change in emissions

Select from:
☑ Increased

(7.10.1.3) Emissions value (percentage)

0.02

(7.10.1.4) Please explain calculation

There was unidentified as 0.02%.

Other

(7.10.1.1) Change in emissions (metric tons CO2e)

17142.4

(7.10.1.2) Direction of change in emissions

Select from:
☑ Decreased

(7.10.1.3) Emissions value (percentage)

2.03

(7.10.1.4) Please explain calculation

*Due to changes in the product mix and other factors, emissions decreased by 17,142 (tCO2e), with total Scope 1 and Scope 2 emissions in 2022 being 778,299 (tCO2e), so (-17,142/778,299)*100 -2.03% (i.e. emissions were 2.03% lower than the previous year).*
[Fixed row]

(7.10.2) Are your emissions performance calculations in 7.10 and 7.10.1 based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Select from:
☑ Market-based

(7.12) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

Select from:
☑ Yes

(7.12.1) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.

	CO2 emissions from biogenic carbon (metric tons CO2)	Comment
	25424.74	*Vegetable-based waste oil (distillation residue) is used in some plants as a fuel substitute.*

[Fixed row]

(7.15) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Select from:

☑ Yes

(7.15.1) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used global warming potential (GWP).

Row 1

(7.15.1.1) Greenhouse gas

Select from:

☑ CO2

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

536531

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 2

(7.15.1.1) Greenhouse gas

Select from:
☑ CH4

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

172

(7.15.1.3) GWP Reference

Select from:
☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 3

(7.15.1.1) Greenhouse gas

Select from:
☑ N2O

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

969

(7.15.1.3) GWP Reference

Select from:
☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 4

(7.15.1.1) Greenhouse gas

Select from:

☑ HFCs

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

1415

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 5

(7.15.1.1) Greenhouse gas

Select from:

☑ PFCs

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

0

(7.15.1.3) GWP Reference

Select from:

☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 6

(7.15.1.1) Greenhouse gas

Select from:

☑ SF6

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

20

(7.15.1.3) GWP Reference

Select from:
☑ IPCC Sixth Assessment Report (AR6 - 100 year)

Row 7

(7.15.1.1) Greenhouse gas

Select from:
☑ NF3

(7.15.1.2) Scope 1 emissions (metric tons of CO2e)

0

(7.15.1.3) GWP Reference

Select from:
☑ IPCC Sixth Assessment Report (AR6 - 100 year)
[Add row]

(7.16) Break down your total gross global Scope 1 and 2 emissions by country/area.

Australia

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

39.827

(7.16.3) Scope 2, market-based (metric tons CO2e)

39.827

Austria

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

10.877

(7.16.3) Scope 2, market-based (metric tons CO2e)

10.877

Belgium

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

8.179

(7.16.3) Scope 2, market-based (metric tons CO2e)

8.179

Brazil

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

1.922

(7.16.3) Scope 2, market-based (metric tons CO2e)

1.922

Canada

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

231.298

(7.16.3) Scope 2, market-based (metric tons CO2e)

231.298

China

(7.16.1) Scope 1 emissions (metric tons CO2e)

1984

(7.16.2) Scope 2, location-based (metric tons CO2e)

28811

(7.16.3) Scope 2, market-based (metric tons CO2e)

8291

Czechia

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

14.787

(7.16.3) Scope 2, market-based (metric tons CO2e)

14.787

Denmark

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

19.08

(7.16.3) Scope 2, market-based (metric tons CO2e)

19.08

Finland

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

7.669

(7.16.3) Scope 2, market-based (metric tons CO2e)

7.669

France

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

7.859

(7.16.3) Scope 2, market-based (metric tons CO2e)

7.859

Germany

(7.16.1) Scope 1 emissions (metric tons CO2e)

7645

(7.16.2) Scope 2, location-based (metric tons CO2e)

9261

(7.16.3) Scope 2, market-based (metric tons CO2e)

0

Hong Kong SAR, China

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

172.338

(7.16.3) Scope 2, market-based (metric tons CO2e)

172.338

Indonesia

(7.16.1) Scope 1 emissions (metric tons CO2e)

14258

(7.16.2) Scope 2, location-based (metric tons CO2e)

72281

(7.16.3) Scope 2, market-based (metric tons CO2e)

77769

Italy

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

305.9

(7.16.3) Scope 2, market-based (metric tons CO2e)

305.9

Japan

(7.16.1) Scope 1 emissions (metric tons CO2e)

222623

(7.16.2) Scope 2, location-based (metric tons CO2e)

146424

(7.16.3) Scope 2, market-based (metric tons CO2e)

0

Malaysia

(7.16.1) Scope 1 emissions (metric tons CO2e)

114727

(7.16.2) Scope 2, location-based (metric tons CO2e)

34098

(7.16.3) Scope 2, market-based (metric tons CO2e)

17706

Mexico

(7.16.1) Scope 1 emissions (metric tons CO2e)

24677

(7.16.2) Scope 2, location-based (metric tons CO2e)

5142

(7.16.3) Scope 2, market-based (metric tons CO2e)

3967

Netherlands

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

18.827

(7.16.3) Scope 2, market-based (metric tons CO2e)

18.827

New Zealand

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

4.11

(7.16.3) Scope 2, market-based (metric tons CO2e)

4.11

Norway

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

5.11

(7.16.3) Scope 2, market-based (metric tons CO2e)

5.11

Philippines

(7.16.1) Scope 1 emissions (metric tons CO2e)

86444

(7.16.2) Scope 2, location-based (metric tons CO2e)

41272

(7.16.3) Scope 2, market-based (metric tons CO2e)

20262

Singapore

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

33.432

(7.16.3) Scope 2, market-based (metric tons CO2e)

33.432

South Africa

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

44.946

(7.16.3) Scope 2, market-based (metric tons CO2e)

44.946

Spain

(7.16.1) Scope 1 emissions (metric tons CO2e)

24930

(7.16.2) Scope 2, location-based (metric tons CO2e)

6818

(7.16.3) Scope 2, market-based (metric tons CO2e)

0

Sweden

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

13.079

(7.16.3) Scope 2, market-based (metric tons CO2e)

13.079

Switzerland

(7.16.1) Scope 1 emissions (metric tons CO2e)

0

(7.16.2) Scope 2, location-based (metric tons CO2e)

32.18

(7.16.3) Scope 2, market-based (metric tons CO2e)

32.18

Taiwan, China

(7.16.1) Scope 1 emissions (metric tons CO2e)

2393

(7.16.2) Scope 2, location-based (metric tons CO2e)

19594

(7.16.3) Scope 2, market-based (metric tons CO2e)

18203

Thailand

(7.16.1) Scope 1 emissions (metric tons CO2e)

12420

(7.16.2) Scope 2, location-based (metric tons CO2e)

21085

(7.16.3) Scope 2, market-based (metric tons CO2e)

0

United Kingdom of Great Britain and Northern Ireland

(7.16.1) Scope 1 emissions (metric tons CO2e)

334

(7.16.2) Scope 2, location-based (metric tons CO2e)

228

(7.16.3) Scope 2, market-based (metric tons CO2e)

0

United States of America

(7.16.1) Scope 1 emissions (metric tons CO2e)

20350

(7.16.2) Scope 2, location-based (metric tons CO2e)

13115

(7.16.3) Scope 2, market-based (metric tons CO2e)

1232

Viet Nam

(7.16.1) Scope 1 emissions (metric tons CO2e)

486

(7.16.2) Scope 2, location-based (metric tons CO2e)

1412

(7.16.3) Scope 2, market-based (metric tons CO2e)

979
[Fixed row]

(7.17) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

Select all that apply

☑ By business division

(7.17.1) Break down your total gross global Scope 1 emissions by business division.

	Business division	Scope 1 emissions (metric ton CO2e)
Row 1	*Production*	*526467*
Row 2	*Office,sales*	*12639*

[Add row]

(7.20) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

Select all that apply

☑ By business division

(7.20.1) Break down your total gross global Scope 2 emissions by business division.

	Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Row 1	*Offices, sales*	*28332*	*4588*
Row 2	*Production*	*370109*	*144794*

[Add row]

(7.22) Break down your gross Scope 1 and Scope 2 emissions between your consolidated accounting group and other entities included in your response.

Consolidated accounting group

(7.22.1) Scope 1 emissions (metric tons CO2e)

539107

(7.22.2) Scope 2, location-based emissions (metric tons CO2e)

398441

(7.22.3) Scope 2, market-based emissions (metric tons CO2e)

149382

(7.22.4) Please explain

This is the actual amount of emissions in 2023

All other entities

(7.22.1) Scope 1 emissions (metric tons CO2e)

0

(7.22.2) Scope 2, location-based emissions (metric tons CO2e)

0

(7.22.3) Scope 2, market-based emissions (metric tons CO2e)

0

(7.22.4) Please explain

There are no applicable emissions
[Fixed row]

(7.23) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Select from:
☑ Yes

(7.23.1) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Row 1

(7.23.1.1) Subsidiary name

Kao Sanitary Products Ehime Co., Ltd.

(7.23.1.2) Primary activity

Select from:
☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

1793

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

18734

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0

(7.23.1.15) Comment

We don't have any additional comment.

Row 3

(7.23.1.1) Subsidiary name

Kao Paper Fuji Co., Ltd.

(7.23.1.2) Primary activity

Select from:
☑ Paper products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

7230

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

4076

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 4

(7.23.1.1) Subsidiary name

Kao Group Customer Marketing Co., Ltd.

(7.23.1.2) Primary activity

Select from:
☑ Marketing

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

5037

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

2596

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0

(7.23.1.15) Comment

We don't have any additional comment.

Row 5

(7.23.1.1) Subsidiary name

Kao Logistics Co., Ltd.

(7.23.1.2) Primary activity

Select from:
☑ Logistics - transport

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

173

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

16713

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 6

(7.23.1.1) Subsidiary name

Equip Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

0

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

108

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 7

(7.23.1.1) Subsidiary name

Nivea-Kao, Co.,Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

0

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

254

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0

(7.23.1.15) Comment

We don't have any additional comment.

Row 8

(7.23.1.1) Subsidiary name

Kao Corporation Shanghai

(7.23.1.2) Primary activity

Select from:

☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

922

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

11218

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 9

(7.23.1.1) Subsidiary name

Kao (Shanghai) Chemical Industries Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

285

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

15115

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

6824

(7.23.1.15) Comment

We don't have any additional comment.

Row 10

(7.23.1.1) Subsidiary name

Kao Huludao Casting Materials Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

776

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

477

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 11

(7.23.1.1) Subsidiary name

Kao (hefei) Co. Ltd

(7.23.1.2) Primary activity

Select from:
☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

0

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

534

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 12

(7.23.1.1) Subsidiary name

Kao (Taiwan) Corporation

(7.23.1.2) Primary activity

Select from:
☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

2393

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

19199

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

17874

(7.23.1.15) Comment

We don't have any additional comment.

Row 13

(7.23.1.1) Subsidiary name

Kao Vietnam Co., Ltd.

(7.23.1.2) Primary activity

Select from:
☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

486

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

1350

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

917

(7.23.1.15) Comment

We don't have any additional comment.

Row 14

(7.23.1.1) Subsidiary name

Pilipinas Kao, Incorporated

(7.23.1.2) Primary activity

Select from:
☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

86444

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

41258

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

20248

(7.23.1.15) Comment

We don't have any additional comment.

Row 15

(7.23.1.1) Subsidiary name

Kao Industrial (Thailand) Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

12420

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

19968

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0

(7.23.1.15) Comment

We don't have any additional comment.

Row 16

(7.23.1.1) Subsidiary name

Fatty Chemical (Malaysia) Sdn. Bhd.

(7.23.1.2) Primary activity

Select from:

☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

114727

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

34023

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

17631

(7.23.1.15) Comment

We don't have any additional comment.

Row 17

(7.23.1.1) Subsidiary name

PT Kao Indonesia

(7.23.1.2) Primary activity

Select from:

☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

6748

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

51512

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

55478

(7.23.1.15) Comment

We don't have any additional comment.

Row 18

(7.23.1.1) Subsidiary name

PT. Kao Indonesia Chemicals

(7.23.1.2) Primary activity

Select from:

☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

7510

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

20035

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

21558

(7.23.1.15) Comment

We don't have any additional comment.

Row 19

(7.23.1.1) Subsidiary name

Kao USA Inc.

(7.23.1.2) Primary activity

Select from:

☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

5156

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

4841

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0

(7.23.1.15) Comment

We don't have any additional comment.

Row 20

(7.23.1.1) Subsidiary name

Kao Specialties Americas LLC

(7.23.1.2) Primary activity

Select from:
☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

15037

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

6959

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

297

(7.23.1.15) Comment

We don't have any additional comment.

Row 21

(7.23.1.1) Subsidiary name

Kao Collins Inc.

(7.23.1.2) Primary activity

Select from:
☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

157

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

380

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 22

(7.23.1.1) Subsidiary name

Quimi-Kao, S.A. de C.V.

(7.23.1.2) Primary activity

Select from:
☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

24677

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

5142

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

3967

(7.23.1.15) Comment

We don't have any additional comment.

Row 23

(7.23.1.1) Subsidiary name

Kao Manufacturing Germany GmbH

(7.23.1.2) Primary activity

Select from:
☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

1099

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

1380

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 24

(7.23.1.1) Subsidiary name

Kao Chemicals GmbH

(7.23.1.2) Primary activity

Select from:
☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

6545

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

7026

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0

(7.23.1.15) Comment

We don't have any additional comment.

Row 25

(7.23.1.1) Subsidiary name

Molton Brown Limited

(7.23.1.2) Primary activity

Select from:

☑ Personal care & household products

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

334

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

192

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0.0

(7.23.1.15) Comment

We don't have any additional comment.

Row 26

(7.23.1.1) Subsidiary name

Kao Corporation, S.A.

(7.23.1.2) Primary activity

Select from:

☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

24858

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

6556

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0

(7.23.1.15) Comment

We don't have any additional comment.

Row 27

(7.23.1.1) Subsidiary name

Kao Chimigraf, S.L.

(7.23.1.2) Primary activity

Select from:

☑ Other base chemicals

(7.23.1.3) Select the unique identifier you are able to provide for this subsidiary

Select all that apply
☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO2e)

72

(7.23.1.13) Scope 2, location-based emissions (metric tons CO2e)

263

(7.23.1.14) Scope 2, market-based emissions (metric tons CO2e)

0

(7.23.1.15) Comment

We don't have any additional comment.
[Add row]

(7.26) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Row 1

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 1

(7.26.4) Allocation level

Select from:

☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:

☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

19752

(7.26.9) Emissions in metric tonnes of CO2e

4869

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 2

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 1

(7.26.4) Allocation level

Select from:
☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:

☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

721

(7.26.9) Emissions in metric tonnes of CO2e

260

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 3

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 1

(7.26.4) Allocation level

Select from:
☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:
☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:
☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

7378

(7.26.9) Emissions in metric tonnes of CO2e

531

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 4

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 1

(7.26.4) Allocation level

Select from:

☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:

☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

1369

(7.26.9) Emissions in metric tonnes of CO2e

577

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 5

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 1

(7.26.4) Allocation level

Select from:
☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:

☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

415

(7.26.9) Emissions in metric tonnes of CO2e

52

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 6

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 1

(7.26.4) Allocation level

Select from:
☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:
☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:
☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

120

(7.26.9) Emissions in metric tonnes of CO2e

29

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 7

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 1

(7.26.4) Allocation level

Select from:

☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:

☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

16402

(7.26.9) Emissions in metric tonnes of CO2e

2555

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 8

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 1

(7.26.4) Allocation level

Select from:
☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:

☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

0.05

(7.26.9) Emissions in metric tonnes of CO2e

0

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 9

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 1

(7.26.4) Allocation level

Select from:
☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:
☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:
☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

3428

(7.26.9) Emissions in metric tonnes of CO2e

1391

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of each factory. (Scope12)

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 10

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 3

(7.26.3) Scope 3 category(ies)

Select all that apply

☑ Category 1: Purchased goods and services

☑ Category 4: Upstream transportation and distribution

☑ Category 11: Use of sold products

☑ Category 12: End-of-life treatment of sold products

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the market value of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

21891000000

(7.26.9) Emissions in metric tonnes of CO2e

144200

(7.26.10) Uncertainty (±%)

30

(7.26.11) Major sources of emissions

Mainly procurement of raw materials and product use step by consumer.

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of Scope 1, 2 and 3. Scope 3 include category 1, 4, 11 and 12.

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 11

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 3

(7.26.3) Scope 3 category(ies)

Select all that apply
☑ Category 1: Purchased goods and services

☑ Category 4: Upstream transportation and distribution
☑ Category 11: Use of sold products
☑ Category 12: End-of-life treatment of sold products

(7.26.4) Allocation level

Select from:
☑ Company wide

(7.26.6) Allocation method

Select from:
☑ Allocation based on the market value of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:
☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

18536000000

(7.26.9) Emissions in metric tonnes of CO2e

122100

(7.26.10) Uncertainty (±%)

30

(7.26.11) Major sources of emissions

Mainly procurement of raw materials and product use step by consumer.

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of Scope 1, 2 and 3. Scope 3 include category 1, 4, 11 and 12.

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 12

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 3

(7.26.3) Scope 3 category(ies)

Select all that apply

☑ Category 1: Purchased goods and services

☑ Category 4: Upstream transportation and distribution

☑ Category 11: Use of sold products

☑ Category 12: End-of-life treatment of sold products

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the market value of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

9425000000

(7.26.9) Emissions in metric tonnes of CO2e

62100

(7.26.10) Uncertainty (±%)

30

(7.26.11) Major sources of emissions

Mainly procurement of raw materials and product use step by consumer.

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and

assumptions made

This data based on CO2 emission of Scope 1, 2 and 3. Scope 3 include category 1, 4, 11 and 12.

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 13

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 3

(7.26.3) Scope 3 category(ies)

Select all that apply

☑ Category 1: Purchased goods and services

☑ Category 4: Upstream transportation and distribution

☑ Category 11: Use of sold products

☑ Category 12: End-of-life treatment of sold products

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the market value of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:
☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

630000000

(7.26.9) Emissions in metric tonnes of CO2e

4100

(7.26.10) Uncertainty (±%)

30

(7.26.11) Major sources of emissions

Mainly procurement of raw materials and product use step by consumer.

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

This data based on CO2 emission of Scope 1, 2 and 3. Scope 3 include category 1, 4, 11 and 12.

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.

Row 14

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 1

(7.26.4) Allocation level

Select from:
☑ Facility

(7.26.5) Allocation level detail

Allocated based on CO2 emission of each factory. (Scope12)

(7.26.6) Allocation method

Select from:
☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:
☑ Metric tons

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

0

(7.26.9) Emissions in metric tonnes of CO2e

0

(7.26.10) Uncertainty (±%)

20

(7.26.11) Major sources of emissions

Mainly boiler and process consumption

(7.26.12) Allocation verified by a third party?

Select from:
☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

There will be no transactions with Kao in 2023.

(7.26.14) Where published information has been used, please provide a reference

There is no reference to public information because Kao is doing the calculations.
[Add row]

(7.27) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Row 1

(7.27.1) Allocation challenges

Select from:

☑ Customer base is too large and diverse to accurately track emissions to the customer level

(7.27.2) Please explain what would help you overcome these challenges

Traceability of supplied products to end customer.

Row 2

(7.27.1) Allocation challenges

Select from:

☑ Managing the different emission factors of diverse and numerous geographies makes calculating total footprint difficult

(7.27.2) Please explain what would help you overcome these challenges

We will develop original LCA system.
[Add row]

(7.28) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

(7.28.1) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

Select from:

☑ Yes

(7.28.2) Describe how you plan to develop your capabilities

In case of chemical products, we will allocate the CO2 emission each factory by sales quantities, and then sum them up about each customer. In case of consumer products, we will allocate the CO2 emission of total product lifecycle by sales amounts.
[Fixed row]

(7.29) What percentage of your total operational spend in the reporting year was on energy?

Select from:

☑ More than 95% but less than or equal to 100%

(7.30) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	*Select from:* ☑ Yes
Consumption of purchased or acquired electricity	*Select from:* ☑ Yes
Consumption of purchased or acquired heat	*Select from:* ☑ No
Consumption of purchased or acquired steam	*Select from:* ☑ Yes
Consumption of purchased or acquired cooling	*Select from:* ☑ No
Generation of electricity, heat, steam, or cooling	*Select from:* ☑ Yes

[Fixed row]

(7.30.1) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

Consumption of fuel (excluding feedstock)

(7.30.1.1) Heating value

Select from:

☑ HHV (higher heating value)

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

2503390

(7.30.1.4) Total (renewable and non-renewable) MWh

2503390

Consumption of purchased or acquired electricity

(7.30.1.1) Heating value

Select from:

☑ HHV (higher heating value)

(7.30.1.2) MWh from renewable sources

1284135

(7.30.1.3) MWh from non-renewable sources

677766

(7.30.1.4) Total (renewable and non-renewable) MWh

1961901

Consumption of purchased or acquired steam

(7.30.1.1) Heating value

Select from:

☑ HHV (higher heating value)

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

57772

(7.30.1.4) Total (renewable and non-renewable) MWh

57772

Consumption of self-generated non-fuel renewable energy

(7.30.1.1) Heating value

Select from:

☑ HHV (higher heating value)

(7.30.1.2) MWh from renewable sources

13648

(7.30.1.4) Total (renewable and non-renewable) MWh

13648

Total energy consumption

(7.30.1.1) Heating value

Select from:
☑ HHV (higher heating value)

(7.30.1.2) MWh from renewable sources

1297783

(7.30.1.3) MWh from non-renewable sources

3238928

(7.30.1.4) Total (renewable and non-renewable) MWh

4536711
[Fixed row]

(7.30.6) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	*Select from:* ☑ Yes
Consumption of fuel for the generation of heat	*Select from:* ☑ No
Consumption of fuel for the generation of steam	*Select from:* ☑ Yes

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of cooling	*Select from:* ☑ No
Consumption of fuel for co-generation or tri-generation	*Select from:* ☑ Yes

[Fixed row]

(7.30.7) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

Not applicable.

Other biomass

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

Not applicable.

Other renewable fuels (e.g. renewable hydrogen)

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

Not applicable.

Coal

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

Not applicable.

Oil

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

321689

(7.30.7.3) MWh fuel consumed for self-generation of electricity

19536

(7.30.7.4) MWh fuel consumed for self-generation of heat

45839

(7.30.7.5) MWh fuel consumed for self-generation of steam

256315

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

We use A-heavy oil, C-heavy oil, diesel, kerosene and gasoline.

Gas

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

2181701

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

273033

(7.30.7.5) MWh fuel consumed for self-generation of steam

776713

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

1131955

(7.30.7.8) Comment

We use liquefied natural gas and liquefied petroleum gas.

Other non-renewable fuels (e.g. non-renewable hydrogen)

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.3) MWh fuel consumed for self-generation of electricity

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

Not applicable.

Total fuel

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

2503390

(7.30.7.3) MWh fuel consumed for self-generation of electricity

19536

(7.30.7.4) MWh fuel consumed for self-generation of heat

318872

(7.30.7.5) MWh fuel consumed for self-generation of steam

1033028

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

1131955

(7.30.7.8) Comment

We use A-heavy oil, C-heavy oil, diesel, kerosene, gasoline, liquefied natural gas and liquefied petroleum gas.

[Fixed row]

(7.30.9) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

Electricity

(7.30.9.1) Total Gross generation (MWh)

237091

(7.30.9.2) Generation that is consumed by the organization (MWh)

203184

(7.30.9.3) Gross generation from renewable sources (MWh)

14276

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

13648

Heat

(7.30.9.1) Total Gross generation (MWh)

0

(7.30.9.2) Generation that is consumed by the organization (MWh)

0

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0

Steam

(7.30.9.1) Total Gross generation (MWh)

968925

(7.30.9.2) Generation that is consumed by the organization (MWh)

968925

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0

Cooling

(7.30.9.1) Total Gross generation (MWh)

0

(7.30.9.2) Generation that is consumed by the organization (MWh)

0

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0
[Fixed row]

(7.30.16) Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

Australia

(7.30.16.1) Consumption of purchased electricity (MWh)

174

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

174.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Austria

(7.30.16.1) Consumption of purchased electricity (MWh)

41

(7.30.16.2) Consumption of self-generated electricity (MWh)

37

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

78.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Belgium

(7.30.16.1) Consumption of purchased electricity (MWh)

31

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

31.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Brazil

(7.30.16.1) Consumption of purchased electricity (MWh)

8

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

8.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Canada

(7.30.16.1) Consumption of purchased electricity (MWh)

1013

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

1013.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

China

(7.30.16.1) Consumption of purchased electricity (MWh)

50908

(7.30.16.2) Consumption of self-generated electricity (MWh)

4221

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

37392

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

92521.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Czechia

(7.30.16.1) Consumption of purchased electricity (MWh)

56

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

56.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Denmark

(7.30.16.1) Consumption of purchased electricity (MWh)

72

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

72.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Finland

(7.30.16.1) Consumption of purchased electricity (MWh)

29

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

29.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

France

(7.30.16.1) Consumption of purchased electricity (MWh)

30

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

30.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Germany

(7.30.16.1) Consumption of purchased electricity (MWh)

56345

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

30989

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

87334.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Hong Kong SAR, China

(7.30.16.1) Consumption of purchased electricity (MWh)

454

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

454.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Indonesia

(7.30.16.1) Consumption of purchased electricity (MWh)

372379

(7.30.16.2) Consumption of self-generated electricity (MWh)

4910

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

20973

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

398262.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Italy

(7.30.16.1) Consumption of purchased electricity (MWh)

1154

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

1154.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Japan

(7.30.16.1) Consumption of purchased electricity (MWh)

736013

(7.30.16.2) Consumption of self-generated electricity (MWh)

202396

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

702082

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

1640491.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Malaysia

(7.30.16.1) Consumption of purchased electricity (MWh)

142040

(7.30.16.2) Consumption of self-generated electricity (MWh)

7176

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

149216.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Mexico

(7.30.16.1) Consumption of purchased electricity (MWh)

29794

(7.30.16.2) Consumption of self-generated electricity (MWh)

780

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

30574.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Netherlands

(7.30.16.1) Consumption of purchased electricity (MWh)

71

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

71.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

New Zealand

(7.30.16.1) Consumption of purchased electricity (MWh)

18

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

18.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Norway

(7.30.16.1) Consumption of purchased electricity (MWh)

19

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

19.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Philippines

(7.30.16.1) Consumption of purchased electricity (MWh)

204720

(7.30.16.2) Consumption of self-generated electricity (MWh)

548

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

178202

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

383470.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Singapore

(7.30.16.1) Consumption of purchased electricity (MWh)

88

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

88.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

South Africa

(7.30.16.1) Consumption of purchased electricity (MWh)

170

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

170.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Spain

(7.30.16.1) Consumption of purchased electricity (MWh)

88792

(7.30.16.2) Consumption of self-generated electricity (MWh)

414

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

89206.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Sweden

(7.30.16.1) Consumption of purchased electricity (MWh)

49

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

49.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Switzerland

(7.30.16.1) Consumption of purchased electricity (MWh)

121

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

121.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Taiwan, China

(7.30.16.1) Consumption of purchased electricity (MWh)

57722

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

20381

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

78103.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Thailand

(7.30.16.1) Consumption of purchased electricity (MWh)

124365

(7.30.16.2) Consumption of self-generated electricity (MWh)

775

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

125140.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

United Kingdom of Great Britain and Northern Ireland

(7.30.16.1) Consumption of purchased electricity (MWh)

2233

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:
☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

0

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

2233.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

United States of America

(7.30.16.1) Consumption of purchased electricity (MWh)

96384

(7.30.16.2) Consumption of self-generated electricity (MWh)

99

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

35478

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

131961.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable

Viet Nam

(7.30.16.1) Consumption of purchased electricity (MWh)

4120

(7.30.16.2) Consumption of self-generated electricity (MWh)

0

(7.30.16.3) Is some or all of this electricity consumption excluded from your RE100 commitment?

Select from:

☑ No

(7.30.16.4) Consumption of purchased heat, steam, and cooling (MWh)

0

(7.30.16.5) Consumption of self-generated heat, steam, and cooling (MWh)

1200

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

5320.00

(7.30.16.7) Provide details of the electricity consumption excluded

Not applicable
[Fixed row]

(7.30.17) Provide details of your organization’s renewable electricity purchases in the reporting year by country/area.

Row 1

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:
☑ Japan

(7.30.17.2) Sourcing method

Select from:
☑ Physical power purchase agreement (physical PPA) with a grid-connected generator

(7.30.17.3) Renewable electricity technology type

Select from:
☑ Solar

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

9618

(7.30.17.5) Tracking instrument used

Select from:

☑ Contract

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2022

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2022

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Kao signed a basic corporate Power Purchase Agreement (PPA) with JENEX, a power generator, and UPDATER, a retail electricity provider, and started supplying renewable energy power to Kao's head office from February 2022. Kao purchases electricity from four solar power plants in Japan (two in Shizuoka, Hyogo and Nara Prefectures) at fixed prices over the long term.

Row 2

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.2) Sourcing method

Select from:

☑ Financial (virtual) power purchase agreement (VPPA)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Solar

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

100

(7.30.17.5) Tracking instrument used

Select from:

☑ Contract

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2023

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2023

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Kao has signed a virtual Power Purchase Agreement (PPA) with Mizuho Lease Group and started purchasing additional potential environmental value generated from the solar power plant at the Sumida site from December 2023.

Row 3

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.2) Sourcing method

Select from:

☑ Retail supply contract with an electricity supplier (retail green electricity)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Renewable electricity mix, please specify **:**Solar (71.5%), Hydro (19.0%), Wind (9.5%)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

665433

(7.30.17.5) Tracking instrument used

Select from:

☑ Other, please specify **:**Non-fossil certificate

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1921

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2022

(7.30.17.10) Supply arrangement start year

2012

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Kao Japan have purchased electricity with zero CO2 emissions using non-fossil certificates with tracking at Wakayama Plant, Sumida Office, Sakata Plant, Kawasaki Plant, Tochigi Plant, Kashima Plant, Toyohashi Plant, Ehime Plant, Odawara Office and Fuji Plant. KCMK (Kao Customer Marketing) and Kao Logistics and some offices in Japan also have purchased electricity with zero CO2 emissions using non-fossil certificates with tracking.

Row 4

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Renewable electricity mix, please specify :Solar (98.2%), Biomass (1.8%)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

58001

(7.30.17.5) Tracking instrument used

Select from:

☑ Other, please specify :Non-fossil certificate

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2013

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2022

(7.30.17.10) Supply arrangement start year

2012

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

KCMK (Kao Customer Marketing) and Kao Logistics in Japan have purchased Non-fossil certificate with tracking for mainly their rental offices since 2022. In 2023, Sumida Office and Kawasaki Plant purchased Non-fossil certificate with tracking. Furthermore, some other offices in Japan also have purchased Non-fossil certificate with tracking since 2023.

Row 5

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Solar

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

2861

(7.30.17.5) Tracking instrument used

Select from:

☑ Other, please specify **:** J-Credit

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Japan

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2014

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2021

(7.30.17.10) Supply arrangement start year

2014

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

KCMK (Kao Customer Marketing) in Japan used J-Credit only for the period January-March 2023.

Row 6

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ China

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Large hydropower (>25 MW)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

43661

(7.30.17.5) Tracking instrument used

Select from:

☑ I-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ China

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2006

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2020

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Kao Corporation Shanghai, Kao Chemical Corporation Shanghai, Kao (Shanghai) Chemical Industries, Kao Huludao Casting Materials and Kao (Hefei) have converted all purchased electricity into renewable energy sources since 2020.

Row 7

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ China

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Wind

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

1710

(7.30.17.5) Tracking instrument used

Select from:

☑ GEC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ China

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2023

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2023

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Kao (Shanghai) Chemical Industries have converted all purchased electricity into renewable energy sources since 2020.

Row 8

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:
☑ China

(7.30.17.2) Sourcing method

Select from:
☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:
☑ Solar

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

1671

(7.30.17.5) Tracking instrument used

Select from:
☑ GEC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ China

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:
☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2023

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:
☑ 2023

(7.30.17.10) Supply arrangement start year

2023

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:
☑ No additional, voluntary label

(7.30.17.12) Comment

Kao (Shanghai) Chemical Industries have converted all purchased electricity into renewable energy sources since 2020.

Row 9

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:
☑ Philippines

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Large hydropower (>25 MW)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

104201

(7.30.17.5) Tracking instrument used

Select from:

☑ I-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Philippines

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2003

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2022

(7.30.17.10) Supply arrangement start year

2022

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Pilipinas Kao started to convert purchased electricity into renewable energy sources in 2022. We plan to convert purchased electricity into 100% renewable energy sources by 2025.

Row 10

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Thailand

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Large hydropower (>25 MW)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

118765

(7.30.17.5) Tracking instrument used

Select from:

☑ I-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Thailand

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2012

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2022

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Plant of Kao Industrial (Thailand) started converting purchased electricity to renewable energy in 2022 and converted to 100% renewable energy in 2023.

Row 11

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:
☑ Thailand

(7.30.17.2) Sourcing method

Select from:
☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:
☑ Wind

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

3920

(7.30.17.5) Tracking instrument used

Select from:
☑ I-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:
☑ Thailand

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2021

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2022

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Plant of Kao Industrial (Thailand) started converting purchased electricity to renewable energy in 2022 and converted to 100% renewable energy in 2023.

Row 12

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Thailand

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Solar

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

1680

(7.30.17.5) Tracking instrument used

Select from:

☑ I-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Thailand

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2015

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2023

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

The headquarter, distribution centre and other offices of Kao Industrial (Thailand), Kao Consumer Products (Southeast Asia) and Kanebo Cosmetics (Thailand) converted 100% of their purchased electricity to renewable energy in 2023.

Row 13

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Malaysia

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Large hydropower (>25 MW)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

68256

(7.30.17.5) Tracking instrument used

Select from:

☑ I-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Malaysia

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2014

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2023

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Fatty Chemical (Malaysia) started to convert purchased electricity into renewable energy sources in 2022. We plan to convert purchased electricity into 100% renewable energy sources by 2025.

Row 14

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ United States of America

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Renewable electricity mix, please specify **:**Wind (99%), Hydro (<1%)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

31795

(7.30.17.5) Tracking instrument used

Select from:

☑ US-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ United States of America

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2009

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2022

(7.30.17.10) Supply arrangement start year

2020

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ Green-e Certified(R) Renewable Energy

(7.30.17.12) Comment

Kao USA has converted all purchased electricity into renewable energy sources.

Row 15

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ United States of America

(7.30.17.2) Sourcing method

Select from:

☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:
☑ Wind

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

2493

(7.30.17.5) Tracking instrument used

Select from:
☑ US-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:
☑ United States of America

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:
☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

1995

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:
☑ 2022

(7.30.17.10) Supply arrangement start year

2021

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:
☑ Green-e Certified(R) Renewable Energy

(7.30.17.12) Comment

Kao Collins has converted all purchased electricity into renewable energy sources.

Row 16

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:
☑ United States of America

(7.30.17.2) Sourcing method

Select from:
☑ Unbundled procurement of Energy Attribute Certificates (EACs)

(7.30.17.3) Renewable electricity technology type

Select from:
☑ Wind

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

19435

(7.30.17.5) Tracking instrument used

Select from:

☑ US-REC

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ United States of America

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2022

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2022

(7.30.17.10) Supply arrangement start year

2022

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Kao Specialties Americas LLC started to convert purchased electricity into renewable energy sources in 2023. We plan to convert purchased electricity into 100% renewable energy sources by 2025.

Row 17

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Germany

(7.30.17.2) Sourcing method

Select from:

☑ Retail supply contract with an electricity supplier (retail green electricity)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Renewable electricity mix, please specify **:**Wind (53%), Solar (23%), Biomass (17%), Hydro (7%)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

56345

(7.30.17.5) Tracking instrument used

Select from:

☑ GO

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Germany

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ No

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ Before 2020

(7.30.17.10) Supply arrangement start year

2018

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

Kao Chemical Germany and Kao Manufacturing Germany have converted all purchased electricity into renewable energy sources. And also Kao Germany GmbH converted all purchased electricity into renewable energy sources in 2020.

Row 18

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Spain

(7.30.17.2) Sourcing method

Select from:

☑ Retail supply contract with an electricity supplier (retail green electricity)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Renewable electricity mix, please specify **:**Wind (70%), Solar (18%), Hydro (12%)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

85373

(7.30.17.5) Tracking instrument used

Select from:

☑ GO

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Spain

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ No

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ Before 2020

(7.30.17.10) Supply arrangement start year

2019

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

3 bases of Kao Corporation, S.A. have converted all purchased electricity into renewable energy sources.

Row 19

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ Spain

(7.30.17.2) Sourcing method

Select from:

☑ Retail supply contract with an electricity supplier (retail green electricity)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Renewable electricity mix, please specify :Wind (91.4%), Hydro (8.3%), Solar (0.3%)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

3419

(7.30.17.5) Tracking instrument used

Select from:

☑ GO

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ Spain

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ No

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2019

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ Before 2020

(7.30.17.10) Supply arrangement start year

2019

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:

☑ No additional, voluntary label

(7.30.17.12) Comment

5 bases of Kao Chimigraf have converted all purchased electricity into renewable energy sources.

Row 20

(7.30.17.1) Country/area of consumption of purchased renewable electricity

Select from:

☑ United Kingdom of Great Britain and Northern Ireland

(7.30.17.2) Sourcing method

Select from:

☑ Retail supply contract with an electricity supplier (retail green electricity)

(7.30.17.3) Renewable electricity technology type

Select from:

☑ Renewable electricity mix, please specify **:**Wind (43%), Hydro (57%)

(7.30.17.4) Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

2233

(7.30.17.5) Tracking instrument used

Select from:

☑ REGO

(7.30.17.6) Country/area of origin (generation) of purchased renewable electricity

Select from:

☑ United Kingdom of Great Britain and Northern Ireland

(7.30.17.7) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:

☑ Yes

(7.30.17.8) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2022

(7.30.17.9) Vintage of the renewable energy/attribute (i.e. year of generation)

Select from:

☑ 2023

(7.30.17.10) Supply arrangement start year

2022

(7.30.17.11) Ecolabel associated with purchased renewable electricity

Select from:
☑ No additional, voluntary label

(7.30.17.12) Comment

Molton Brown has converted all purchased electricity into renewable energy sources.
[Add row]

(7.30.18) Provide details of your organization's low-carbon heat, steam, and cooling purchases in the reporting year by country/area.

	Sourcing method	Comment
Row 1	*Select from:* ☑ None (no purchases of low-carbon heat, steam, or cooling)	*Not applicable*

[Add row]

(7.30.19) Provide details of your organization's renewable electricity generation by country/area in the reporting year.

Row 1

(7.30.19.1) Country/area of generation

Select from:

☑ Japan

(7.30.19.2) Renewable electricity technology type

Select from:

☑ Solar

(7.30.19.3) Facility capacity (MW)

6.55

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

6839.82

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

6762.37

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:

☑ No

(7.30.19.8) Comment

A total of 9 sites, including 7 plants, are equipped with photovoltaic systems.

Row 2

(7.30.19.1) Country/area of generation

Select from:

☑ China

(7.30.19.2) Renewable electricity technology type

Select from:

☑ Solar

(7.30.19.3) Facility capacity (MW)

5.14

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

4220.88

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

4220.88

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:

☑ No

(7.30.19.8) Comment

2 plants are equipped with photovoltaic systems.

Row 3

(7.30.19.1) Country/area of generation

Select from:

☑ Indonesia

(7.30.19.2) Renewable electricity technology type

Select from:
☑ Solar

(7.30.19.3) Facility capacity (MW)

0.04

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

43.99

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

43.99

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:
☑ No

(7.30.19.8) Comment

1 plant is equipped with photovoltaic systems.

Row 4

(7.30.19.1) Country/area of generation

Select from:
☑ Malaysia

(7.30.19.2) Renewable electricity technology type

Select from:
☑ Solar

(7.30.19.3) Facility capacity (MW)

0.14

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

167.68

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

167.68

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:
☑ No

(7.30.19.8) Comment

1 plant is equipped with photovoltaic systems.

Row 5

(7.30.19.1) Country/area of generation

Select from:
☑ Philippines

(7.30.19.2) Renewable electricity technology type

Select from:
☑ Solar

(7.30.19.3) Facility capacity (MW)

0.41

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

500.37

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

500.37

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:
☑ No

(7.30.19.8) Comment

1 plant is equipped with photovoltaic systems.

Row 6

(7.30.19.1) Country/area of generation

Select from:
☑ Thailand

(7.30.19.2) Renewable electricity technology type

Select from:
☑ Solar

(7.30.19.3) Facility capacity (MW)

0.73

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

774.58

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

774.58

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:
☑ No

(7.30.19.8) Comment

1 plant is equipped with photovoltaic systems.

Row 7

(7.30.19.1) Country/area of generation

Select from:
☑ Taiwan, China

(7.30.19.2) Renewable electricity technology type

Select from:
☑ Solar

(7.30.19.3) Facility capacity (MW)

0.44

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

551.07

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

0

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:
☑ No

(7.30.19.8) Comment

1 plant is equipped with photovoltaic systems.

Row 8

(7.30.19.1) Country/area of generation

Select from:
☑ Spain

(7.30.19.2) Renewable electricity technology type

Select from:
☑ Solar

(7.30.19.3) Facility capacity (MW)

0.29

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

262.08

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

262.08

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:
☑ No

(7.30.19.8) Comment

1 plant is equipped with photovoltaic systems.

Row 9

(7.30.19.1) Country/area of generation

Select from:
☑ Mexico

(7.30.19.2) Renewable electricity technology type

Select from:
☑ Solar

(7.30.19.3) Facility capacity (MW)

0.5

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

780.45

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

780.45

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:
☑ No

(7.30.19.8) Comment

1 plant is equipped with photovoltaic systems.

Row 10

(7.30.19.1) Country/area of generation

Select from:
☑ United States of America

(7.30.19.2) Renewable electricity technology type

Select from:
☑ Solar

(7.30.19.3) Facility capacity (MW)

0.15

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

98.68

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

98.68

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:

☑ No

(7.30.19.8) Comment

1 plant is equipped with photovoltaic systems.

Row 11

(7.30.19.1) Country/area of generation

Select from:

☑ Austria

(7.30.19.2) Renewable electricity technology type

Select from:

☑ Solar

(7.30.19.3) Facility capacity (MW)

0.06

(7.30.19.4) Total renewable electricity generated by this facility in the reporting year (MWh)

36.91

(7.30.19.5) Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

36.91

(7.30.19.6) Energy attribute certificates issued for this generation

Select from:
☑ No

(7.30.19.8) Comment

1 office is equipped with photovoltaic systems.
[Add row]

(7.30.20) Describe how your organization's renewable electricity sourcing strategy directly or indirectly contributes to bringing new capacity into the grid in the countries/areas in which you operate.

We believe that we can contribute to the spread of renewable energy power in countries / regions where the introduction of renewable energy power is not yet widespread by actively promoting the introduction based on the power procurement strategy. Especially in Japan, we are contributing to the spread of PPA, which is said to be highly additive, by introducing PPA to the head office as soon as possible and introducing examples.

(7.30.21) In the reporting year, has your organization faced barriers or challenges to sourcing renewable electricity?

	Challenges to sourcing renewable electricity
	Select from: ☑ Yes, in specific countries/areas in which we operate

[Fixed row]

(7.30.22) Provide details of the country/area-specific challenges to sourcing renewable electricity faced by your organization in the reporting year.

Row 1

(7.30.22.1) Country/area

Select from:
☑ Taiwan, China

(7.30.22.2) Reason why it was challenging to source renewable electricity within selected country/area

Select all that apply
☑ Limited supply of renewable electricity in the market

(7.30.22.3) Provide additional details of the barriers faced within this country/area

In Taiwan, the supply of renewable energy power cannot keep up with demand, making it difficult to procure the necessary and sufficient amount of certificates, and the price of renewable energy certificates is soaring.
[Add row]

(7.45) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Row 1

(7.45.1) Intensity figure

4.492

(7.45.2) Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

688489

(7.45.3) Metric denominator

Select from:
☑ unit total revenue

(7.45.4) Metric denominator: Unit total

1532579000000

(7.45.5) Scope 2 figure used

Select from:

☑ Market-based

(7.45.6) % change from previous year

10.47

(7.45.7) Direction of change

Select from:

☑ Decreased

(7.45.8) Reasons for change

Select all that apply

☑ Change in renewable energy consumption

☑ Other emissions reduction activities

(7.45.9) Please explain

In 2023, turnover decreased by 1.19% compared to the previous year. Meanwhile, CO2 emissions decreased by 11.54% compared to the previous year as a result of the numerous reduction activities implemented at the various sites. As a result, the basic unit decreased by 10.5% compared to the previous year. We are promoting the installation of solar power generation facilities for private consumption at Kao-owned facilities: in 2022, facilities installed at Pilipinas Kao, Shanghai Kao and Kao Industrial (Thailand) started generating electricity. the total amount of solar power generated in 2023 is 14,199 MWh. Kao also promotes the purchase of renewable electricity. At Kao Chemicals Germany, Kao Manufacturing Germany and Kao Corporation (Spain), Kao Cimigraph, Molton Brown, Kao USA, Kao Collins, Kao Thailand, three plants in China (Shanghai Kao, Shanghai Chemical and Kao Fuldao) and all sites of domestic Group companies, Purchased electricity is being replaced by renewable electricity. The use of these renewable electricity sources has reduced CO2 emissions by 239 000 tonnes.
[Add row]

(7.53) Did you have an emissions target that was active in the reporting year?

Select all that apply

☑ Absolute target

(7.53.1) Provide details of your absolute emissions targets and progress made against those targets.

Row 1

(7.53.1.1) Target reference number

Select from:

☑ Abs 1

(7.53.1.2) Is this a science-based target?

Select from:

☑ Yes, and this target has been approved by the Science Based Targets initiative

(7.53.1.3) Science Based Targets initiative official validation letter

2022-02-11_Kao Corporation VAU Approval Letter 1_D02 (003).pdf

(7.53.1.4) Target ambition

Select from:

☑ 1.5°C aligned

(7.53.1.5) Date target was set

12/31/2020

(7.53.1.6) Target coverage

Select from:

☑ Organization-wide

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

- ☑ Methane (CH4)
- ☑ Nitrous oxide (N2O)
- ☑ Carbon dioxide (CO2)
- ☑ Perfluorocarbons (PFCs)
- ☑ Hydrofluorocarbons (HFCs)
- ☑ Sulphur hexafluoride (SF6)
- ☑ Nitrogen trifluoride (NF3)

(7.53.1.8) Scopes

Select all that apply

- ☑ Scope 1
- ☑ Scope 2

(7.53.1.9) Scope 2 accounting method

Select from:

- ☑ Market-based

(7.53.1.11) End date of base year

12/30/2017

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO2e)

653145

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO2e)

404968

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO2e)

0.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

1058113.000

(7.53.1.33) Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

(7.53.1.34) Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

(7.53.1.53) Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

(7.53.1.54) End date of target

12/30/2030

(7.53.1.55) Targeted reduction from base year (%)

55

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e)

476150.850

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO2e)

539107

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO2e)

149382

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

688489.000

(7.53.1.78) Land-related emissions covered by target

Select from:

☑ No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.1.79) % of target achieved relative to base year

63.51

(7.53.1.80) Target status in reporting year

Select from:

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

This target covers all of company wide. There is no exclusions.

(7.53.1.83) Target objective

This target was set in accordance with the SBT 1.5 target and its main objective is to contribute to the achievement of the global 1.5 target.

(7.53.1.84) Plan for achieving target, and progress made to the end of the reporting year

Scope 1: We have set a target of a 1% reduction in energy consumption at all Kao Group sites every year and are promoting activities at each site. Refrigeration units, air conditioners and compressors are being replaced with BPT (Best Practice Technologies) equipment. We are also promoting efficient operation in response to fluctuating demand by optimising the control of multiple air-conditioners and compressors. Measures have been taken to identify wasted energy and reduce it to the minimum necessary amount, and to make effective use of unused energy for other processes. Aiming to improve the efficiency of steam utilisation, we are continuously strengthening the maintenance of steam traps and improving the amount of steam recovered. We are also actively promoting on-site improvement activities to optimise energy consumption, such as lowering the temperature setting for keeping tanks warm and reducing operation time. To curb CO2 emissions (Scope 12), Kao introduced

an internal carbon pricing system in 2006, which has been in operation for 18 years. in 2020, Kao updated its 2030 CO2 emissions reduction target (Scope 12) from a 22% reduction to a 55% reduction. In order to realise this target, future equipment must be installed with the lowest possible CO2 emissions, or risk not only not achieving the reduction target but also becoming stranded assets. Kao has therefore raised its internal carbon price from 3,500 yen/tonne-CO2 to 168 USD (18,500 yen)/tonne-CO2. Scope 2: We are moving forward with plans to increase the ratio of renewable energy in electricity used to 100% by 2030: in 2023, we achieved 100% renewable energy in purchased electricity at all sites in Japan. In addition, we achieved a 100% renewable energy ratio for purchased electricity at our Thai plant, and began purchasing renewable energy electricity in Vietnam, Indonesia and Mexico. In 2023, the Sumida Plant became the first Kao facility to sign a virtual PPA contract. Kao has been promoting the installation of solar power generation facilities for private consumption at owned facilities, and in 2023, new facilities were added at Pilipinas Kao, Shanghai Kao and Kao Industrial (Thailand). In addition, all 16 plants of the Kao Group and many other offices, including all sales and logistics bases in Japan, have achieved 100% renewable energy for electricity consumption.

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

☑ No

Row 3

(7.53.1.1) Target reference number

Select from:

☑ Abs 2

(7.53.1.2) Is this a science-based target?

Select from:

☑ Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

(7.53.1.4) Target ambition

Select from:

☑ 1.5°C aligned

(7.53.1.5) Date target was set

12/31/2017

(7.53.1.6) Target coverage

Select from:

☑ Organization-wide

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

☑ Methane (CH4)

☑ Nitrous oxide (N2O)

☑ Carbon dioxide (CO2)

☑ Perfluorocarbons (PFCs)

☑ Hydrofluorocarbons (HFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

(7.53.1.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

☑ Scope 3

(7.53.1.9) Scope 2 accounting method

Select from:

☑ Market-based

(7.53.1.10) Scope 3 categories

Select all that apply

☑ Scope 3, Category 1 – Purchased goods and services

☑ Scope 3, Category 4 – Upstream transportation and distribution

☑ Scope 3, Category 11 – Use of sold products

☑ Scope 3, Category 12 – End-of-life treatment of sold products

(7.53.1.11) End date of base year

12/30/2017

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO2e)

653145

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO2e)

404968

(7.53.1.14) Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

4496000

(7.53.1.17) Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

253000

(7.53.1.24) Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

4687000

(7.53.1.25) Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

1415000

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO2e)

10851000.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

11909113.000

(7.53.1.33) Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

(7.53.1.34) Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

(7.53.1.35) Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

100

(7.53.1.38) Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

100

(7.53.1.45) Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

100

(7.53.1.46) Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

100

(7.53.1.52) Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

100

(7.53.1.53) Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

(7.53.1.54) End date of target

12/30/2040

(7.53.1.55) Targeted reduction from base year (%)

100

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e)

0.000

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO2e)

539107

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO2e)

149382

(7.53.1.59) Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

3892000

(7.53.1.62) Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

234000

(7.53.1.69) Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

3956000

(7.53.1.70) Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

1324000

(7.53.1.76) Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

9406000.000

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

10094489.000

(7.53.1.78) Land-related emissions covered by target

Select from:

☑ No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.1.79) % of target achieved relative to base year

15.24

(7.53.1.80) Target status in reporting year

Select from:

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

This target covers all of company wide. There is no exclusions.

(7.53.1.83) Target objective

This target was set in accordance with the SBT 1.5 target and its main objective is to contribute to the achievement of the global 1.5 target.

(7.53.1.84) Plan for achieving target, and progress made to the end of the reporting year

*[Abs2] describes only Scope-3. Scope-1 and 2 are described in [Abs1]. Scope-3: Categories 1, 4, 11 and 12 account for 93.5% of Kao Group's total emissions, so these four categories are described. Category 1: In addition to minimizing raw materials in product design, we require suppliers to reduce emissions at vendor summits. Category 4: Promoting modal shift. To transport products from the Wakayama Plant to the Tokyo metropolitan area, we will reduce CO2 emissions and other environmental impacts by using RORO ships*1 that transport only the trailer (cargo portion) by separating the driving vehicle from the truck. Category 11: We are launching low-carbon products. We are reducing emissions during use by promoting a shift to detergents that can be selected with a single rinse. Category 12: In addition to promoting the conversion from petrochemical to plant-based materials in product design, we are conducting verification tests of plastic packaging containers for the purpose of resource recycling.*

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

☑ No

Row 4

(7.53.1.1) Target reference number

Select from:

☑ Abs 3

(7.53.1.2) Is this a science-based target?

Select from:

☑ Yes, and this target has been approved by the Science Based Targets initiative

(7.53.1.3) Science Based Targets initiative official validation letter

2022-02-11_Kao Corporation VAU Approval Letter 1_D02 (003).pdf

(7.53.1.4) Target ambition

Select from:

☑ 2°C aligned

(7.53.1.5) Date target was set

12/31/2020

(7.53.1.6) Target coverage

Select from:

☑ Organization-wide

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

☑ Carbon dioxide (CO2)

(7.53.1.8) Scopes

Select all that apply

☑ Scope 3

(7.53.1.10) Scope 3 categories

Select all that apply

☑ Scope 3, Category 1 – Purchased goods and services

☑ Scope 3, Category 4 – Upstream transportation and distribution

☑ Scope 3, Category 11 – Use of sold products

☑ Scope 3, Category 12 – End-of-life treatment of sold products

(7.53.1.11) End date of base year

12/30/2017

(7.53.1.14) Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

4496000

(7.53.1.17) Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

253000

(7.53.1.24) Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

4687000

(7.53.1.25) Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

1415000

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO2e)

10851000.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO2e)

10851000.000

(7.53.1.35) Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)

100

(7.53.1.38) Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)

100

(7.53.1.45) Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year

emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)

100

(7.53.1.46) Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)

100

(7.53.1.52) Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

100

(7.53.1.53) Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

(7.53.1.54) End date of target

12/30/2030

(7.53.1.55) Targeted reduction from base year (%)

22

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO2e)

8463780.000

(7.53.1.59) Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

3892000

(7.53.1.62) Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

234000

(7.53.1.69) Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

3956000

(7.53.1.70) Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

1324000

(7.53.1.76) Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

9406000.000

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

9406000.000

(7.53.1.78) Land-related emissions covered by target

Select from:

☑ No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

(7.53.1.79) % of target achieved relative to base year

60.53

(7.53.1.80) Target status in reporting year

Select from:

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

This target covers all of company wide. There is no exclusions.

(7.53.1.83) Target objective

This target was set in accordance with the SBT 2.0 target and its main objective is to contribute to the achievement of the global 2.0 target.

(7.53.1.84) Plan for achieving target, and progress made to the end of the reporting year

*Scope-3: Categories 1, 4, 11 and 12 account for 93.5% of Kao Group's total emissions, so these four categories are described. Category 1: In addition to minimizing raw materials in product design, we require suppliers to reduce emissions at vendor summits. Category 4: Promoting modal shift. To transport products from the Wakayama Plant to the Tokyo metropolitan area, we will reduce CO2 emissions and other environmental impacts by using RORO ships*1 that transport only the trailer (cargo portion) by separating the driving vehicle from the truck. Category 11: We are launching low-carbon products. We are reducing emissions during use by promoting a shift to detergents that can be selected with a single rinse. Category 12: In addition to promoting the conversion from petrochemical to plant-based materials in product design, we are conducting verification tests of plastic packaging containers for the purpose of resource recycling.*

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

☑ No

[Add row]

(7.54) Did you have any other climate-related targets that were active in the reporting year?

Select all that apply

☑ Targets to increase or maintain low-carbon energy consumption or production

☑ Net-zero targets

(7.54.1) Provide details of your targets to increase or maintain low-carbon energy consumption or production.

Row 1

(7.54.1.1) Target reference number

Select from:

☑ Low 1

(7.54.1.2) Date target was set

12/31/2020

(7.54.1.3) Target coverage

Select from:

☑ Organization-wide

(7.54.1.4) Target type: energy carrier

Select from:

☑ Electricity

(7.54.1.5) Target type: activity

Select from:

☑ Consumption

(7.54.1.6) Target type: energy source

Select from:

☑ Renewable energy source(s) only

(7.54.1.7) End date of base year

12/30/2021

(7.54.1.8) Consumption or production of selected energy carrier in base year (MWh)

2204036

(7.54.1.9) % share of low-carbon or renewable energy in base year

46.99

(7.54.1.10) End date of target

12/30/2025

(7.54.1.11) % share of low-carbon or renewable energy at end date of target

100

(7.54.1.12) % share of low-carbon or renewable energy in reporting year

65.45

(7.54.1.13) % of target achieved relative to base year

34.82

(7.54.1.14) Target status in reporting year

Select from:

☑ Underway

(7.54.1.16) Is this target part of an emissions target?

We recognize it as one of the activity targets necessary to achieve the net zero target.

(7.54.1.17) Is this target part of an overarching initiative?

Select all that apply

☑ No, it’s not part of an overarching initiative

(7.54.1.19) Explain target coverage and identify any exclusions

We recognize it as one of the activity targets necessary to achieve the net zero target.

(7.54.1.20) Target objective

It was set as a milestone towards achieving the RE100 target of 100% renewable energy for electricity used.

(7.54.1.21) Plan for achieving target, and progress made to the end of the reporting year

We have set a target of shifting 100% of purchased electricity at all Kao Group sites to renewable sources by 2025.In 2023, 65.5% of all purchased electricity was shifted to electricity derived from renewable energy sources.In 2023, all purchased electricity at all sites in Japan was shifted to electricity derived from renewable energy sources. In 2023, we have converted all purchased electricity at our sites in Japan to electricity from renewable energy sources. We plan to gradually convert to renewable energy in other countries.

Row 3

(7.54.1.1) Target reference number

Select from:

☑ Low 2

(7.54.1.2) Date target was set

12/31/2020

(7.54.1.3) Target coverage

Select from:

☑ Organization-wide

(7.54.1.4) Target type: energy carrier

Select from:

☑ Electricity

(7.54.1.5) Target type: activity

Select from:

☑ Consumption

(7.54.1.6) Target type: energy source

Select from:

☑ Renewable energy source(s) only

(7.54.1.7) End date of base year

12/30/2021

(7.54.1.8) Consumption or production of selected energy carrier in base year (MWh)

2895712.0

(7.54.1.9) % share of low-carbon or renewable energy in base year

36.0

(7.54.1.10) End date of target

12/30/2030

(7.54.1.11) % share of low-carbon or renewable energy at end date of target

100

(7.54.1.12) % share of low-carbon or renewable energy in reporting year

59.11

(7.54.1.13) % of target achieved relative to base year

36.11

(7.54.1.14) Target status in reporting year

Select from:

☑ Underway

(7.54.1.16) Is this target part of an emissions target?

We recognize it as one of the activity targets necessary to achieve the net zero target.

(7.54.1.17) Is this target part of an overarching initiative?

Select all that apply

☑ RE100

(7.54.1.19) Explain target coverage and identify any exclusions

We do not have any exemption items at the moment, but we consider that such cases may be excluded due to the difficult situation of renewable energy procurement in countries where certificates are not sold in sufficient quantities to meet market requirements and in small global locations.

(7.54.1.20) Target objective

Must be achieved due to membership of RE100.

(7.54.1.21) Plan for achieving target, and progress made to the end of the reporting year

We have set a target of shifting 100% of the electricity used at all Kao Group sites to renewable energy sources by 2030.In 2023, we shifted 59.1% of our total electricity consumption to electricity from renewable energy sources.In 2023, we converted purchased electricity at all sites in Japan to electricity from renewable energy sources. In 2023, we converted all purchased electricity at our sites in Japan to electricity from renewable energy sources. We plan to gradually convert to renewable energy in other countries.
[Add row]

(7.54.3) Provide details of your net-zero target(s).

Row 1

(7.54.3.1) Target reference number

Select from:

☑ NZ1

(7.54.3.2) Date target was set

12/31/2020

(7.54.3.3) Target Coverage

Select from:

☑ Organization-wide

(7.54.3.4) Targets linked to this net zero target

Select all that apply

☑ Abs1

☑ Abs2

(7.54.3.5) End date of target for achieving net zero

12/30/2040

(7.54.3.6) Is this a science-based target?

Select from:

☑ Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

(7.54.3.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

☑ Scope 3

(7.54.3.9) Greenhouse gases covered by target

Select all that apply

☑ Methane (CH4)
☑ Nitrous oxide (N2O)
☑ Carbon dioxide (CO2)
☑ Perfluorocarbons (PFCs)
☑ Hydrofluorocarbons (HFCs)
☑ Sulphur hexafluoride (SF6)
☑ Nitrogen trifluoride (NF3)

(7.54.3.10) Explain target coverage and identify any exclusions

This target covers scope-123. This means Kao evaluates CO2 emissions across the entire product life cycle. Kao focuses on the categories of 1, 4, 11 and 12 related to site activities to save energy and reduce waste materials, as well as on the product lifecycle.

(7.54.3.11) Target objective

To achieve carbon zero in 2040 and carbon negative in 2050, we aim to contribute to the realization of a carbon-free society and sustainable business by reducing CO2 emissions in our business activities, as well as in society, and by fixing carbon in the atmosphere.

(7.54.3.12) Do you intend to neutralize any residual emissions with permanent carbon removals at the end of the target?

Select from:

☑ Yes

(7.54.3.13) Do you plan to mitigate emissions beyond your value chain?

Select from:

☑ Yes, and we have already acted on this in the reporting year

(7.54.3.14) Do you intend to purchase and cancel carbon credits for neutralization and/or beyond value chain mitigation?

Select all that apply

☑ Yes, we are currently purchasing and cancelling carbon credits for beyond value chain mitigation

(7.54.3.15) Planned milestones and/or near-term investments for neutralization at the end of the target

*By 2030, Kao will have reduced Scope 12 CO2 emissions (absolute value) by 55% (taking 2017 as the base year) In line with the SBTi 1.5C target, Kao has increased the rate of reduction, which was originally set in 2019 (as one of the mid- to long-term decarbonization goals in the Kirei Lifestyle Plan ESG strategy), by 22% (taking 2017 as the base year) in Scope 12 CO2 emissions (absolute value). By utilizing the internal carbon pricing system that was adopted in 2006, Kao is promoting the use of equipment that has low CO2 emissions, and in the use of renewable energy. - By 2030, 100% of the electricity used will be sourced from renewable energy Kao is aiming to join the RE100 initiative, and will continue to use renewable energy in its business practices with the adoption of photovoltaic electricity generation equipment and the purchase of electricity generated from renewable energy. - By 2030, Kao will have reduced CO2 emissions (absolute value) throughout the product lifecycle by 22% (taking 2017 as the base year)*6Kao will continue to implement the mid- to long-term decarbonization targets outlined in 2019 in the Kirei Lifestyle Plan ESG strategy. Kao will promote reduction in raw material usage, use of natural raw materials, development of water-saving products, reduction in plastic packaging usage, and use of recycled plastic.*

(7.54.3.16) Describe the actions to mitigate emissions beyond your value chain

In addition to these activities, we are developing products, services, and technologies that contribute to the sustainability of society in our Consumer Products Business and Chemical Business. As a target for this goal, we have set a "reduction contribution" as the amount of reduction achieved by providing new products and services compared to the product life cycle CO2 emissions of conventional products and services.

(7.54.3.17) Target status in reporting year

Select from:

☑ Underway

(7.54.3.19) Process for reviewing target

The Responsible Care Promotion Department of the Corporate Strategy Division serves as the secretariat of the Responsible Care Promotion Committee, which checks the status of compliance with laws and regulations, CO2 emissions, water consumption, and chemical substances in wastewater mainly at high-impact factories every month, and reports the results to the Responsible Care Promotion Committee Chairman, each committee member, Internal Control Committee members, and auditors. The Environment and Energy Conservation Subcommittee of the SCM Division's Core Technology Committee conducts sampling audits of domestic and overseas factories every year to improve energy performance.
[Add row]

(7.55) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Select from:

☑ Yes

(7.55.1) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	*26*	*`Numeric input*
To be implemented	*65*	*11900*
Implementation commenced	*92*	*705*
Implemented	*282*	*249072*
Not to be implemented	*3*	*`Numeric input*

[Fixed row]

(7.55.2) Provide details on the initiatives implemented in the reporting year in the table below.

Row 1

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in buildings

☑ Lighting

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

2775

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 2 (market-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

63400000

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

449000000

(7.55.2.7) Payback period

Select from:

☑ 4-10 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ 3-5 years

(7.55.2.9) Comment

Promotion of energy reduction activities (reduction of air leaks, replacement with high-efficiency equipment (chillers, pumps, blowers, etc.), boiler replacement, repair of steam traps, reduction in the number of servers installed, use of motion sensors for lighting, etc.)

Row 2

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in production processes

☑ Process optimization

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

4644

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 1

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

443000000

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

58000000

(7.55.2.7) Payback period

Select from:

☑ 1-3 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ 1-2 years

(7.55.2.9) Comment

Promotion of energy reduction activities (construction of heat insulation, improved efficiency of co-generators, closing of valves to unused lines, reduced use of air conditioning, improved COP of refrigeration units, reduced process times, reduced air use, reduced steam use, reduced heat radiation etc.)

Row 3

(7.55.2.1) Initiative category & Initiative type

Low-carbon energy consumption

☑ Low-carbon electricity mix

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

232172

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply

☑ Scope 2 (market-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

0

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

0

(7.55.2.7) Payback period

Select from:
☑ <1 year

(7.55.2.8) Estimated lifetime of the initiative

Select from:
☑ >30 years

(7.55.2.9) Comment

Introduction of renewable electricity (physical PPA, virtual PPA, retail green electricity and unbundled procurement of Energy Attribute Certificates)

Row 4

(7.55.2.1) Initiative category & Initiative type

Low-carbon energy generation
☑ Solar PV

(7.55.2.2) Estimated annual CO2e savings (metric tonnes CO2e)

9481

(7.55.2.3) Scope(s) or Scope 3 category(ies) where emissions savings occur

Select all that apply
☑ Scope 2 (market-based)

(7.55.2.4) Voluntary/Mandatory

Select from:
☑ Voluntary

(7.55.2.5) Annual monetary savings (unit currency – as specified in C0.4)

250000000

(7.55.2.6) Investment required (unit currency – as specified in C0.4)

38000000

(7.55.2.7) Payback period

Select from:
☑ 4-10 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:
☑ 21-30 years

(7.55.2.9) Comment

Installation and operation of photovoltaic installations
[Add row]

(7.55.3) What methods do you use to drive investment in emissions reduction activities?

Row 1

(7.55.3.1) Method

Select from:
☑ Compliance with regulatory requirements/standards

(7.55.3.2) Comment

We promote the introduction of methods with a lower CO2 reduction cost to achieve the reduction amounts required by law. We have reviewed the effectiveness of methods with a high-reduction potential by introducing them on a trial basis.

Row 3

(7.55.3.1) Method

Select from:

☑ Dedicated budget for energy efficiency

(7.55.3.2) Comment

We promote the introduction of methods with a lower CO2 reduction cost to achieve the reduction amounts required by law. We have reviewed the effectiveness of methods with a high-reduction potential by introducing them on a trial basis.

Row 4

(7.55.3.1) Method

Select from:

☑ Dedicated budget for low-carbon product R&D

(7.55.3.2) Comment

At the time an opportunity is located, we estimate the potential reduction amount with regard to customers in the product development stage, confirm with customers whether the reduction amount is attractive to them, and start development.

Row 5

(7.55.3.1) Method

Select from:

☑ Dedicated budget for other emissions reduction activities

(7.55.3.2) Comment

We promote the introduction of methods with a lower CO2 reduction cost. We have reviewed the effectiveness of methods with a high-reduction potential by introducing them on a trial basis.

Row 6

(7.55.3.1) Method

Select from:

☑ Partnering with governments on technology development

(7.55.3.2) Comment

When we estimate CO2 reduction costs in preparing budgets such as the energy-conserving investment and the low-carbon investment, we also include public assistance such as available subsidies.
[Add row]

(7.73) Are you providing product level data for your organization's goods or services?

Select from:

☑ No, I am not providing data

(7.74) Do you classify any of your existing goods and/or services as low-carbon products?

Select from:

☑ Yes

(7.74.1) Provide details of your products and/or services that you classify as low-carbon products.

Row 1

(7.74.1.1) Level of aggregation

Select from:

☑ Product or service

(7.74.1.2) Taxonomy used to classify product(s) or service(s) as low-carbon

Select from:

☑ The IEA Energy Technology Perspectives Clean Energy Technology Guide

(7.74.1.3) Type of product(s) or service(s)

Power

☑ Other, please specify **:**Laundry detergent

(7.74.1.4) Description of product(s) or service(s)

Rinsing in the washing machine is usually done twice, but we sell laundry detergents that can achieve one rinse. By reducing the number of rinses to one, the amount of electricity used by the washing machine and the amount of water used are reduced, which is effective in reducing CO2.

(7.74.1.5) Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Select from:

☑ Yes

(7.74.1.6) Methodology used to calculate avoided emissions

Select from:

☑ Evaluating the carbon-reducing impacts of ICT

(7.74.1.7) Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Select from:

☑ Use stage

(7.74.1.8) Functional unit used

CO2 emissions per washing machine one time use

(7.74.1.9) Reference product/service or baseline scenario used

Baseline product is the case of laundry detergent that are needed to be rinsed twice using a vertical washing machine.This baseline need laudrydetergent 41.8g, electrical power 53.2WH and water 104 leter.

(7.74.1.10) Life cycle stage(s) covered for the reference product/service or baseline scenario

Select from:

☑ Use stage

(7.74.1.11) Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

0.000068

(7.74.1.12) Explain your calculation of avoided emissions, including any assumptions

Condition of laundry detergent that are rinsed once using a washing machine is as below. Concentrated type laundry detergent 16.8g Power consumption 45.1WH Uses 96L of water Concentrated laundry detergent 0.138kg CO2 per one time use Baseline product base unit 0.206kg CO2 per one time use 0.206kg - 0.138kg 0.068 kg CO2 per one time use

(7.74.1.13) Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

23
[Add row]

(7.79) Has your organization canceled any project-based carbon credits within the reporting year?

Select from:

☑ No

C8. Environmental performance - Forests

(8.1) Are there any exclusions from your disclosure of forests-related data?

	Exclusion from disclosure
Timber products	*Select from:* ☑ No
Palm oil	*Select from:* ☑ No

[Fixed row]

(8.2) Provide a breakdown of your disclosure volume per commodity.

	Disclosure volume (metric tons)	Volume type	Sourced volume (metric tons)
Timber products	*262000*	*Select all that apply* ☑ Sourced	*262000*
Palm oil	*428000*	*Select all that apply* ☑ Sourced	*428000*

[Fixed row]

(8.5) Provide details on the origins of your sourced volumes.

Timber products

(8.5.1) Country/area of origin

Select from:

☑ Japan

(8.5.2) First level administrative division

Select from:

☑ States/equivalent jurisdictions

(8.5.3) Specify the states or equivalent jurisdictions

Japan

(8.5.4) Volume sourced from country/area of origin (metric tons)

81500

(8.5.5) Source

Select all that apply

☑ Contracted suppliers (manufacturers)

(8.5.7) Please explain

In 2023, Kao procured approximately 31% of its total procurement of pulp and paper products from Japan. Approximately 100% of this was procured as products produced from timber certified or managed under third-party certification systems. Kao has also established its own guidelines for the procurement of wood raw materials. Based on these guidelines, Kao collects traceability information from all suppliers, identifies the origin of the wood, complies with local forest-related laws and regulations, and confirms that there is no illegal logging. In addition, all information, including the amount of paper and pulp procured, is managed through an internal system.

Palm oil

(8.5.1) Country/area of origin

Select from:

☑ Indonesia

(8.5.2) First level administrative division

Select from:

☑ States/equivalent jurisdictions

(8.5.3) Specify the states or equivalent jurisdictions

Riau

(8.5.4) Volume sourced from country/area of origin (metric tons)

240000

(8.5.5) Source

Select all that apply

☑ Contracted suppliers (manufacturers)

(8.5.7) Please explain

The amount of palm oil purchased is managed in an internal database by item, and the country of production is identified based on mill information from Tier 1 suppliers. Factory information is available on the Palm Dashboard on our website.

Palm oil

(8.5.1) Country/area of origin

Select from:

☑ Malaysia

(8.5.2) First level administrative division

Select from:

☑ States/equivalent jurisdictions

(8.5.3) Specify the states or equivalent jurisdictions

Perak

(8.5.4) Volume sourced from country/area of origin (metric tons)

188000

(8.5.5) Source

Select all that apply

☑ Contracted suppliers (manufacturers)

(8.5.7) Please explain

The amount of palm oil purchased is managed in an internal database by item, and the country of production is identified based on mill information from Tier 1 suppliers. Factory information is available on the Palm Dashboard on our website.

Timber products

(8.5.1) Country/area of origin

Select from:

☑ Thailand

(8.5.2) First level administrative division

Select from:

☑ States/equivalent jurisdictions

(8.5.3) Specify the states or equivalent jurisdictions

Rayong, Samut Prakan, Prachinburi, Bangkok

(8.5.4) Volume sourced from country/area of origin (metric tons)

13000

(8.5.5) Source

Select all that apply

☑ Contracted suppliers (manufacturers)

(8.5.7) Please explain

Kao procured pulp and paper products from Thailand for approximately 5% of its total procurement volume in fiscal 2023. Approximately 100% of these products are produced from timber certified or managed under third-party certification systems. In addition, Kao has established its own guidelines for the procurement of wood raw materials, and based on these guidelines, Kao collects traceability information from all suppliers to identify the place of origin, comply with forest-related laws and regulations in the relevant region, and confirm that there is no illegal logging.

Timber products

(8.5.1) Country/area of origin

Select from:

☑ United States of America

(8.5.2) First level administrative division

Select from:

☑ States/equivalent jurisdictions

(8.5.3) Specify the states or equivalent jurisdictions

Virginia, Georgia, North Carolina

(8.5.4) Volume sourced from country/area of origin (metric tons)

75000

(8.5.5) Source

Select all that apply

☑ Contracted suppliers (manufacturers)

(8.5.7) Please explain

In fiscal 2023, Kao procured approximately 29% of its total pulp and paper products from the United States. Of that amount, approximately 100% came from wood products certified or managed under third-party certification programs. In addition, Kao has established its own guidelines for the procurement of wood raw materials, and based on these guidelines, Kao collects traceability information from all suppliers to identify the origin of the wood, comply with forest-related laws and regulations in the relevant region, and confirm that there is no illegal logging.

Timber products

(8.5.1) Country/area of origin

Select from:

☑ Canada

(8.5.2) First level administrative division

Select from:

☑ States/equivalent jurisdictions

(8.5.3) Specify the states or equivalent jurisdictions

Alberta

(8.5.4) Volume sourced from country/area of origin (metric tons)

7000

(8.5.5) Source

Select all that apply

☑ Contracted suppliers (manufacturers)

(8.5.7) Please explain

In fiscal 2023, Kao procured approximately 3% of its pulp and paper products from Canada. Of that amount, approximately 100% was procured as products made from wood certified or managed under third-party certification programs. In addition, Kao has established its own guidelines for the procurement of wood raw materials, and based on these guidelines, Kao collects traceability information from all suppliers to identify the origin of the wood, comply with forest-related laws and regulations in the region, and confirm that there is no illegal logging.

Timber products

(8.5.1) Country/area of origin

Select from:

☑ China

(8.5.2) First level administrative division

Select from:

☑ States/equivalent jurisdictions

(8.5.3) Specify the states or equivalent jurisdictions

Shanghai

(8.5.4) Volume sourced from country/area of origin (metric tons)

19000

(8.5.5) Source

Select all that apply

☑ Contracted suppliers (manufacturers)

(8.5.7) Please explain

Kao procured approximately 7% of its total pulp and paper products from China in FY2023. Of that amount, approximately 72% was procured as products produced from timber certified or managed under third-party certification systems. In addition, Kao has established its own guidelines for the procurement of wood raw materials, and based on these guidelines, Kao collects traceability information from all suppliers to identify the place of origin, comply with forest-related laws and regulations in the relevant region, and confirm that there is no illegal logging.

Timber products

(8.5.1) Country/area of origin

Select from:

☑ Indonesia

(8.5.2) First level administrative division

Select from:

☑ States/equivalent jurisdictions

(8.5.3) Specify the states or equivalent jurisdictions

East Java

(8.5.4) Volume sourced from country/area of origin (metric tons)

57000

(8.5.5) Source

Select all that apply

☑ Contracted suppliers (manufacturers)

(8.5.7) Please explain

In fiscal 2023, Kao procured approximately 22% of its pulp and paper products from Indonesia. Of that amount, approximately 100% was procured as products made from timber certified or managed under third-party certification systems. In addition, Kao has established its own guidelines for the procurement of wood raw materials,

and based on these guidelines, Kao collects traceability information from all suppliers to identify the place of origin, comply with forest-related laws and regulations in the relevant region, and confirm that there is no illegal logging.
[Add row]

(8.6) Does your organization produce or source palm oil derived biofuel?

Select from:
☑ No

(8.7) Did your organization have a no-deforestation or no-conversion target, or any other targets for sustainable production/ sourcing of your disclosed commodities, active in the reporting year?

Timber products

(8.7.1) Active no-deforestation or no-conversion target

Select from:
☑ Yes, we have a no-deforestation target

(8.7.2) No-deforestation or no-conversion target coverage

Select from:
☑ Organization-wide (including suppliers)

(8.7.5) Other active targets related to this commodity, including any which contribute to your no-deforestation or no-conversion target

Select from:
☑ Yes, we have other targets related to this commodity

Palm oil

(8.7.1) Active no-deforestation or no-conversion target

Select from:

☑ Yes, we have a no-deforestation target

(8.7.2) No-deforestation or no-conversion target coverage

Select from:

☑ Organization-wide (including suppliers)

(8.7.5) Other active targets related to this commodity, including any which contribute to your no-deforestation or no-conversion target

Select from:

☑ Yes, we have other targets related to this commodity

[Fixed row]

(8.7.1) Provide details on your no-deforestation or no-conversion target that was active during the reporting year.

Timber products

(8.7.1.1) No-deforestation or no-conversion target

Select from:

☑ No-deforestation

(8.7.1.2) Your organization’s definition of “no-deforestation” or “no-conversion”

Kao supports the NDPE and requires suppliers and their group companies to comply with the NDPE. Kao supports the NDPE and requires suppliers and their group companies to thoroughly comply with the NDPE and procures from suppliers who comply with the following items. With regard to pulp and paper, we switch 100% of the paper and pulp used for Kao products to third-party certified products such as FSC to ensure that there is no deforestation and conversion.

(8.7.1.3) Cutoff date

Select from:

☑ 1993-1997

(8.7.1.4) Geographic scope of cutoff date

Select from:

☑ Applied globally

(8.7.1.5) Rationale for selecting cutoff date

Select from:

☑ Sector-wide agreement/recommendation

(8.7.1.6) Target date for achieving no-deforestation or no-conversion

Select from:

☑ 2025

Palm oil

(8.7.1.1) No-deforestation or no-conversion target

Select from:

☑ No-deforestation

(8.7.1.2) Your organization’s definition of “no-deforestation” or “no-conversion”

Kao supports the NDPE and requires suppliers and their group companies to comply with the NDPE. If any violations are found, Kao will take appropriate actions such as providing guidance for improvement or suspending business transactions. Palm oil is consistent with the RSPO Principles and Criteria. Conserve biodiversity and High Conservation Value (HCV) forests, High Carbon Storage (HCS) forests, and peat lands.

(8.7.1.3) Cutoff date

Select from:

☑ 2018

(8.7.1.4) Geographic scope of cutoff date

Select from:
☑ Applied globally

(8.7.1.5) Rationale for selecting cutoff date

Select from:
☑ Sector-wide agreement/recommendation

(8.7.1.6) Target date for achieving no-deforestation or no-conversion

Select from:
☑ 2025
[Add row]

(8.7.2) Provide details of other targets related to your commodities, including any which contribute to your no-deforestation or no-conversion target, and progress made against them.

Timber products

(8.7.2.1) Target reference number

Select from:
☑ Target 1

(8.7.2.2) Target contributes to no-deforestation or no-conversion target reported in 8.7

Select from:
☑ Yes, this target contributes to our no-deforestation target

(8.7.2.3) Target coverage

Select from:
☑ Organization-wide (including suppliers)

(8.7.2.4) Commodity volume covered by target (metric tons)

Select from:

☑ Disclosure volume

(8.7.2.5) Category of target & Quantitative metric

Engagement with Tier 1 suppliers

☑ % of Tier 1 suppliers engaged

(8.7.2.8) Date target was set

12/31/2018

(8.7.2.9) End date of base year

12/30/2019

(8.7.2.10) Base year figure

55

(8.7.2.11) End date of target

12/30/2025

(8.7.2.12) Target year figure

100

(8.7.2.13) Reporting year figure

100

(8.7.2.14) Target status in reporting year

Select from:

☑ Achieved

(8.7.2.15) % of target achieved relative to base year

100.00

(8.7.2.16) Global environmental treaties/ initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Kunming-Montreal Global Biodiversity Framework

☑ Paris Agreement

☑ Sustainable Development Goals

(8.7.2.17) Explain target coverage and identify any exclusions

All paper, pulp, and packaging materials used for Kao Group products (no exclusions)

(8.7.2.19) List the actions which contributed most to achieving or maintaining this target

Kao, through direct dialogue with various stakeholders including suppliers, We are aware of the issues on the ground and are working to promote the use of certified products. In June 2022, we revised our guidelines on "Procurement from High-Risk Supply Chains" and published them externally. These guidelines establish a new level of cooperation with various stakeholders, including suppliers. In order to adapt to the changing times, we have also established a procurement policy to achieve "zero deforestation" and review it from time to time. Through direct dialogue with suppliers and various other stakeholders, we are working to recognize issues on the ground and promote the use of certified products. At the same time, we ask our business partners to join Sedex and confirm their compliance with the above guidelines. In 2023, the result was 100% for the 286 Vendor Summit invited suppliers: 60% SEDEX subscription, 38% Kao SAQ, and 2% alternative.

(8.7.2.20) Further details of target

By December 31, 2025, 100% response rate for Sedex (including Kao SAQ and alternative programs) and other programs

Palm oil

(8.7.2.1) Target reference number

Select from:

☑ Target 4

(8.7.2.2) Target contributes to no-deforestation or no-conversion target reported in 8.7

Select from:

☑ Yes, this target contributes to our no-deforestation target

(8.7.2.3) Target coverage

Select from:

☑ Organization-wide (including suppliers)

(8.7.2.4) Commodity volume covered by target (metric tons)

Select from:

☑ Disclosure volume

(8.7.2.5) Category of target & Quantitative metric

Traceability

☑ % of volume traceable to traceability point

(8.7.2.6) Traceability point

Select from:

☑ Production unit

(8.7.2.8) Date target was set

12/31/2013

(8.7.2.9) End date of base year

12/30/2014

(8.7.2.10) Base year figure

0.1

(8.7.2.11) End date of target

12/30/2024

(8.7.2.12) Target year figure

100

(8.7.2.13) Reporting year figure

99

(8.7.2.14) Target status in reporting year

Select from:
☑ Underway

(8.7.2.15) % of target achieved relative to base year

99.00

(8.7.2.16) Global environmental treaties/ initiatives/ frameworks aligned with or supported by this target

Select all that apply
☑ Kunming-Montreal Global Biodiversity Framework

(8.7.2.17) Explain target coverage and identify any exclusions

All mills in the supply chain are covered

(8.7.2.18) Plan for achieving target, and progress made to the end of the reporting year

Kao has established 100% traceability of the palm oil supply chain up to palm oil mills (Tier-3) once in 2020, and posted a list of palm oil mills on its website. Kao has confirmed the traceability to palm oil mills (Tier-3) by the following procedures. From the refinery (Tier-1), supply chain information such as names, parent company names, and locations (latitude and longitude) of palm kernel oil mills (Tier-2) and palm oil mills (Tier-3) are obtained and created. Traceability has been confirmed for 99% of the mills in 2023 with an increase in the number of mills covered. The latest list of mills and a map of mills are available on our website.

(8.7.2.20) Further details of target

The location and traceability of palm oil mills used in palm oil mills to produce palm oil and palm kernel oil are clearly identified.

Timber products

(8.7.2.1) Target reference number

Select from:

☑ Target 2

(8.7.2.2) Target contributes to no-deforestation or no-conversion target reported in 8.7

Select from:

☑ Yes, this target contributes to our no-deforestation target

(8.7.2.3) Target coverage

Select from:

☑ Organization-wide (including suppliers)

(8.7.2.4) Commodity volume covered by target (metric tons)

Select from:

☑ Disclosure volume

(8.7.2.5) Category of target & Quantitative metric

Traceability

☑ % of volume traceable to traceability point

(8.7.2.6) Traceability point

Select from:

☑ Production unit

(8.7.2.8) Date target was set

12/31/2013

(8.7.2.9) End date of base year

12/30/2014

(8.7.2.10) Base year figure

78

(8.7.2.11) End date of target

12/30/2025

(8.7.2.12) Target year figure

100

(8.7.2.13) Reporting year figure

100

(8.7.2.14) Target status in reporting year

Select from:

☑ Achieved

(8.7.2.15) % of target achieved relative to base year

100.00

(8.7.2.16) Global environmental treaties/ initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Kunming-Montreal Global Biodiversity Framework

(8.7.2.17) Explain target coverage and identify any exclusions

All paper, pulp, and packaging materials used for Kao Group products (no exclusions)

(8.7.2.19) List the actions which contributed most to achieving or maintaining this target

With the help of WWF Japan, a traceability verification system was established, and by utilizing this tool, almost 100% traceability to the origin was achieved in 2018 and is still being maintained. From 2021 onward, we will verify traceability among the parties involved, and to guarantee this, we will further utilize third-party certification systems and promote switching to certified products.

(8.7.2.20) Further details of target

Ensure traceability to forests: Continuous implementation of 100% traceability to forests

Timber products

(8.7.2.1) Target reference number

Select from:

☑ Target 3

(8.7.2.2) Target contributes to no-deforestation or no-conversion target reported in 8.7

Select from:

☑ Yes, this target contributes to our no-deforestation target

(8.7.2.3) Target coverage

Select from:

☑ Organization-wide (including suppliers)

(8.7.2.4) Commodity volume covered by target (metric tons)

Select from:

☑ Disclosure volume

(8.7.2.5) Category of target & Quantitative metric

Third-party certification

☑ % of volume third-party certified

(8.7.2.7) Third-party certification scheme

Chain-of-custody certification

☑ FSC Chain-of-Custody certification (any type)

(8.7.2.8) Date target was set

12/31/2018

(8.7.2.9) End date of base year

12/30/2019

(8.7.2.10) Base year figure

91

(8.7.2.11) End date of target

12/30/2025

(8.7.2.12) Target year figure

100

(8.7.2.13) Reporting year figure

98

(8.7.2.14) Target status in reporting year

Select from:

☑ Underway

(8.7.2.15) % of target achieved relative to base year

77.78

(8.7.2.16) Global environmental treaties/ initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Kunming-Montreal Global Biodiversity Framework

☑ Paris Agreement

☑ Sustainable Development Goals

(8.7.2.17) Explain target coverage and identify any exclusions

All paper, pulp, and packaging materials used for Kao Group products (no exclusions)

(8.7.2.18) Plan for achieving target, and progress made to the end of the reporting year

Kao is promoting sustainable paper and pulp procurement with the aim of achieving zero deforestation. Kao aims to achieve 100% third-party certification by 2025. We will promote the switch to certified products not only by verifying traceability between the parties concerned, but also by using third-party certification systems to guarantee it. In particular, when traceability verification reveals that the country of origin is a forest risk country, we promptly switch to FSC certified products, the most stringent of the third-party certifications. In order to purchase third-party certified products, the following two certifications must be met (i) Certification that assesses

whether the forest is managed responsibly (FM certification) (ii) Audited certification Certification that audits the processing and distribution process of certified raw materials collected from forests until they reach consumers (COC certification). COC certification (Note 2) is a certification by all organizations involved in production, processing, and distribution to ensure that unqualified wood is not mixed in during the long and complex processing and distribution process until it reaches the consumer. All suppliers in this supply chain must be COC certified. When Kao checked the COC certification of its supply chain, it was found that some suppliers had not obtained COC certification. Therefore, Kao asks our suppliers to understand the importance of COC approval and to obtain COC approval every year. As a result of applying for FSC certification (CoC) for paper suppliers who are not yet FSC certified in some supply chains, all supply chains have agreed to obtain certification. 2021 and beyond will be the year when paper materials used for some sanitary products, especially base paper procured in Indonesia and release paper procured in Thailand In 2022, we shared information on when and how much to switch to certified products and aimed to expand the use of third-party certified paper between local subsidiaries and the head office. As a result of these activities, the percentage of FSC-certified products is increasing every year. In the procurement volume from January 1, 2023 to December 31, 2023, the certification rate of pulp and paper will be 98%, an increase of 1% from the rate in 2022 (97%).

(8.7.2.20) Further details of target

Switch to FSC and other third-party certified products: Aim to switch 100% of paper and pulp used in Kao products to certified products by 2025.

Palm oil

(8.7.2.1) Target reference number

Select from:

☑ Target 5

(8.7.2.2) Target contributes to no-deforestation or no-conversion target reported in 8.7

Select from:

☑ Yes, this target contributes to our no-deforestation target

(8.7.2.3) Target coverage

Select from:

☑ Organization-wide (including suppliers)

(8.7.2.4) Commodity volume covered by target (metric tons)

Select from:

☑ Disclosure volume

(8.7.2.5) Category of target & Quantitative metric

Engagement with smallholders

☑ % of smallholders engaged

(8.7.2.8) Date target was set

12/31/2019

(8.7.2.9) End date of base year

12/30/2020

(8.7.2.10) Base year figure

0.1

(8.7.2.11) End date of target

12/30/2030

(8.7.2.12) Target year figure

5000

(8.7.2.13) Reporting year figure

3083

(8.7.2.14) Target status in reporting year

Select from:

☑ Underway

(8.7.2.15) % of target achieved relative to base year

61.66

(8.7.2.16) Global environmental treaties/ initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Kunming-Montreal Global Biodiversity Framework

(8.7.2.17) Explain target coverage and identify any exclusions

Supporting approximately 5,000 independent small-scale palm plantations in the three provinces of North Sumatra, Riau, and Jambi in Indonesia, which are important areas in Kao's palm oil supply chain, to improve productivity and obtain certification for sustainable palm oil (RSPO).

(8.7.2.18) Plan for achieving target, and progress made to the end of the reporting year

Kao Corporation, Apical Group, a manufacturer and marketer of oil and fat products, and Asian Agri, a plantation company, are implementing the SMILE Program (Smallholder Inclusion for Better Livelihood & Empowerment program) to support small-scale palm plantations in Indonesia to improve productivity and obtain certification for sustainable palm oil with the aim of building a sustainable palm oil supply chain. (Smallholder Inclusion for better Livelihood & Empowerment program). This activity aims to improve the standard of living of local farmers and reduce deforestation. 5,000 farms will be trained to improve productivity (target yield doubling) and obtain RSPO certification (RSPO basic principles, safety education, and yield management methods) by a professional training team of farm manufacturers by 2030. To improve the standard of living in the field, training on farm management, labor safety, fire management, RSPO certification, etc. was provided to 3083 farms in Sumatra by the end of 2023. As a result, 839 plantations will be RSPO certified by 2023, and Kao has purchased all certification credits for certified small palm plantations.

(8.7.2.20) Further details of target

Kao Corporation, Apical Group, a manufacturer and marketer of oil and fat products, and Asian Agri, a plantation company, are collaborating to establish a sustainable supply chain for palm oil in an 11-year project from 2020 to 2030. The program aims to support approximately 5,000 independent small-scale palm plantations in the three provinces of North Sumatra, Riau, and Jambi in Indonesia, which are important areas in Kao's palm oil supply chain, to improve productivity and obtain certification for sustainable palm oil (RSPO) over an 11-year period from 2020 to 2030. In addition to providing education on how to improve productivity and obtain certification, Kao will purchase all RSPO certification credits sold by the independent small-scale palm farms supported through the SMILE Program after they obtain certification, and will provide free of charge the "Adjuvant Series," which reduces the amount of pesticides used by spreading the chemicals on the plant surface so that they are spread evenly during the application of the pesticides. The company also provides the adjuvant series, which reduces the amount of pesticides used by spreading the chemicals on the surface of plants so that they are wetted and spread when spraying.

Palm oil

(8.7.2.1) Target reference number

Select from:

☑ Target 6

(8.7.2.2) Target contributes to no-deforestation or no-conversion target reported in 8.7

Select from:

☑ Yes, this target contributes to our no-deforestation target

(8.7.2.3) Target coverage

Select from:

☑ Organization-wide (including suppliers)

(8.7.2.4) Commodity volume covered by target (metric tons)

Select from:

☑ Disclosure volume

(8.7.2.5) Category of target & Quantitative metric

Traceability

☑ % of volume traceable to traceability point

(8.7.2.6) Traceability point

Select from:

☑ Production unit

(8.7.2.8) Date target was set

12/31/2019

(8.7.2.9) End date of base year

12/30/2020

(8.7.2.10) Base year figure

0.1

(8.7.2.11) End date of target

12/30/2025

(8.7.2.12) Target year figure

100

(8.7.2.13) Reporting year figure

87

(8.7.2.14) Target status in reporting year

Select from:
☑ Underway

(8.7.2.15) % of target achieved relative to base year

86.99

(8.7.2.16) Global environmental treaties/ initiatives/ frameworks aligned with or supported by this target

Select all that apply
☑ Kunming-Montreal Global Biodiversity Framework

(8.7.2.17) Explain target coverage and identify any exclusions

Traceability upstream in the palm oil supply chain to palm plantations

(8.7.2.18) Plan for achieving target, and progress made to the end of the reporting year

By 2021, we have verified traceability to our own farms owned by Tier-1 suppliers. We have since continued to conduct traceability surveys to small farmers in cooperation with Tier-1 suppliers and NGOs, aiming for 100% completion of traceability to palm plantations by 2025. 87% achievement rate in 2023.

(8.7.2.20) Further details of target

Kao is working to improve traceability in the palm oil supply chain. We regularly obtain the latest traceability information from suppliers and exchange information with them to improve the traceability of palm plantations connected to our supply chain. We use the location of the mills on a map, and use satellite monitoring information from GLOBAL FOREST WATCH and EARTH DATA NASA within 50 km of the palm oil mills, as well as peatland information from PROTECTED PLANET. This allows us to monitor the environmental risks of palm plantations around the mill and reduce the risk of illegal deforestation and peatland development. With November 2018 as the cut-off date, we will monitor and verify risks occurring in the supply chain, and for cases deemed high-risk, we will confirm the facts through suppliers, request improvements, and confirm the status of improvements. Kao also conducts forest footprint analysis to identify environmental risks and opportunities in palm plantations. This allows us to formulate strategies to build a sustainable supply chain and ensure traceability to palm plantations, thereby promoting environmental protection and sustainable procurement.
[Add row]

(8.8) Indicate if your organization has a traceability system to determine the origins of your sourced volumes and provide details of the methods and tools used.

Timber products

(8.8.1) Traceability system

Select from:
☑ Yes

(8.8.2) Methods/tools used in traceability system

Select all that apply
☑ Chain-of-custody certification
☑ Supplier engagement/communication

(8.8.3) Description of methods/tools used in traceability system

Kao's traceability system consists of two methods: purchasing certified products (third-party certification such as FSC certification and CoC certification) and using WWF Japan's forest products procurement checklist. Kao confirms through its Tier-1 suppliers that forests are socially, environmentally, and economically sustainable. - As of December 31, 2023, the ratio of certified raw materials was 98%. The remainder was confirmed using WWF Japan's checklist. Therefore, Kao has established almost 100% traceability. - Tier 1: Printing companies, paper packaging companies, and corrugated packaging companies. Approx. 100 companies - Tier 2: Paper manufacturing companies: approx. 50 companies - Tier 3: Sawmills, chip mills, approx. 1000 companies - Tier 4: Forest management units If the checklist reveals unsustainable suppliers, we will request them to make improvements or cease doing business with us. 2023: No suppliers will be requested to make improvements or cease doing business with us.

Palm oil

(8.8.1) Traceability system

Select from:

☑ Yes

(8.8.2) Methods/tools used in traceability system

Select all that apply

☑ Supplier engagement/communication

(8.8.3) Description of methods/tools used in traceability system

Traceability of palm oil is checked as follows (i) Kao obtains supply chain information such as names, parent company names, and locations (latitude and longitude) of palm kernel oil mills (Tier-2) and palm oil mills (Tier-3) from the refinery (Tier-1), and creates a palm mill list. Kao confirms the status of NDPE/HCSA/FPIC compliance in the supply chain of refineries (Tier-1), refinery group companies, palm kernel oil mills (Tier-2), and palm oil mills (Tier-3) through inquiries to refineries (Tier-1) to confirm NDPE/HCSA/ Kao confirms the status of compliance with NDPE/HCSA/FPIC in the supply chain through inquiries to refineries (Tier-1). Kao conducts investigations of the plantations (Tier-4) by contacting the refineries (Tier-1) on a regular basis to confirm traceability to the palm plantations (Tier-4). Kao has been publishing a list of palm oil mills since 2019 (779 mills as of the end of 2022) In 2021, we surveyed and confirmed compliance with NDPE, HCSA, and FPIC for oil and fat suppliers (Tier-1) in Malaysia and Indonesia to confirm their compliance status In 2022 We will continue to check Tier-1 suppliers' compliance with the NDPE policy and request guidance for improvement from high-risk suppliers. We will continue these activities in the future. (ii) Kao will create a palm mill map from the list of palm mills confirmed in (i) above, and will check (i) whether there are any national parks, protected forests, peatlands, etc. within a 50 km radius of the location of the palm mill using satellite images, etc., and (ii) whether there are any mills that have caused problems in the past for the parent company, and (iii) whether information from NGOs has confirmed and identified as a risk mill. In 2018, Kao published a palm mill map that summarizes the locations of 90 palm kernel oil mills and 862 palm oil mills. (iii) Kao conducts interviews with refineries (Tier-1) regarding palm oil mills that are considered risk mills. For palm oil mills that are deemed extremely high-risk (high-risk mills), Kao conducts on-site inspections by a third party, requests the mills to make improvements, and follows up with them. Kao has conducted on-site inspections at eight mills and verified information from refineries (Tier-1) by 2019. Kao plans to conduct audits in the future if it determines that there is a problem. Activities (2) and (3) above are being conducted in cooperation with external consultants.

[Fixed row]

(8.8.1) Provide details of the point to which your organization can trace its sourced volumes.

Timber products

(8.8.1.1) % of sourced volume traceable to production unit

0

(8.8.1.2) % of sourced volume traceable to sourcing area and not to production unit

100

(8.8.1.3) % sourced volume traceable to country/area of origin and not to sourcing area or production unit

0

(8.8.1.4) % of sourced volume traceable to other point (i.e., processing facility/first importer) not in the country/area of origin

0

(8.8.1.5) % of sourced volume from unknown origin

0

(8.8.1.6) % of sourced volume reported

100.00

Palm oil

(8.8.1.1) % of sourced volume traceable to production unit

87

(8.8.1.2) % of sourced volume traceable to sourcing area and not to production unit

12

(8.8.1.3) % sourced volume traceable to country/area of origin and not to sourcing area or production unit

1

(8.8.1.4) % of sourced volume traceable to other point (i.e., processing facility/first importer) not in the country/area of origin

0

(8.8.1.5) % of sourced volume from unknown origin

0

(8.8.1.6) % of sourced volume reported

100.00
[Fixed row]

(8.9) Provide details of your organization's assessment of the deforestation-free (DF) or deforestation- and conversion-free (DCF) status of its disclosed commodities.

Timber products

(8.9.1) DF/DCF status assessed for this commodity

Select from:
☑ Yes, deforestation-free (DF) status assessed

(8.9.2) % of disclosure volume determined as DF/DCF in the reporting year

64

(8.9.3) % of disclosure volume determined as DF/DCF through a third-party certification scheme providing full DF/DCF assurance

100

(8.9.4) % of disclosure volume determined as DF/DCF through monitoring of production unit

0

(8.9.5) % of disclosure volume determined as DF/DCF through monitoring of sourcing area

0

(8.9.6) Is a proportion of your disclosure volume certified through a scheme not providing full DF/DCF assurance?

Select from:
☑ No

Palm oil

(8.9.1) DF/DCF status assessed for this commodity

Select from:
☑ Yes, deforestation-free (DF) status assessed

(8.9.2) % of disclosure volume determined as DF/DCF in the reporting year

78

(8.9.3) % of disclosure volume determined as DF/DCF through a third-party certification scheme providing full DF/DCF assurance

0

(8.9.4) % of disclosure volume determined as DF/DCF through monitoring of production unit

100

(8.9.5) % of disclosure volume determined as DF/DCF through monitoring of sourcing area

0

(8.9.6) Is a proportion of your disclosure volume certified through a scheme not providing full DF/DCF assurance?

Select from:
☑ Yes
[Fixed row]

(8.9.1) Provide details of third-party certification schemes used to determine the deforestation-free (DF) or deforestation- and conversion-free (DCF) status of the disclosure volume, since specified cutoff date.

Timber products

(8.9.1.1) Third-party certification scheme providing full DF/DCF assurance

Chain-of-custody certification
☑ FSC Chain-of-Custody certification (any type)

(8.9.1.2) % of disclosure volume determined as DF/DCF through certification scheme providing full DF/DCF assurance

100

(8.9.1.3) Comment

Kao has been asking its suppliers to provide new FSC-certified paper every year, and has done so since 2022. In 2023, the share of FSC-certified paper and pulp in total wood products reached 64%, up 2 percentage points from 62% in 2022. Regarding the purchase of certified paper, our ESG strategy (Kirei Lifestyle Plan) calls for

100% FSC-certified paper or PEFC-certified paper and pulp to be used in consumer goods by 2025. In order to be purchased as certified products, the following two certifications must be met. (i) Certification that assesses whether forests are managed responsibly (FM certification) (ii) Audited certification Certified timber harvested from the forest is in the hands of consumers (COC certification). This (2) COC certification involves a long and complicated processing and distribution process before the wood reaches the consumer, and it is necessary to ensure that the wood is not mixed with unqualified wood in this process. In addition, because all organizations involved in production, processing, and distribution must be certified before certified products reach consumers, COC certification is obtained for all suppliers in this supply chain. When we checked COC certification in our supply chain, some suppliers were not able to obtain COC certification. We understand the importance of COC certification for these suppliers and ask them to obtain COC certification every year. As a result of our request for FSC certification (CoC), all supply chains have agreed to obtain certification. From 2021 onward, activities related to the use of paper materials used in some sanitary products, especially the backing paper procured in Indonesia and the release paper procured in Thailand, contributed to our efforts. by 2022, local subsidiaries and headquarters will share information on when and if to switch to certified products, with the aim of expanding use of third-party certified paper. We aim to expand the use of third-party certified paper. As a result of these activities, the percentage of FSC certified products is increasing year by year. Performance on this goal is included in the attached certification documentation.

(8.9.1.4) Certification documentation

KAO_Independent_Assurance_Report_Letter_2024F.pdf
[Add row]

(8.9.2) Provide details of third-party certification schemes not providing full DF/DCF assurance.

Palm oil

(8.9.2.1) Third-party certification scheme not providing full DF/DCF assurance

Chain-of-custody certification

☑ RSPO - Mass Balance

(8.9.2.2) % of disclosure volume certified through scheme not providing full DF/DCF assurance

14

(8.9.2.3) Additional control methods in place to determine DF/DCF status of volumes certified through scheme not providing full DF/DCF assurance

Select all that apply

☑ Production unit monitoring

(8.9.2.4) Comment

In 2023, we purchased 63,600 tons of RSPO certified oil (MB). This is equivalent to 15% of our total purchases of palm-derived raw materials. Kao gives preference to suppliers that meet DCF standards. We believe that this will enable the RSPO under the mass balance method to meet the DCF criteria. We also require our supply chain, including forest risk commodities, to adopt a No Deforestation, No Peat, No Exploitation (NDPE) policy, which prohibits the conversion or degradation of natural ecosystems, protects biodiversity, and requires that high conservation value forests (HCVF) and high carbon storage forests (HCSF), conservation of peat swamps, and prohibition of burning for development. Performance on this goal is included in the attached certification documentation. Kao emphasizes the importance of sustainability and the DCF standard throughout its supply chain and works closely with all partners involved. Performance on this goal is included in the attached certification documentation.

(8.9.2.5) Certification documentation

KAO_Independent_Assurance_Report_Letter_2024F.pdf
[Add row]

(8.9.3) Provide details of production unit monitoring used to determine deforestation-free (DF) or deforestation- and conversion-free (DCF) status of volumes since specified cutoff date.

Palm oil

(8.9.3.1) % of disclosure volume determined as DF/DCF through monitoring of production unit

100.00

(8.9.3.2) Production unit monitoring approach

Select all that apply

☑ Geospatial monitoring or remote sensing tool

☑ Ground-based monitoring system

(8.9.3.3) Description of production unit monitoring approach

(i) Kao shall obtain supply chain information from Tier-1 to Tier-2 and Tier-3, including names, parent company names, and locations (latitude and longitude), and create

a palm mill list. Kao confirms compliance with NDPE/HCSA/FPIC in the supply chain of refineries (Tier-1), palm kernel mills, and palm oil mills (Tier-2). Kao is conducting a Tier-3 survey by contacting Tier-1 to confirm traceability to Tier-3. (ii) Kao creates a palm mill map from the list of palm mills confirmed in (i) above and checks whether there are any national parks, protected forests, or peatlands within a 50 km radius of the location of the palm mill using satellite images. Kao holds Tier-1 hearings for palm oil mills that are considered risk mills. Kao also conducts third-party on-site inspections of palm oil mills that are deemed to be extremely high-risk (high-risk mills).

(8.9.3.4) DF/DCF status verified

Select from:

☑ Yes

(8.9.3.5) Type of verification

Select all that apply

☑ First party

☑ Second party

(8.9.3.6) % of your disclosure volume that is both determined as DF/DCF through monitoring of production unit and is verified as DF/DCF

100

(8.9.3.7) Explain the process of verifying DF/DCF status

Kao updates the list of factories listed in the control system description at least once a year. Kao continuously monitors external factors of non-compliance in the supply chain. When non-compliance is suspected, Kao conducts a fact-finding investigation of palm kernel mills, palm oil mills (Tier-2), and plantations (Tier-3) through refineries (Tier-1) in the supply chain. If any nonconformity in this investigation is found, we will discontinue business with Kao and request Kao to implement corrective measures and comply with the NDPE and HCSA. If the state of nonconformity persists for a long period of time, we will request the refinery (Tier-1) to cease doing business with the company in question. In addition, a third-party audit will be conducted on the company in question to confirm the status of improvement. Tier-1 suppliers conduct on-site inspections of palm farmers and monitor development by satellite in order to manage NDPE.
[Fixed row]

(8.10) Indicate whether you have monitored or estimated the deforestation and conversion of other natural ecosystems footprint for your disclosed commodities.

	Monitoring or estimating your deforestation and conversion footprint
Timber products	*Select from:* ☑ Yes
Palm oil	*Select from:* ☑ Yes

[Fixed row]

(8.10.1) Provide details on the monitoring or estimating of your deforestation and conversion footprint.

Timber products

(8.10.1.1) Monitoring and estimating your deforestation and conversion footprint

Select from:

☑ We monitor the deforestation and conversion footprint in our value chain

(8.10.1.2) % of disclosure volume monitored or estimated

100

(8.10.1.3) Reporting of deforestation and conversion footprint

Select all that apply

☑ Since a specified cutoff date

(8.10.1.4) Year of cutoff date

2019

(8.10.1.6) Known or estimated deforestation and conversion footprint since the specified cutoff date (hectares)

0

(8.10.1.9) Describe the methods and data sources used to monitor or estimate your deforestation and conversion footprint

Starting in 2019, Kao will purchase products produced from wood certified and managed under the FSC certification system, with the exception of some pulp, to ensure that there are no changes to the natural ecosystem of the wood raw materials it procures. The FSC certification system defines "wood harvested for the purpose of converting natural forests" as one of five unacceptable wood categories. This includes the conversion of natural forest to plantations as an unacceptable issue. Therefore, by purchasing all wood from timber certified or managed under the FSC certification system, Kao ensures that the wood it procures is not undergoing conversion of natural ecosystems. In addition, Kao has established its own guidelines for the procurement of wood raw materials. Based on these guidelines, we collect traceability information from all suppliers, identify the country of origin, and confirm compliance with local forest-related laws and regulations. There is no illegal logging, and we actively engage in dialogue not only with our Tier 1 suppliers, but also with our Tier 2 suppliers and other suppliers. We monitor the footprint of deforestation and conversion of natural ecosystems in our supply chain. In 2022, we held dialogues with major paper manufacturers in Japan who procure wood from Tier 2 and beyond. In 2023, we conducted forest visits (May 27, 2023 and August 10, 2023) and confirmed that there is no conversion.

Palm oil

(8.10.1.1) Monitoring and estimating your deforestation and conversion footprint

Select from:

☑ We monitor the deforestation and conversion footprint in our value chain

(8.10.1.2) % of disclosure volume monitored or estimated

93

(8.10.1.3) Reporting of deforestation and conversion footprint

Select all that apply

☑ Since a specified cutoff date

(8.10.1.4) Year of cutoff date

2013

(8.10.1.6) Known or estimated deforestation and conversion footprint since the specified cutoff date (hectares)

0

(8.10.1.9) Describe the methods and data sources used to monitor or estimate your deforestation and conversion footprint

Since 2013, we have continued to purchase RSPO-certified Mass Balance products in order to source deforestation-free palm oil. In addition, our Tier 1 suppliers conduct satellite-based deforestation monitoring.
[Add row]

(8.11) For volumes not assessed and determined as deforestation- and conversion-free (DCF), indicate if you have taken actions in the reporting year to increase production or sourcing of DCF volumes.

	Actions taken to increase production or sourcing of DCF volumes
Timber products	*Select from:* ☑ Yes
Palm oil	*Select from:* ☑ Yes

[Fixed row]

(8.11.1) Provide details of actions taken in the reporting year to assess and increase production/sourcing of deforestation- and conversion-free (DCF) volumes.

Timber products

(8.11.1.1) Action type

Select from:

☑ Working with non-compliant suppliers

(8.11.1.2) % of disclosure volume that is covered by this action

36

(8.11.1.3) Indicate whether you had any major barriers or challenges related to this action in the reporting year

Select from:

☑ Yes

(8.11.1.4) Main measures identified to manage or resolve the challenges

Select all that apply

☑ Development of certification and sustainability standards

☑ Greater supplier awareness/engagement

☑ Increased knowledge on commodity driven deforestation, forest degradation and/or conversion

(8.11.1.5) Provide further details on the actions taken, their contribution to achieving DCF status, and any related barriers or challenges

Kao, through direct dialogue with various stakeholders including suppliers, We are aware of the issues on the ground and are working to promote the use of certified products. In June 2022, we revised our guidelines on "Procurement from High-Risk Supply Chains" and published them externally. These guidelines establish a new level of cooperation with various stakeholders, including suppliers. In order to adapt to the changing times, we have also established a procurement policy to achieve "zero deforestation" and review it from time to time. Through direct dialogue with suppliers and various other stakeholders, we are working to recognize issues on the ground and promote the use of certified products. At the same time, we ask our business partners to join Sedex and confirm their compliance with the above guidelines. In 2023, we held vendor summits and other direct dialogues.

Palm oil

(8.11.1.1) Action type

Select from:

☑ Working with non-compliant suppliers

(8.11.1.2) % of disclosure volume that is covered by this action

7

(8.11.1.3) Indicate whether you had any major barriers or challenges related to this action in the reporting year

Select from:

☑ Yes

(8.11.1.4) Main measures identified to manage or resolve the challenges

Select all that apply

☑ Development of certification and sustainability standards

☑ Greater supplier awareness/engagement

☑ Increased knowledge on commodity driven deforestation, forest degradation and/or conversion

(8.11.1.5) Provide further details on the actions taken, their contribution to achieving DCF status, and any related barriers or challenges

Kao recognizes the issues on the ground through direct dialogue with various stakeholders, including suppliers, and is working to promote certified products. in June 2022, Kao revised its guidelines on "Procurement from High-Risk Supply Chains" and publicized them outside the company. These guidelines are intended to establish new partnerships with suppliers and other stakeholders. In order to adapt to the changing times, we have also established a procurement policy to achieve "zero deforestation" and review it from time to time. Mandating the adoption of a No Deforestation, No Peat, No Exploitation (NDPE) policy in the supply chain, including forest risk commodities, prohibiting the conversion or degradation of natural ecosystems, protecting biodiversity, and preserving high conservation value forests (HCVF) and high carbon storage forests (HCSF), conservation of peat swamps, and prohibition of burning for development. We also respect the human rights of all those involved in our supply chain, as well as the rights of workers, indigenous peoples, and local communities, and ensure compliance with free, prior, and informed consent (FPIC).

[Add row]

(8.12) Indicate if certification details are available for the commodity volumes sold to requesting CDP Supply Chain members.

	Third-party certification scheme adopted	Certification details are available for the volumes sold to any requesting CDP Supply Chain members
Timber products	*Select from:* ☑ Yes	*Select from:* ☑ Yes
Palm oil	*Select from:* ☑ Yes	*Select from:* ☑ Yes

[Fixed row]

(8.13) Does your organization calculate the GHG emission reductions and/or removals from land use management and land use change that have occurred in your direct operations and/or upstream value chain?

	GHG emissions reductions and removals from land use management and land use change calculated	Primary reason your organization does not calculate GHG emissions reductions and removals from land use management and land use change	Explain why your organization does not calculate GHG emissions reductions and removals from land use management and land use change
Timber products	*Select from:* ☑ No, and do not plan to do so in the next two years	*Select from:* ☑ No standardized procedure	*Kao plans to respond in the future through our own system.*
Palm oil	*Select from:* ☑ No, but plan to do so in the next two years	*Select from:* ☑ No standardized procedure	*Kao plans to respond in the future through our own system.*

[Fixed row]

(8.14) Indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards, and provide details.

(8.14.1) Assess legal compliance with forest regulations

Select from:

☑ Yes, from suppliers

(8.14.2) Aspects of legislation considered

Select all that apply

☑ Labor rights

☑ Land use rights

☑ Third parties' rights

☑ Environmental protection

☑ Human rights protected under international law

☑ Tax, anti-corruption, trade and customs regulations

☑ Forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting

☑ The principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples

(8.14.3) Procedure to ensure legal compliance

Select all that apply

☑ Certification

☑ First party audits

☑ Second party audits

☑ Third party audits

(8.14.5) Please explain

Kao recognizes that the wood products it purchases comply with forest regulations and forest laws in two ways. Method i)-Purchasing FSC and PEFC certified products Kao recognizes that FSC- and PEFC-certified products comply with national forest laws and regulations. Method ii)-Purchase of non-certified products When purchasing non-certified products, Kao provides suppliers with WWF Japan's checklist and verifies it after completion. The WWF Japan checklist includes items to confirm that suppliers comply with the relevant laws and regulations of each country, and Kao verifies the supplier's completion of the checklist. If a supplier fails to comply, Kao temporarily suspends procurement and works to ensure compliance. Procurement will be resumed after compliance is confirmed. Through this activity, we are able to ensure compliance with regulations and laws in our supply chain. In Kao's direct operations, the secretariat of the Responsible Care Committee, a subcommittee of the Internal Control Committee, checks compliance with relevant laws and regulations every year. If any violations are found, the secretariat requests the base to comply.

In addition, Tier 1 suppliers are requested to respond to legal compliance check items such as CDP Supply Chain Program, Sedex, and internal SAQ to confirm and improve their content. These activities are also recognized as a system to ensure legal compliance. In the unlikely event that a noncompliance is discovered, we request that suppliers comply. In Kao's direct operations, the secretariat of the Responsible Care Committee, a subcommittee of the Internal Control Committee, annually checks compliance with relevant laws and regulations. For these reasons, Kao recognizes that these procedures are sufficient to ensure compliance directly within its operations and supply chain. Kao recognizes that the palm oil it purchases complies with forest laws and regulations in two ways. i) Purchase of RSPO certified products Kao recognizes that RSPO-certified palm oil complies with the laws and regulations of each country. ii) Purchase of non-certified products When Kao purchases non-certified products, Kao, through the CDP Supply Chain Program, requests refineries (Tier-1) to answer questions regarding their compliance with CDP Forest and compliance, and confirms each company's compliance status. If any of the items received by Kao do not meet the compliance requirements, Kao checks the contents of the items and then requires the suppliers to comply with the requirements to ensure that the supply chain complies with the laws and regulations. iii) Others We also require Tier 1 suppliers to comply with the CDP Supply Chain Program, Sedex, and internal SAQ (items to be checked for legal compliance, review and improvement of contents, etc.). These activities are also recognized as a system to ensure legal compliance. In the unlikely event that noncompliance is discovered, we request suppliers to comply. In Kao's direct businesses, the secretariat of the Responsible Care Committee, a subcommittee of the Internal Control Committee, annually checks the status of compliance with relevant laws and regulations. For these reasons, Kao recognizes that these procedures are sufficient to ensure compliance directly within its operations and supply chain.
[Fixed row]

(8.15) Do you engage in landscape (including jurisdictional) initiatives to progress shared sustainable land use goals?

	Engagement in landscape/jurisdictional initiatives
	Select from: ☑ Yes, we engage in landscape/jurisdictional initiatives

[Fixed row]

(8.15.1) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.

(8.15.1.1) Criteria for prioritizing landscapes/jurisdictions for engagement

Select all that apply

☑ Risk of fires

☑ Supply of commodities strategically important

☑ Risk of human rights issues
☑ Commodity sourcing footprint
☑ Stakeholder/investor request communities
☑ Risk of supplier non-compliance in area ecosystems
☑ Opportunity for increased human well-being in area
☑ Opportunity to protect and restore natural ecosystems
☑ Opportunity to increase market access for smallholders and local
☑ Risk of deforestation, forests/land degradation, or conversion of other natural

(8.15.1.2) Explain your process for prioritizing landscapes/jurisdictions for engagement

World palm oil production is 75 million tons per year and is projected to reach 111.3 million tons by 2025. In Indonesia, there is currently a great deal of focus on increasing palm oil productivity while minimizing the need to expand existing farmland. This will not only help food security, but also balance social, environmental, and economic needs. Kao believes that small farmers play a major role in increasing demand. Therefore, it is important to be aware of the risks small-scale farmers are likely to be involved in. From past surveys, Kao has confirmed the existence of many small-scale palm plantations in Indonesia. Kao, Apical Group, and Asian Agri, three leaders in the palm oil industry, have launched a new sustainability initiative to help independent small-scale oil palm farmers in Indonesia improve their yields, obtain international certification, and ultimately secure a sales premium by selling certified palm oil. The company has launched a new sustainability initiative.
[Fixed row]

(8.15.2) Provide details of your engagement with landscape/jurisdictional initiatives to sustainable land use during the reporting year.

Row 1

(8.15.2.1) Landscape/jurisdiction ID

Select from:
☑ LJ1

(8.15.2.2) Name of initiative

SMILE Program

(8.15.2.3) Country/area

Select from:

☑ Indonesia

(8.15.2.4) Name of landscape or jurisdiction area

North Sumatra, Riau, Jambi

(8.15.2.5) Attach public information about the initiative (optional)

8.15.2.pdf

(8.15.2.6) Indicate if you can provide the size of the area covered by the initiative

Select from:
☑ Yes

(8.15.2.7) Area covered by the initiative (ha)

21000000

(8.15.2.8) Type of engagement

Select all that apply
☑ Partner: Shares responsibility with other stakeholders to manage and implement actions.

(8.15.2.9) Engagement start year

2020

(8.15.2.10) Engagement end year

Select from:
☑ Please specify :2030

(8.15.2.11) Estimated investment over the project period

500000000

(8.15.2.12) Landscape goals supported by engagement

Environmental

☑ Avoided deforestation/conversion of other natural ecosystems and/or decreased degradation rate

☑ Biodiversity protected and/or restored

☑ Natural ecosystems conserved and/or restored

☑ Adequate water availability, water quality or access to WASH (Water, Sanitation and Hygiene) services

Social

☑ Improved standard of living, especially for vulnerable and/or marginalized groups

☑ Respect, protect, and fulfil human rights

☑ Rights to land and resources recognized and protected, and related conflicts reduced

Production

☑ Improved and/or maintained soil health

☑ Increased adoption of sustainable production practices (e.g., input use efficiency and water management practices)

☑ Increased uptake of certification

☑ Reliable commodity traceability and landscape monitoring/data collection system

(8.15.2.13) Organization actions supporting initiative

Build community and multi-stakeholder capacities

☑ Share information on supplier non-compliance, value chain mapping and traceability with other stakeholders in the landscape/jurisdiction

☑ Support communities and smallholders in gaining access to incentives (e.g. support achieving certification, group formation, getting land title, packaging access to loans, preferential sourcing etc.)

Support and incentivize sustainable production and community land use practices

☑ Capacity building for farmers, smallholders and local communities to implement good agricultural practices (including improved efficiency, crop diversification and adoption of certification)

Link value chain action to landscape/jurisdictional initiative through private sector collaboration

☑ Collaborate on commodity traceability

(8.15.2.14) Type of partners engaged in the initiative design and implementation

Select all that apply

☑ Local communities

☑ Producers

☑ Private sector

(8.15.2.15) Description of engagement

Kao is working with palm oil product manufacturers and plantation companies on a project to support small-scale farmers. Three major players in the palm oil industry, Kao Corporation, Apical Group, and Asian Agri, have launched a sustainability initiative that aims to help smallholder oil palm farmers in Indonesia improve their yields and achieve international certification. Known as the SMILE program, it is designed to help independent oil palm small-scale farmers in Indonesia improve yields, obtain international certification, and ultimately secure a sales premium from the sale of certified palm oil. The initiative is a collaboration between downstream producer Kao Corporation, midstream processor, exporter and trader Apical Group, and upstream producer Asian Agri. This 11-year initiative aims to continue working with independent smallholder farmers to build a more sustainable palm oil value chain. Independent smallholder farmers contribute more than 28% to the overall palm oil market in Indonesia.

(8.15.2.16) Collective monitoring framework used to measure progress towards landscape goals and actions

Select from:

☑ Yes, progress is monitored using an internally defined framework

(8.15.2.17) State the achievements of your engagement so far and how progress is monitored

The SMILE program brings together a team of experts with extensive experience in plantation management and agronomy to work with 5,000 independent small farmers managing approximately 18,000 hectares of plantations in North Sumatra, Riau, and Jambi provinces. Through customized seminars and workshops, the team will. Educate farmers on how to improve yields and manage their farms sustainably, and the importance of remaining dedicated to sustainable practices such as zero deforestation, zero field burning, and zero exploitation. Provide support for RSPO certification. Provide training on how to implement robust safety practices throughout the property and on safety equipment (including safety helmets, gloves, and fire extinguishers). By 2023, the total number of farmers supported will be 3,083, with 839 farmers certified and 8,395 hectares of farmland supported.

(8.15.2.18) Claims made

Select from:

☑ No, we are not making any claims, and we do not plan to within the next two years
[Add row]

(8.15.3) For each of your disclosed commodities, provide details on the disclosure volume from each of the landscapes/jurisdictions you engage in.

Row 1

(8.15.3.1) Landscape/jurisdiction ID

Select from:
☑ LJ1

(8.15.3.2) Does any of your produced and/or sourced commodity volume originate from this landscape/jurisdiction, and are you able/willing to disclose information on this volume?

Select from:
☑ Yes, we do produce/source from this landscape/jurisdiction, and we are able/willing to disclose volume data

(8.15.3.3) Commodity

Select from:
☑ Palm oil

(8.15.3.4) % of disclosure volume from this landscape/jurisdiction

2.3
[Add row]

(8.16) Do you participate in any other external activities to support the implementation of policies and commitments related to deforestation, ecosystem conversion, or human rights issues in commodity value chains?

Select from:

☑ Yes

(8.16.1) Provide details of the external activities to support the implementation of your policies and commitments related to deforestation, ecosystem conversion, or human rights issues in commodity value chains

Row 1

(8.16.1.1) Commodity

Select all that apply

☑ Timber products

(8.16.1.2) Activities

Select all that apply

☑ Involved in industry platforms

☑ Engaging with communities

☑ Engaging with non-governmental organizations

(8.16.1.3) Country/area

Select from:

☑ Japan

(8.16.1.4) Subnational area

Select from:

☑ Not applicable

(8.16.1.5) Provide further details of the activity

Kao Corporation has sponsored the FSC Forest Award 2023, a campaign led by FSC Japan to communicate the importance of forest conservation. The third annual "FSC Forest Award 2023" is organized by FSC Japan to raise awareness of FSC and to promote the means for consumers and companies to participate in forest

conservation, in which everyone can participate, by "choosing FSC certified products" to solve deforestation problems FSC certified paper As a major user of FSC-certified paper, Kao is working to expand the use of FSC-certified paper in Japan, and Kao's role in FSC Japan is to increase awareness of FSC in Japan. Therefore, Kao supported the campaign and worked to expand the use of FSC in Japan. These activities support Kao's goal of achieving 100% certification of paper products and pulp used in household products by 2025. Kao joined the Business Initiative for the Conservation and Sustainable Use of Japanese Biodiversity (JBIB), a group of Japanese companies committed to the conservation of biodiversity and the sustainable use of natural capital. Kao has participated in and served on the board of directors of JBIB since its establishment, and has contributed to raising the level of its members by introducing and promoting activities to reduce deforestation. These activities are in line with the eco-activities implemented under the eco-slogan and the eco-slogan set forth in the Kao Environmental Statement, Kao's environmental strategy. This strategy is based on the idea that environmental activities should be carried out not only by Kao but also with various stakeholders. Kirei Lifestyle Plan Under the Kao Environmental Statement, Kao uses its proprietary technologies to minimize its impact on the environment, not only in manufacturing, but also in distribution, sales, use, and final disposal. These activities are carried out together with suppliers, consumers, and other stakeholders, including consumers around the world, in an eco-oriented manner. We follow the Kao Environmental Statement.

Row 2

(8.16.1.1) Commodity

Select all that apply

☑ Palm oil

(8.16.1.2) Activities

Select all that apply

☑ Involved in industry platforms

☑ Engaging with communities

(8.16.1.3) Country/area

Select from:

☑ Japan

(8.16.1.4) Subnational area

Select from:

☑ Not applicable

(8.16.1.5) Provide further details of the activity

Kao has been a member of the RSPO since 2007 to contribute to the sustainability of the palm industry by eradicating deforestation associated with palm oil production. 2020 saw the procurement of RSPO certified oil equivalent to the total amount of palm oil used in Kao's consumer products. In addition, with the aim of spreading this activity in Japan, Kao is also involved in the following activities Kao has been working with NGOs and other organizations since 2019 to collect and disseminate information on sustainable palm oil procurement and promote sustainable palm oil procurement and consumption. Kao participates as a board member of JaSPON (Japan Sustainable Palm Oil Network). These activities are aimed at achieving Kao's goal of 100% RSPO-certified palm oil by 2025. Kao's role in JaSPON is to raise awareness of the RSPO in Japan, as Kao is a major user of palm oil and plays an important role in promoting RSPO certified palm oil in Japan. Kao joined the Business Initiative for the Conservation and Sustainable Use of Japanese Biodiversity (JBIB), a group of Japanese companies committed to the conservation of biodiversity and the sustainable use of natural capital. Kao has participated in and served on the board of directors of JBIB since its establishment, and has contributed to raising the level of its members by introducing and promoting activities to reduce deforestation. These activities are in line with the eco-activities implemented under the slogan set forth in Kao's environmental strategy "Kao Environmental Statement" and the eco-activities implemented under the ecoslogan. This strategy is based on the idea that environmental activities should be carried out not only by Kao but also with various stakeholders, and JaSPON is an activity that we undertake together with our stakeholders, including suppliers and consumers, in line with the "Kao Environmental Statement.
[Add row]

(8.17) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?

Select from:
☑ Yes

(8.17.1) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Row 1

(8.17.1.1) Project reference

Select from:
☑ Project 1

(8.17.1.2) Project type

Select from:
☑ Reforestation

(8.17.1.3) Expected benefits of project

Select all that apply

☑ Disaster risk reduction

☑ Reduce/halt biodiversity loss

☑ Restoration of natural ecosystem(s)

☑ Net gain in biodiversity and ecosystem integrity

☑ Creation of green jobs and sustainable livelihoods

☑ Improvement to sustainability of production practices

(8.17.1.4) Is this project originating any carbon credits?

Select from:

☑ No

(8.17.1.5) Description of project

Kao is engaged in nature-positive activities both inside and outside its Wakayama Plant, the largest production site in Japan, to protect and restore biodiversity. We are implementing two major initiatives. These are the protection of the black pine seawall forest in our Wakayama Plant and the corporate forest activities outside the Wakayama Plant. These activities are carried out in cooperation with government agencies, university professors, curators, NPOs, and other organizations in Wakayama Prefecture. The first activity is the protection of black pine tide protection forests, which are located near the Wakayama Plant and neighboring houses adjacent to the forests. The black pine is managed in three ways: (1) underbrush weeding (4 times/year), (2) chemical residual spraying (once/year, trunk injection once/year) to control pine weevils, and (3) thinning as needed. As a result of these efforts, the longest-established tree, a 123-year-old black pine, is still in existence. Currently, we are conducting conservation activities at two sites, "Kao Forest Kimino" and "Kao Forest Oishi". At "Kao Forest Oishi," 0.8 hectares of privately owned forest that had fallen into disrepair was rented free of charge, and we began by working with the local forestry cooperative to prepare the land before planting trees. Through these activities, the green space at the Wakayama Plant was recognized as an "area where biodiversity is being conserved through private sector efforts" in the "SEGES Green Hall of Fame" (starting from Stage 1 in 2005 and to be recognized in 2023) and as a "nature-symbiosis site" by the Ministry of the Environment of Japan.

(8.17.1.6) Where is the project taking place in relation to your value chain?

Select all that apply

☑ Project based in area with direct operations

(8.17.1.7) Start year

1973

(8.17.1.8) Target year

Select from:

☑ Indefinitely

(8.17.1.9) Project area to date (Hectares)

11.7

(8.17.1.10) Project area in the target year (Hectares)

11.7

(8.17.1.11) Country/Area

Select from:

☑ Japan

(8.17.1.12) Latitude

34.21131

(8.17.1.13) Longitude

135.154835

(8.17.1.14) Monitoring frequency

Select from:

☑ Six-monthly or more frequently

(8.17.1.15) Total investment over the project period (currency)

65000000

(8.17.1.16) For which of your expected benefits are you monitoring progress?

Select all that apply

☑ Improvement to sustainability of production practice

☑ Net gain in biodiversity and ecosystem integrity

☑ Reduce/halt biodiversity loss

☑ Restoration of natural ecosystem(s)

(8.17.1.17) Please explain

Kao's forest conservation activities play a coordinating role in the ecosystem, and we are monitoring the green areas of the Wakayama Plant as well as "Kao's Forest Kimino" and "Kao's Forest Oishi". The pine forests that remain within the Wakayama Plant are valuable, and it is important to maintain them while following traditional methods as much as possible. The tide and windbreak forests have prevented tidal wind damage since the Edo period, and are still fully functional today. In addition, the surrounding green space facing the boundary with the residential area provides a sufficient buffer from the noise and light associated with factory operations. The number of noise complaints from neighboring residents will be zero by 2023, indicating that the black pine forest is making a significant contribution to the sustainability of production activities. The green space is largely divided into "Zhongshan", "Kitayama", and "Minamiyama", with ① hardwoods in Zhongshan and Kitayama ① black pines in Minamiyama. In particular, Minamiyama maintains an ecosystem unique to pine forests, providing habitat for the haru-zemi, which has the characteristic of ingesting only pine sap, and the endangered giant goliath beetle. The broadleaf forests of Nakayama, Kitayama, and surrounding green areas also provide habitat for titmice and resting areas for migratory birds such as shorebirds and white-eyes. Bird and insect observations were conducted to assess the biodiversity of the site, and the following results were obtained: [Birds] Minamiyama: 26 species in 5 orders, 17 families, and 22 species. Nakayama: 22 species in 4 orders and 17 families. Insects: Minamiyama: 8 species. On August 3 and 4, 2011, a biodiversity monitoring company was invited to the Wakayama Plant site to begin discussions on conservation policies and monitoring methods, incorporating the knowledge of experts. Considering the entire ecosystem of Wakayama City, the presence of these black pine forests has led to a high level of ecological diversity (different and varied vegetation in the area). We believe it is very important to maintain and preserve the black pine forests in order to maintain this diversity.
[Add row]

C9. Environmental performance - Water security

(9.1) Are there any exclusions from your disclosure of water-related data?

Select from:

☑ No

(9.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

Water withdrawals – total volumes

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

Invoice showing flowmeter readings installed by a third party

(9.2.4) Please explain

We consider the water withdrawals volume as the amount appearing on invoice, etc. that shows the measurement by the flowmeter installed by a third party when water is supplied from that third party. When ground water is pumped at each site by the relevant base, we consider the water withdrawals volume to be the amount of water pumped as measured by the flowmeter. The person in charge at each site enters the water withdrawals volume into the database operated by the Kao Group once every month or two. The person in charge at the head office then checks the values entered into the database every month; if this person identifies any significant data fluctuation, he or she confirms the cause with the relevant base.

Water withdrawals – volumes by source

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

Invoice showing flowmeter readings installed by a third party

(9.2.4) Please explain

We consider the water withdrawals volume by source as the amount appearing on invoice, etc. that shows the measurement by the flowmeter installed by a third party when water is supplied from that third party. When ground water is pumped at each site by the relevant base, we consider the water withdrawals volume to be the amount of water pumped as measured by the flowmeter. The person in charge at each site enters the water withdrawals volume for each source into the database operated by the Kao Group once every month or two. The person in charge at the head office then checks the values entered into the database every month; if this person identifies any significant data fluctuation, he or she confirms the cause with the relevant base.

Water withdrawals quality

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Daily

(9.2.3) Method of measurement

Check the color of the water against the color chart and check the odor

(9.2.4) Please explain

The person in charge at each base checks the water withdrawals quality like as color, odor and temperature every day. The person in charge at each production site checks the water color by comparing it against the color chart, and also checks the smell. If there were any problems, the person in charge report to the water supplier to solve it.

Water discharges – total volumes

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Daily

(9.2.3) Method of measurement

Voluntarily installed flowmeter

(9.2.4) Please explain

At each production site, the volume of water discharge is measured daily with a voluntarily installed flowmeter. The person in charge there inputs monthly results in the database managed by the Kao Group. At the Head Office, the person responsible checks the inputted data every month and, if data fluctuates significantly, checks with relevant sites about the cause.

Water discharges – volumes by destination

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Daily

(9.2.3) Method of measurement

Voluntarily installed flowmeter

(9.2.4) Please explain

At each production site, the volume of water by discharge destination is measured daily with a voluntarily installed flowmeter. The person in charge there inputs monthly results by destination in the database managed by the Kao Group. At the Head Office, the person responsible checks the inputted data every month and, if data fluctuates significantly, checks with the relevant sites about the cause.

Water discharges – volumes by treatment method

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Daily

(9.2.3) Method of measurement

Voluntarily installed flowmeter

(9.2.4) Please explain

At each production site, the volume of effluent by treatment method is measured daily with a voluntarily installed flowmeter. The person in charge there inputs monthly results in the database managed by the Kao Group. At the Head Office, the person responsible checks the inputted data every month and, if data fluctuates significantly, checks with the relevant sites about the cause. The person responsible at the Head Office tabulates data by treatment method and annually checks whether each production site has changed its effluent treatment method.

Water discharge quality – by standard effluent parameters

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Daily

(9.2.3) Method of measurement

Automatic evaluation equipment, manual evaluation equipment, third-party evaluation equipment, checks with standard values set by each site

(9.2.4) Please explain

The person in charge at each base checks the wastewater discharge quality by standard effluent parameters every day. He or she check them by using automatic evaluation equipment or by manual or third party evaluation equipment or under the standard on each base. They also input the measurement results of wastewater quality (COD etc,) of the discharge into the database operated by Kao group every month. Headquarters personnel check the values entered in the database monthly. If this person identifies a significant data change, he or she will check the cause on a relevant basis.

Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Yearly

(9.2.3) Method of measurement

Automatic evaluation equipment is used in three plants. All other plants are analyzed by a third-party. Each site checks according to the reference standard values.

(9.2.4) Please explain

At our plants in Germany and Spain in the EU, monitoring is conducted for priority substances as necessary based on the EU Water Framework Directive. In addition, the concentration of substances in wastewater is regularly measured at plants in other countries as required by their respective laws and regulations to ensure that the results are below the reference values. The number of plants subject to the measurement of concentrations by law or regulation is used as the denominator of fraction, and the ratio of compliance with the law is indicated.

Water discharge quality – temperature

(9.2.1) % of sites/facilities/operations

Select from:

☑ Not relevant

(9.2.4) Please explain

At Kao's plants, high-temperature water is generated at cogeneration power facilities, incinerators, chemical reaction facilities, air conditioning. All of these hot water is cooled in a closed-loop cooling tower, and heat is released into the atmosphere. Kao also recognizes the following. The effluent at each site is discharged externally after it is returned to room temperature at the wastewater treatment facilities in the plant. Therefore, it is rated as Not relevant, as there is no impact on the ecosystem due to the temperature of the discharged water. The Kao Group is expanding its business as a corporate group, and it is expected that the scale of wastewater treatment equipment will be expanded accordingly. However, there is no change in our basic direction of returning wastewater to room temperature, thus it is not considered to have any impact on the ecosystem and continues to be no relevant in the future.

Water consumption – total volume

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

Difference between intake and discharge

(9.2.4) Please explain

Since Kao considers the amount of water consumption to be the difference between the amount of water withdrawals and the amount of water discharge, monitoring the amount of water withdrawals and the amount of water discharge achieves monitoring of the amount of water consumption. The person in charge at each base checks the amount of water withdrawals and the amount of water discharge every month or every other month and enters the relevant data for each intake source into a database managed by the Group. The person in charge at the head office checks the values entered into the database every month; if this person identifies any significant data fluctuation, he or she confirms the cause with the relevant base. However, at some business sites, the rainwater that has fallen inside the sites is drained to the outside, so the monitoring ratio is not 100%.

Water recycled/reused

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Daily

(9.2.3) Method of measurement

Estimated from the capacity and operating time of the folowmeter and pump

(9.2.4) Please explain

At facilities where water is recycled, the facility operation status is monitored by measuring the volume of water recycled every day by using a flowmeter or estimating the pump capabilities and the operation time. Note that in order to check which production sites actually do recycle water, the person responsible at the Head Office conducts an annual survey with all group companies to examine whether production sites that did not recycle water still do not recycle or reuse it.

The provision of fully-functioning, safely managed WASH services to all workers

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

On-site audit, comparison of responses with Sedex survey, and employee questionnaire

(9.2.4) Please explain

In accordance with the basic policy on environmental safety, we provide a fully equipped water, sanitation and hygiene (WASH) service to all workers at all our bases. At each base, a committee run by each base (for example, the Safety and Health Committee) checks them every month. Providing fully-functioning, safely managed WASH services to all workers. Every year, the Head Office checks for water or hygiene problems in services by conducting on-site audits, comparing responses against the Sedex survey, and conducting employee surveys.
[Fixed row]

(9.2.2) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

Total withdrawals

(9.2.2.1) Volume (megaliters/year)

16195

(9.2.2.2) Comparison with previous reporting year

Select from:

☑ About the same

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.2.4) Five-year forecast

Select from:

☑ About the same

(9.2.2.5) Primary reason for forecast

Select from:

☑ Increase/decrease in business activity

(9.2.2.6) Please explain

If fluctuation in the water withdrawals volume in a year is within 5% when compared with the previous year, Kao regards the water withdrawals volume in both years as about the same in its management of water withdrawals. We set 5%, which is below 8%, as the criterion because we need to continue growing our operation by about 8% per year to achieve the sales target for 2030. The total sales of Kao decreased by 1.2% from 2022 to 2023, and the total water withdrawals decreased by 1.9% from 2022 to 2023, which is less than 5% decrease compared to the previous year. Therefore, we rated as About the same. Actual total production volume was 6.6% lower than last year. In particular, at Wakayama Plant, which accounts for about 30% or more of the Group's total water consumption, the rate of decrease in water withdrawal (2.1%) was less than the rate of decrease in total production (5% or more) in 2023, which is thought to be due to a change in the product mix between products that consume more water and products that consume less water. The Kao Group is in the process of growing business as a corporate group and the total volume of water withdrawals is expected to increase accordingly. However, Kao considers keeping the increase within 5% and selected "About the same" for our projections for the next five years.

Total discharges

(9.2.2.1) Volume (megaliters/year)

10512

(9.2.2.2) Comparison with previous reporting year

Select from:

☑ About the same

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.2.4) Five-year forecast

Select from:

☑ About the same

(9.2.2.5) Primary reason for forecast

Select from:

☑ Increase/decrease in business activity

(9.2.2.6) Please explain

If fluctuation in the wastewater discharge volume in a year is within 5% when compared with the previous year, Kao regards the wastewater discharge volume in both years as about the same in its management of wastewater discharges. In order to achieve the sales target for 2030, it is necessary to continue business growth at an annual rate of about 8%, so we set the standard at 5%, which is below 8%. Kao's total sales decreased by 1.2% from 2022 to 2023, while total drainage decreased by 0.2% from 2022 to 2023. We chose "About the same" because it is a decrease of less than 5% compared to the previous year. Actual total production volume was 6.6% lower than last year. In particular, at Wakayama Plant, which accounts for about 30% or more of the Group's total water consumption, the rate of decrease in wastewater discharge (1.9%) was less than the rate of decrease in total production (5% or more) in 2023, which is thought to be due to a change in the product mix between products that consume more water and products that consume less water. The Kao Group is in the process of growing business as a corporate group and the total volume of water withdrawals and wastewater discharge are expected to increase accordingly. However, Kao considers keeping the increase within 5% and selected "About the same" for our projections for the next five years.

Total consumption

(9.2.2.1) Volume (megaliters/year)

5683

(9.2.2.2) Comparison with previous reporting year

Select from:

☑ About the same

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.2.4) Five-year forecast

Select from:

☑ About the same

(9.2.2.5) Primary reason for forecast

Select from:

☑ Increase/decrease in business activity

(9.2.2.6) Please explain

If fluctuation in the water consumption volume in a year is within 5% when compared with the previous year, Kao regards the water consumption volume in both years as about the same in its management of water consumption. The total water consumption is 16,195, total wastewater discharge: 10,512 total water consumption: 16,195-10,512 5,683 ((thousand tons)). The sales decreased by 1.2% from 2022, the total production decreased by 6.6% from 2022, and the total water consumption decreased by 4.9% from 2022. We chose "About the same" because the increase from the previous year is less than 5%. In the case of Kao, the total consumption greatly depends on the sales situation of products that contain a lot of water. We are in the stage of expanding our business as a corporate group, and it is expected that the total amount of water used will increase in the future. However, Kao considers keeping the increase within 5% and selected "About the same" for our projections for the next five years.
[Fixed row]

(9.2.4) Indicate whether water is withdrawn from areas with water stress, provide the volume, how it compares with the previous reporting year, and how it is forecasted to change.

(9.2.4.1) Withdrawals are from areas with water stress

Select from:

☑ Yes

(9.2.4.2) Volume withdrawn from areas with water stress (megaliters)

3133

(9.2.4.3) Comparison with previous reporting year

Select from:

☑ Lower

(9.2.4.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.4.5) Five-year forecast

Select from:

☑ About the same

(9.2.4.6) Primary reason for forecast

Select from:

☑ Increase/decrease in business activity

(9.2.4.7) % of total withdrawals that are withdrawn from areas with water stress

19.35

(9.2.4.8) Identification tool

Select all that apply

☑ WRI Aqueduct

(9.2.4.9) Please explain

Kao manages the volume of water withdrawals by considering that it is about the same as the previous year if it is in the range of 5% difference. We chose 5% as the reference since it is lower than 8%, which is the target percentage for annual growth we need in order to achieve the 2030 sales target. The total water withdrawal in the areas with high water stress to the total water withdrawal in 2023 was 3,133 (Ml), a decrease of 7.0% from 3,369 (Ml) in the previous year. We rated this as "Lower" because it is 5% or more. As a corporate group, Kao is in the process of expanding its business and expect the water withdrawals to continue to increase for the future, but we consider keeping the increase within 5% and selected "About the same" as a projection for the next five years. Kao is a consumer product manufacturer and its plants are located near sites of consumption. Most sites of consumption are large cities around the world. In these cities the population is predicted to further increase, and we recognize that this will lead to water supply risk. For this reason, Kao uses the WRI Aqueduct, whose indicators include future water risk, as an assessment tool. We check Baseline water stress and identify areas rated "High" and "Extremely high" as areas with high water stress.
[Fixed row]

(9.2.7) Provide total water withdrawal data by source.

Fresh surface water, including rainwater, water from wetlands, rivers, and lakes

(9.2.7.1) Relevance

Select from:

☑ Relevant

(9.2.7.2) Volume (megaliters/year)

2

(9.2.7.3) Comparison with previous reporting year

Select from:

☑ Much higher

(9.2.7.4) Primary reason for comparison with previous reporting year

Select from:

☑ Other, please specify **:**This is presumably due to higher precipitation than in the previous year.

(9.2.7.5) Please explain

In 2020, we built a new office building on the premises of the Sumida Office. We started using the rainwater that fell on the roof of this building in the toilet. We chose "Much higher" for 2023 because there was more than 10% higher in rainwater use in 2023 than the previous year. The Sumida Office has an underground rainwater storage tank as an emergency response to fires and other emergencies on the site, and some rainwater was used for watering the green space in the site. Therefore, it was not included in the amount of water intake and drainage.

Brackish surface water/Seawater

(9.2.7.1) Relevance

Select from:

☑ Not relevant

(9.2.7.5) Please explain

Main products of our company include products used on human bodies, or body washing products. That is why our factories require pure water with a certain quality as a material. Therefore, we don't use non-fresh water including brackish surface water/seawater. We think that the possibility of using it in the future is low so far.

Groundwater – renewable

(9.2.7.1) Relevance

Select from:

☑ Relevant

(9.2.7.2) Volume (megaliters/year)

5470

(9.2.7.3) Comparison with previous reporting year

Select from:

☑ About the same

(9.2.7.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.7.5) Please explain

Kao uses groundwater if there is abundant supply and if the company concludes that water withdrawals will not affect residents in neighboring areas or those who are downstream of underwater channels. Kao uses groundwater mainly at eight plants, and its volume accounts for 30% or more of the total volume of water withdrawals. Kao manages the volume of water withdrawals by considering that it is about the same as the previous year if it is in the range of 5% difference. In 2023, groundwater consumption increased by 1.0% compared to previous year, but since it is less than 5%, we chose “About the same”. Since Kao plans to increase sales to achieve the 2030 target, production at plants using groundwater will increase, and groundwater withdrawals will also grow.

Groundwater – non-renewable

(9.2.7.1) Relevance

Select from:

☑ Not relevant

(9.2.7.5) Please explain

Kao has a policy of not using non-renewable groundwater as it was suggested by third-party experts to suspend the use of such water because it is precious. In this regard, non-renewable groundwater is not relevant. We will not change this policy in the future, so we will not take water from non-renewable groundwater either in the future.

Produced/Entrained water

(9.2.7.1) Relevance

Select from:

☑ Not relevant

(9.2.7.5) Please explain

Main products of our company include products used on human bodies, or body washing products. That is why our plants require pure water with a certain quality as a material. Therefore, we don't use non-fresh water including produced/entrained water. We think that the possibility of using it in the future is low so far.

Third party sources

(9.2.7.1) Relevance

Select from:

☑ Relevant

(9.2.7.2) Volume (megaliters/year)

10670

(9.2.7.3) Comparison with previous reporting year

Select from:

☑ About the same

(9.2.7.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.7.5) Please explain

Main products of our company include products used on human bodies, or body washing products. That is why our plants require pure water with a certain quality as a material. To secure quality water, we purchase 65% or more of our total water withdrawals from local water utilities. Kao manages the volume of water withdrawals by considering that it is about the same as the previous year if it is in the range of 5% difference. For 2023, we rated it "About the same" because it is 3.4% less than the previous year and the fluctuation is less than 5%. The main factor is believed to be 2.1% decrease from the previous year in water withdrawal in 2023 at the Wakayama Plant, which accounts for about 50% of the Group's total consumption of water from third-party sources. Since we plan to increase sales to achieve the 2030 target,

production at plants that bring in water from external sources is expected to increase, and water withdrawal from external sources is also projected to increase. [Fixed row]

(9.2.8) Provide total water discharge data by destination.

Fresh surface water

(9.2.8.1) Relevance

Select from:

☑ Relevant

(9.2.8.2) Volume (megaliters/year)

3129

(9.2.8.3) Comparison with previous reporting year

Select from:

☑ Much higher

(9.2.8.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in efficiency

(9.2.8.5) Please explain

At 4 plants of Kao Group, used water is purified by the plant's purification equipment before being discharged to nearby rivers, so the Group's business is related to freshwater system. So, Kao manage it as the important factor to influent the environment around our plant. In 2023, at Odawara Plant, increased water usage outside of production, and 4.7% increase in wastewater discharged into rivers. Additionally, at the Fuji Plant, increased production at the paper making facilities, which had bad water consumption intensity, resulted in a 24% increase in wastewater discharged into rivers. Based on the above, the amount of emissions into surface water for the entire Kao Group increased by 10% compared to the previous fiscal year, and as this is 10% or more, we chose "Much higher". Since Kao plans to increase sales to achieve the 2030 target, we project that production at plants that discharge wastewater into surface water will rise, as will the volume of discharge.

Brackish surface water/seawater

(9.2.8.1) Relevance

Select from:

☑ Relevant

(9.2.8.2) Volume (megaliters/year)

4871

(9.2.8.3) Comparison with previous reporting year

Select from:

☑ About the same

(9.2.8.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.8.5) Please explain

At 6 plants and some offices in Kao Group, used water is purified by the plant's purification equipment before being discharged into the adjacent sea. Kao is aware that the amount and quality of wastewater discharged directly affect sea water quality. So, Kao manage it as the important factor to influent the environment around our plants. Kao manages the volume of wastewater discharge by considering that it is about the same as the previous year if it is in the range of 5% difference. The volume of wastewater discharge of the Wakayama Plant which accounts for about 90% of Kao Group's drainage to the sea, decreased by 1.9% from the previous year. As a result, the volume of drainage to the sea of the entire Kao group decreased by 2.4%, which is less than 5%, thus we selected “About the same”.

Groundwater

(9.2.8.1) Relevance

Select from:

☑ Not relevant

(9.2.8.5) Please explain

Kao Group's business is not related to groundwater, as there are no plants or offices draining underground. We have never done drainage to groundwater and we will not do it in the future.

Third-party destinations

(9.2.8.1) Relevance

Select from:

☑ Relevant

(9.2.8.2) Volume (megaliters/year)

2512

(9.2.8.3) Comparison with previous reporting year

Select from:

☑ Lower

(9.2.8.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.8.5) Please explain

Many Kao plants discharge wastewater into sewer. Therefore, Kao is aware that the amount and quality of water discharged from such plants matter because they impact the quality of wastewater discharged from processing facilities run by other organizations located downstream of the sewer. For this reason, Kao manages discharging of wastewater to other organizations as one of the company's critical environmental load items. Kao manages the volume of effluent by considering that it is about the same as the previous year if it is in the range of 5% difference. In 2023, as a result of a decrease in total production volume (decrease of 6.6% compared to the previous year) and the efforts of Kao Group sites in water reduction activities, the amount of wastewater discharged to third parties decreased by 7.1% from the previous year. Since it is more than 5%, we chose "Lower."
[Fixed row]

(9.2.9) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

Tertiary treatment

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Relevant

(9.2.9.2) Volume (megaliters/year)

463

(9.2.9.3) Comparison of treated volume with previous reporting year

Select from:

☑ About the same

(9.2.9.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.9.5) % of your sites/facilities/operations this volume applies to

Select from:

☑ 1-10

(9.2.9.6) Please explain

At plants where secondary treatment is not enough to meet strict effluent standards for wastewater such as COD, nitrogen, phosphorus, wastewater passes through additional facilities (tertially treatment) before discharging. For example, at Toyohashi plant, this treatment is necessary because COD is discharged during the cleaning process and nutrient nitrogen is added during the biological treatment process of wastewater treatment. The treatment includes biological nitrification-denitrification and activated carbon treatment. Since Kao periodically conducts water quality inspections, the concerned plants meet all the effluent standards and voluntary standards. Total amount of wastewater discharged of concerned plants in 2023 decreased by 3.8% compared to the previous year. It is less than 5%, so, About the same is

selected.

Secondary treatment

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Relevant

(9.2.9.2) Volume (megaliters/year)

9623

(9.2.9.3) Comparison of treated volume with previous reporting year

Select from:

☑ About the same

(9.2.9.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.9.5) % of your sites/facilities/operations this volume applies to

Select from:

☑ 61-70

(9.2.9.6) Please explain

In plants that do not meet effluent standards with only primary treatment, wastewater goes through secondary treatment facilities (biological treatment, coagulating sedimentation, etc.) before discharging. For example, at Kashima Plant, COD, BOD, and SS are discharged during the reaction and cleaning processes, so this treatment is necessary. The treatment is coagulation or biological treatment. For plants that meet water quality standards without removing phosphorus, nitrogen, and heavy metals from wastewater, we also carry out secondary treatment. Kao conducts water quality inspections on a regular basis, and most of the plants meet all the effluent standards and voluntary standards. In 2023, the amount of wastewater discharged of all of the concerned plants increased by 0.2% compared to the previous year. Since it is less than 5%, we chose "About the same."

Primary treatment only

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Relevant

(9.2.9.2) Volume (megaliters/year)

126

(9.2.9.3) Comparison of treated volume with previous reporting year

Select from:

☑ About the same

(9.2.9.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.9.5) % of your sites/facilities/operations this volume applies to

Select from:

☑ 1-10

(9.2.9.6) Please explain

In plants that can meet the effluent standards only by the primary treatment, the wastewater is discharged after passing through the primary treatment facility (physical treatment). For example, our plant in Germany (KCG) needs to treat acid/alkali wastewater discharged during the reaction process. Treatment involves adjusting the pH. Kao conducts water quality inspections on a regular basis, and the plant meets all the effluent standards and the voluntary standards. In addition, even if pH of the wastewater after the primary treatment is adjusted and the wastewater is outsourced to a third party, the water quality is regularly inspected to confirm that it complies with the acceptance standards of the third party. The amount of wastewater discharged at the target plants in 2023 decreased by 1.2% from the previous year. As it is less than 5%, "About the same" was selected.

Discharge to the natural environment without treatment

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Not relevant

(9.2.9.6) Please explain

All the business sites directly operated by Kao, which discharge wastewater to the natural environment conduct wastewater treatment. Therefore, this category, discharge to the natural environment without treatment, is not relevant to the Kao group.

Discharge to a third party without treatment

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Relevant

(9.2.9.2) Volume (megaliters/year)

300

(9.2.9.3) Comparison of treated volume with previous reporting year

Select from:

☑ Lower

(9.2.9.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.9.5) % of your sites/facilities/operations this volume applies to

Select from:

☑ 21-30

(9.2.9.6) Please explain

Partially, some plants discharge wastewater directly into sewage, because they meet effluent standards without their own wastewater treatment facilities. For example, Ehime Plant only discharges domestic wastewater and does not require industrial wastewater treatment. The amount of wastewater discharged at the target plants decreased by 5.8% in 2023 compared to the previous year, due to a decrease in production volume compared to the previous year. As it is more than 5%, “Lower” was selected.

Other

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Not relevant

(9.2.9.6) Please explain

None of the Kao Group's business sites are relevant to this as all the Kao Group's business sites are applicable to one of the aforementioned selections.
[Fixed row]

(9.2.10) Provide details of your organization’s emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

(9.2.10.1) Emissions to water in the reporting year (metric tons)

326

(9.2.10.2) Categories of substances included

Select all that apply

☑ Nitrates

☑ Phosphates

(9.2.10.4) Please explain

Kao manufactures and sells nitrogen-containing compounds such as cationic surfactants. Therefore, the raw wastewater contains nitrogen, and it is discharged in compliance with the standards set by laws and regulations through appropriate monitoring and treatment. On the other hand, in biological wastewater treatment, nitrogen and phosphorus are added as nutrients for microorganisms, and often remain in the wastewater as nitrates and phosphates. Therefore, continuous monitoring and treatment considering the local biodiversity are carried out to comply with the effluent standards set by laws and regulations and to avoid nutritional deficiencies. Kao used to manufacture and sell phosphorus-containing compounds, including surfactants containing phosphorus. The production and use of surfactants containing phosphorus was discontinued in 2012 due to concerns about their impact on the human body and the environment. We continue to monitor and treat phosphorus to comply with the standards set by laws and regulations. In the case of nitrogen, all forms of nitrogen emissions were counted here to avoid duplication. This resulted in nitrogen emissions of 70.6 (t), which was calculated as 312.9 (t) multiplied by a factor of 4.43 to give nitrate emissions. In the case of phosphorus, the emissions were calculated to be 4.3 (t), which was multiplied by a factor of 3.07 to give 13.1 (t) as phosphate emissions. From the above, 312.9 13.1 326(t) is the reported value. [Fixed row]

(9.3) In your direct operations and upstream value chain, what is the number of facilities where you have identified substantive water-related dependencies, impacts, risks, and opportunities?

Direct operations

(9.3.1) Identification of facilities in the value chain stage

Select from:

☑ Yes, we have assessed this value chain stage and identified facilities with water-related dependencies, impacts, risks, and opportunities

(9.3.2) Total number of facilities identified

8

(9.3.3) % of facilities in direct operations that this represents

Select from:

☑ 1-25

(9.3.4) Please explain

The amount of water we depended upon (total water intake amount of all sites) in fiscal 2023 is 16.2 million m3, and the amount of wastewater discharged, taking into account the impact on the environment (total wastewater discharge amount of all sites), is 10.5 million m3. For all 31 plants, one of the factors that the environment has impact on them is "water withdrawal risk". Currently 8 production sites are identified as having water withdrawal risks, with water consumption amount of 2.9 million m3 which accounts for 17.9% of total water consumption amount. The impact of climate change will increase the possibility of risks and opportunities such as drought and infectious diseases. We believe that such opportunities increase the possibility that Kao will not be able to achieve its water reduction target, which could result in reputational risk for not achieving the target. Since heightened awareness of water conservation and cleanliness and hygiene due to climate change is deeply related to Kao's business, we believe that we have significant opportunity. We believe that continuing to reduce water consumption amount at our plants by considering the above situation will also lead to cost reduction and increased profits. Kao recognizes that many of our sites in Asia, where most of our sites are located, are facing water risks.

Upstream value chain

(9.3.1) Identification of facilities in the value chain stage

Select from:

☑ Yes, we have assessed this value chain stage and identified facilities with water-related dependencies, impacts, risks, and opportunities

(9.3.2) Total number of facilities identified

187

(9.3.4) Please explain

*We do business with approximately 3,000 suppliers*3 in countries and regions around the world based on our "the Policies for Procurement "*1 and policies of "ESG Promotion Activities with Suppliers "*2. From among these suppliers, we identify key suppliers after evaluating impact on sustainable procurement and considering risk prioritization and relationship importance. Regarding water, we selected 187 suppliers for 2023, considering suppliers that use a lot of water in their production, such as paper products, and suppliers of raw materials that contain water are as suppliers with high water risk impact. We are aware of the risks in sustainable development based on resource constraints, environmental issues such as biodiversity degradation and global warming, and human rights issues, and are committed to the procurement of sustainable raw materials. It is also important to manage these efforts throughout the supply chain, and we are conducting risk assessments by participating in the CDP supply chain program for "water" and requesting our major suppliers (187 companies listed above) to disclose information. In addition, we have established medium- and long-term goals centered on "ESG procurement" by 2030 in our Kirei Lifestyle Plan, and we believe that promoting responsible procurement will provide an opportunity to manage not only our company but also our entire supply chain. * 1 https://www.kao.com/content/dam/sites/kao/www-kao-com/jp/ja/corporate/sustainability/pdf/procurement-policy.pdf * 2 https://www.kao.com/content/dam/sites/kao/www-kao-com/jp/ja/corporate/sustainability/pdf/procurement-esg-promotion-activities.pdf * 3 Suppliers that we purchase raw materials directly*

[Fixed row]

(9.3.1) For each facility referenced in 9.3, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Row 1

(9.3.1.1) Facility reference number

Select from:
☑ Facility 1

(9.3.1.2) Facility name (optional)

Kao Corporation Shanghai

(9.3.1.3) Value chain stage

Select from:
☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply
☑ Dependencies
☑ Impacts
☑ Risks
☑ Opportunities

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:
☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

China

☑ Yangtze River (Chang Jiang)

(9.3.1.8) Latitude

31.03815

(9.3.1.9) Longitude

121.38262

(9.3.1.10) Located in area with water stress

Select from:

☑ Yes

(9.3.1.13) Total water withdrawals at this facility (megaliters)

46.56

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:

☑ Much lower

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

0

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

46.56

(9.3.1.21) Total water discharges at this facility (megaliters)

39.79

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:
☑ Lower

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

0

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

39.79

(9.3.1.27) Total water consumption at this facility (megaliters)

6.77

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ Much lower

(9.3.1.29) Please explain

In 2023, production decreased by 10% compared to the previous year, and water intake decreased by 10%, wastewater discharged decreased by 6.3%, and water usage decreased by 28%. Reasons for significant decrease in water usage include a decrease in production of products that consumes a lot of water and an increase in water consumption for daily use during the lockdown due to the spread of COVID-19 in 2022, when more than 100 employees stayed at the plant to continue production, but this has returned to normal in 2023.

Row 2

(9.3.1.1) Facility reference number

Select from:

☑ Facility 2

(9.3.1.2) Facility name (optional)

Pilipinas Kao, Incorporated

(9.3.1.3) Value chain stage

Select from:

☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:

☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

Afghanistan

☑ Other, please specify **:**Cabulig

(9.3.1.8) Latitude

8.652755

(9.3.1.9) Longitude

124.756451

(9.3.1.10) Located in area with water stress

Select from:

☑ Yes

(9.3.1.13) Total water withdrawals at this facility (megaliters)

1096.23

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:

☑ Lower

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

1096.23

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

0

(9.3.1.21) Total water discharges at this facility (megaliters)

169

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:

☑ Much lower

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

169

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

0

(9.3.1.27) Total water consumption at this facility (megaliters)

927.23

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ About the same

(9.3.1.29) Please explain

In 2023, production decreased by 6.2% compared to the previous year, and water intake decreased by 4.2%, wastewater discharged decreased by 12%, and water usage decreased by 2.6%. The reason for a significant decrease in wastewater discharged is believed to be that there had been numerous heavy rainfall events during the second half of 2022, which led to an increase in wastewater discharged volume due to the addition of rainwater to the normal wastewater from the plant, but this had returned to normal in 2023. Additionally, the reason why water usage did not decrease significantly is likely because a lot of water was used in 2022 for hydraulic testing of new storage tanks, but it had returned to normal in 2023.

Row 3

(9.3.1.1) Facility reference number

Select from:

☑ Facility 3

(9.3.1.2) Facility name (optional)

Kao Industrial (Thailand) Co., Ltd.

(9.3.1.3) Value chain stage

Select from:

☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:

☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

Afghanistan

☑ Other, please specify **:**Bang Pakong

(9.3.1.8) Latitude

13.326396

(9.3.1.9) Longitude

101.003311

(9.3.1.10) Located in area with water stress

Select from:

☑ Yes

(9.3.1.13) Total water withdrawals at this facility (megaliters)

607.72

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:

☑ About the same

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

0

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

607.72

(9.3.1.21) Total water discharges at this facility (megaliters)

431.6

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:
☑ Lower

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

0

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

431.6

(9.3.1.27) Total water consumption at this facility (megaliters)

176.12

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ Much higher

(9.3.1.29) Please explain

In 2023, production decreased by 0.3% compared to the previous year, and water intake decreased by 1.6% year-on-year, and wastewater discharged decreased by 7.7% year-on-year. Of the wastewater, wastewater (treated water) discharged from the production process decreased by 4.0%, from 345.840 Ml (2022) to 331.710 Ml (2023). Furthermore, as part of our water-saving efforts, we replaced some of the tap water used in toilets with brine water, which reduced the amount of wastewater discharged. In addition, water usage amount reported (subtracting amount of wastewater discharged from water withdrawal amount) is 17% increase from the previous year, but in reality, it is calculated as subtracting treated water amount from water withdrawal amount, so it is actually 1.5% increase.

Row 4

(9.3.1.1) Facility reference number

Select from:

☑ Facility 8

(9.3.1.2) Facility name (optional)

Kao Corporation, Toyohashi plant

(9.3.1.3) Value chain stage

Select from:

☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:

☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

Afghanistan

☑ Other, please specify **:**Toyokawa

(9.3.1.8) Latitude

34.708937

(9.3.1.9) Longitude

137.322836

(9.3.1.10) Located in area with water stress

Select from:

☑ Yes

(9.3.1.13) Total water withdrawals at this facility (megaliters)

181.48

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:

☑ About the same

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

0

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

181.48

(9.3.1.21) Total water discharges at this facility (megaliters)

97.95

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:
☑ About the same

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

97.95

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

0

(9.3.1.27) Total water consumption at this facility (megaliters)

83.53

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ About the same

(9.3.1.29) Please explain

In 2023, the production volume decreased by 1.1% from the previous year, the water withdrawal volume increased by 1.5% year-on-year, the volume of wastewater discharged increased by 0.4% year-on-year, and the water consumption volume increased by 2.8% year-on-year. All of them are less than 5%, so, we chose “About the same”.

Row 5

(9.3.1.1) Facility reference number

Select from:

☑ Facility 4

(9.3.1.2) Facility name (optional)

PT. Kao Indonesia Chemicals

(9.3.1.3) Value chain stage

Select from:

☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:

☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

Afghanistan

☑ Other, please specify **:**Saluran Irigasi Kali Malang and Sungai Bekasi

(9.3.1.8) Latitude

-6.219573

(9.3.1.9) Longitude

107.065754

(9.3.1.10) Located in area with water stress

Select from:

☑ Yes

(9.3.1.13) Total water withdrawals at this facility (megaliters)

426.25

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:
☑ About the same

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

0

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

426.25

(9.3.1.21) Total water discharges at this facility (megaliters)

282.89

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:

☑ Much higher

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

0

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

282.89

(9.3.1.27) Total water consumption at this facility (megaliters)

143.36

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ Much lower

(9.3.1.29) Please explain

In 2023, the production volume increased by 9.1% from the previous year, however, water intake volume decreased by 1.4%, wastewater discharged volume increased by 11%, and water consumption volume decreased by 19% compared to the previous year. In 2022, production operations remained unstable, with repeated production

halting and cleaning work being carried out each time, resulting in increased water usage. In 2023, production operations were more stable than in 2022 and continuous production was possible, so cleaning work was reduced, and water usage was significantly reduced. On the other hand, the reason why the wastewater discharged did not decrease in line with the decrease in water usage is because rainwater was mixed in and discharged to the WWT (wastewater treatment facilities).

Row 6

(9.3.1.1) Facility reference number

Select from:

☑ Facility 7

(9.3.1.2) Facility name (optional)

Kao Corporation S.A. Mollet plant

(9.3.1.3) Value chain stage

Select from:

☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:

☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

Spain

☑ Other, please specify :El Besos

(9.3.1.8) Latitude

41.525107

(9.3.1.9) Longitude

2.213861

(9.3.1.10) Located in area with water stress

Select from:

☑ Yes

(9.3.1.13) Total water withdrawals at this facility (megaliters)

134.8

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:

☑ Lower

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

133.13

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

1.67

(9.3.1.21) Total water discharges at this facility (megaliters)

108.47

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:

☑ About the same

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

0

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

108.47

(9.3.1.27) Total water consumption at this facility (megaliters)

26.3

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ Much lower

(9.3.1.29) Please explain

In 2023, the production volume decreased by 5.6% compared to the previous year, and the water intake volume decreased by 9.5% year-on-year, the volume of wastewater discharged increased by 1.2% year-on-year, and the water usage volume decreased by 38% year-on-year. The reason for the significant decrease in water withdrawal and water usage is that the production volume of aroma, which uses a lot of water, decreased significantly (33%) compared to the previous year. In addition, the cooling tower fan settings were changed to reduce water evaporation for the purpose of reducing water withdrawals due to drought in the region. However, because a large amount of aroma wastes was treated in the WWT, the amount of wastewater discharged increased.

Row 7

(9.3.1.1) Facility reference number

Select from:

☑ Facility 6

(9.3.1.2) Facility name (optional)

Quimi-Kao S.A. de C.V.

(9.3.1.3) Value chain stage

Select from:

☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:

☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

Mexico

☑ Balsas

(9.3.1.8) Latitude

19.947483

(9.3.1.9) Longitude

-101.640844

(9.3.1.10) Located in area with water stress

Select from:

☑ Yes

(9.3.1.13) Total water withdrawals at this facility (megaliters)

158.98

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:

☑ Much lower

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

106.62

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

52.36

(9.3.1.21) Total water discharges at this facility (megaliters)

75.93

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:

☑ Much lower

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

0

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

75.93

(9.3.1.27) Total water consumption at this facility (megaliters)

83.05

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ About the same

(9.3.1.29) Please explain

In 2023, the production volume decreased by 12% from the previous year, and the water withdrawal volume decreased by 22%, the volume of wastewater discharged decreased by 39%, compared to the previous year. The main causes are: First, one of the major plants was shut down in 2023, and both water withdrawal and wastewater discharged decreased significantly as production declined. In addition, we reduced the amount of blowdown water (a portion of the circulating water that is discarded to control increase of content of salts and other impurities in the circulating water) in the CW pool. Starting in 2022, the source of makeup water was changed from well water to treated water, which enabled the CW to maintain an adequate water quality and reduced the frequency (volume) of blowdowns. In addition, we previously produced our own RO water, in the process we discharged wastewater to clean RO membrane. However, by purchasing RO water to reduce costs, we no longer need to discharge cleaning water, and the amount of wastewater discharged decreased.

Row 8

(9.3.1.1) Facility reference number

Select from:

☑ Facility 5

(9.3.1.2) Facility name (optional)

Kao (Taiwan) Corporation

(9.3.1.3) Value chain stage

Select from:

☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply

☑ Dependencies

☑ Impacts

☑ Risks

☑ Opportunities

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:

☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

Afghanistan

☑ Other, please specify **:**Touqian River

(9.3.1.8) Latitude

24.803945

(9.3.1.9) Longitude

120.964686

(9.3.1.10) Located in area with water stress

Select from:
☑ Yes

(9.3.1.13) Total water withdrawals at this facility (megaliters)

171.06

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:
☑ Lower

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

0

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

171.06

(9.3.1.21) Total water discharges at this facility (megaliters)

85.09

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:

☑ About the same

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

0

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

85.09

(9.3.1.27) Total water consumption at this facility (megaliters)

85.97

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ Much lower

(9.3.1.29) Please explain

In 2023, the production volume decreased by 3.7% from the previous year, and the water intake volume decreased by 7.9%, the volume of wastewater discharged increased by 4.2%, and the water consumption volume decreased by 17% compared to the previous year. The significant decrease in water withdrawals and water usage was due to a significant decrease in the production volume of Fabric and Home Care products, which use a lot of water. The increase in the volume of wastewater discharged was due to the fact that more cleaning and sterilization work was carried out in order to thoroughly implement acclimation bacteria management at the beauty care product manufacturing plant.
[Add row]

(9.3.2) For the facilities in your direct operations referenced in 9.3.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

(9.3.2.1) % verified

Select from:

☑ 76-100

(9.3.2.2) Verification standard used

ISAE 3000, limited warranty.

Water withdrawals – volume by source

(9.3.2.1) % verified

Select from:

☑ 76-100

(9.3.2.2) Verification standard used

ISAE 3000, limited warranty.

Water withdrawals – quality by standard water quality parameters

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

This is not a company-wide management target item.

Water discharges – total volumes

(9.3.2.1) % verified

Select from:
☑ 76-100

(9.3.2.2) Verification standard used

ISAE 3000, limited warranty.

Water discharges – volume by destination

(9.3.2.1) % verified

Select from:
☑ 76-100

(9.3.2.2) Verification standard used

ISAE 3000, limited warranty.

Water discharges – volume by final treatment level

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

This is not a company-wide management target item.

Water discharges – quality by standard water quality parameters

(9.3.2.1) % verified

Select from:
☑ 76-100

(9.3.2.2) Verification standard used

ISAE 3000, limited warranty.

Water consumption – total volume

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

This is not a company-wide management target item.
[Fixed row]

(9.4) Could any of your facilities reported in 9.3.1 have an impact on a requesting CDP supply chain member?

Select from:

☑ Yes, CDP supply chain members buy goods or services from facilities listed in 9.3.1

(9.4.1) Indicate which of the facilities referenced in 9.3.1 could impact a requesting CDP supply chain member.

Row 1

(9.4.1.1) Facility reference number

Select from:

☑ Facility 1

(9.4.1.2) Facility name

Kao Corporation Shanghai

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.

Row 2

(9.4.1.1) Facility reference number

Select from:
☑ Facility 2

(9.4.1.2) Facility name

Pilipinas Kao, Incorporated

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.

Row 3

(9.4.1.1) Facility reference number

Select from:
☑ Facility 2

(9.4.1.2) Facility name

Pilipinas Kao, Incorporated

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.

Row 4

(9.4.1.1) Facility reference number

Select from:
☑ Facility 2

(9.4.1.2) Facility name

Pilipinas Kao, Incorporated

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.

Row 5

(9.4.1.1) Facility reference number

Select from:
☑ Facility 6

(9.4.1.2) Facility name

Quimi-Kao S.A. de C.V.

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.

Row 6

(9.4.1.1) Facility reference number

Select from:
☑ Facility 7

(9.4.1.2) Facility name

Kao Corporation S.A. Mollet plant

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.

Row 7

(9.4.1.1) Facility reference number

Select from:
☑ Facility 7

(9.4.1.2) Facility name

Kao Corporation S.A. Mollet plant

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.

Row 8

(9.4.1.1) Facility reference number

Select from:
☑ Facility 7

(9.4.1.2) Facility name

Kao Corporation S.A. Mollet plant

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.

Row 9

(9.4.1.1) Facility reference number

Select from:
☑ Facility 7

(9.4.1.2) Facility name

Kao Corporation S.A. Mollet plant

(9.4.1.3) Requesting member

Select from:

(9.4.1.4) Description of potential impact on member

Kao has done parcial business as chemical business.

(9.4.1.5) Comment

Kao has done parcial business as chemical business.
[Add row]

(9.5) Provide a figure for your organization’s total water withdrawal efficiency.

(9.5.1) Revenue (currency)

1532579000000

(9.5.2) Total water withdrawal efficiency

94632849.64

(9.5.3) Anticipated forward trend

Kao is conducting reduction activities with the goal of reducing the total amount of water consumption per sales. Therefore, it is expected that the water intake efficiency will tend to improve in the future.
[Fixed row]

(9.13) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances
	Select from: ☑ Yes

[Fixed row]

(9.13.1) What percentage of your company’s revenue is associated with products containing substances classified as hazardous by a regulatory authority?

Row 1

(9.13.1.1) Regulatory classification of hazardous substances

Select from:

☑ Annex XVII of EU REACH Regulation

(9.13.1.2) % of revenue associated with products containing substances in this list

Select from:

☑ Less than 10%

(9.13.1.3) Please explain

Products containing substances included in the Annex XVII of REACH regulation accounted for 0% of sales in 2023.

Row 2

(9.13.1.1) Regulatory classification of hazardous substances

Select from:

☑ Candidate List of Substances of Very High Concern for Authorisation above 0.1% by weight (EU Regulation)

(9.13.1.2) % of revenue associated with products containing substances in this list

Select from:

☑ Less than 10%

(9.13.1.3) Please explain

Products containing substances on the Candidate List of Substances of Very High Concern (EU Regulation) that accounted for more than 0.1% of the total sales were 2% of the total sales in 2023.
[Add row]

(9.14) Do you classify any of your current products and/or services as low water impact?

(9.14.1) Products and/or services classified as low water impact

Select from:

☑ Yes

(9.14.2) Definition used to classify low water impact

Products that use less water at the point of use than products widely used in the region.

(9.14.4) Please explain

As a result of investigating the amount of water consumption in Kao products for each phase, it was found that 88% of the total is related to the product use phase. Therefore, Kao is developing products with the goal of reducing the amount of water consumption when using the products.
[Fixed row]

(9.15) Do you have any water-related targets?

Select from:

☑ Yes

(9.15.1) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	*Select from:* ☑ Yes	*Rich text input [must be under 1000 characters]*

	Target set in this category	Please explain
Water withdrawals	*Select from:* ☑ Yes	*Rich text input [must be under 1000 characters]*
Water, Sanitation, and Hygiene (WASH) services	*Select from:* ☑ No, but we plan to within the next two years	*Kao is considering setting targets for WASH services.*
Other	*Select from:* ☑ No, and we do not plan to within the next two years	*There are no plans for the next two years with regard to other targets.*

[Fixed row]

(9.15.2) Provide details of your water-related targets and the progress made.

Row 1

(9.15.2.1) Target reference number

Select from:

☑ Target 1

(9.15.2.2) Target coverage

Select from:

☑ Organization-wide (direct operations only)

(9.15.2.3) Category of target & Quantitative metric

Water withdrawals

☑ Reduction in total water withdrawals

(9.15.2.4) Date target was set

12/31/2012

(9.15.2.5) End date of base year

12/30/2005

(9.15.2.6) Base year figure

0

(9.15.2.7) End date of target year

12/30/2030

(9.15.2.8) Target year figure

45

(9.15.2.9) Reporting year figure

48.08

(9.15.2.10) Target status in reporting year

Select from:
☑ Achieved

(9.15.2.11) % of target achieved relative to base year

107

(9.15.2.12) Global environmental treaties/initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Sustainable Development Goal 6

(9.15.2.13) Explain target coverage and identify any exclusions

All global sites are subjected.

(9.15.2.15) Actions which contributed most to achieving or maintaining this target

In 2023, the entire Kao group's production decreased by 6.6% from the previous year.

(9.15.2.16) Further details of target

We have set a target of reducing the amount of water usage per-unit of sales across the Group by 45% compared to 2005 by 2030 and have been working toward this goal to date. We achieved reduction of 45% or more ahead of schedule in 2022 and are continuing to achieve this goal in 2023.

Row 2

(9.15.2.1) Target reference number

Select from:

☑ Target 3

(9.15.2.2) Target coverage

Select from:

☑ Business activity

(9.15.2.3) Category of target & Quantitative metric

Water pollution

☑ Reduction of hazardous substance use

(9.15.2.4) Date target was set

12/31/2022

(9.15.2.5) End date of base year

12/31/2022

(9.15.2.6) Base year figure

0

(9.15.2.7) End date of target year

12/30/2030

(9.15.2.8) Target year figure

100

(9.15.2.9) Reporting year figure

0

(9.15.2.10) Target status in reporting year

Select from:

☑ New

(9.15.2.11) % of target achieved relative to base year

0

(9.15.2.12) Global environmental treaties/initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Sustainable Development Goal 6

(9.15.2.13) Explain target coverage and identify any exclusions

All global products are subjected.

(9.15.2.14) Plan for achieving target, and progress made to the end of the reporting year

In line with our microplastics reduction policy established in 2019, we are developing alternative technologies and formulation changes with priority given to those application and usage of concern for emissions into the environment. In product design, we are also working to reduce environmental impact by examining methods of use and disposal that do not discharge into the environment with giving prioty. In particular, for exports from Japan to the EU, as of 2023, we are promoting labeling changes regarding product disposal methods in order to improve the transfer of information to consumers. In addition, for regions outside the REACH regulation, we are developing green alternative technologies and reforming product design to accurately minimize the environmental impact due to microplastics. We are also working closely with the Japanese government to lead risk-based initiatives to solve the plastic and microplastics issues as a leader of cosmetics industry.

(9.15.2.16) Further details of target

We include scrubbing agents in our products for the purpose of exfoliation and cleaning. However, to prevent the use of solid plastic beads of 5 mm or less, known as "microplastic beads," and to prevent these from being washed into rivers and discharged into rivers and oceans, thereby impacting the environment, we began switching to alternative materials in 2012 and completed the replacement of rinse-off products by 2018 as the target, and we are currently working on switching to leave-on products. In line with the regulatory timeline outlined in the EU2023/2055 regulations, we have set annual targets with achievement of each product category sequentially through 2030.

Row 4

(9.15.2.1) Target reference number

Select from:

☑ Target 2

(9.15.2.2) Target coverage

Select from:

☑ Business activity

(9.15.2.3) Category of target & Quantitative metric

Water withdrawals

☑ Reduction in total water withdrawals

(9.15.2.4) Date target was set

12/31/2017

(9.15.2.5) End date of base year

12/30/2017

(9.15.2.6) Base year figure

0

(9.15.2.7) End date of target year

12/30/2030

(9.15.2.8) Target year figure

10

(9.15.2.9) Reporting year figure

6

(9.15.2.10) Target status in reporting year

Select from:
☑ Underway

(9.15.2.11) % of target achieved relative to base year

60

(9.15.2.12) Global environmental treaties/initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Sustainable Development Goal 6

(9.15.2.13) Explain target coverage and identify any exclusions

This is calculated by multiplying the amount of water used throughout the product life cycle (excluding the Group's production and logistics processes) per product unit quantity sold mainly in Japan and overseas by the annual sales quantity of the product, and then adding this to the actual amount of water used throughout the Group's production and logistics processes. However, for industrial products, water usage amount related to procurement is included, but water usage amount related to use and disposal is not included.

(9.15.2.14) Plan for achieving target, and progress made to the end of the reporting year

*Water usage throughout the product life cycle (Kao Group) is 2,866 m3, a decrease of 118 million m3 compared to the previous year. The reduction rate per unit of sales (sales) was 6 points lower than in 2017. FY2017 (base year): 2,961 m3, Sales volume: 1,489.4 billion yen, Per unit of sales: 0.198 m3/100 million yen, FY2023: 2,866 m3, Sales volume: 1,532.6 billion yen, Per unit of sales: 0.187 m3/100 million yen. (1-0.187/0.198)*1006%*

(9.15.2.16) Further details of target

We set a goal of reducing the Group's overall water consumption per unit of sales by 10% compared to 2017 by 2030, and we have been working on this goal to date. [Add row]

C10. Environmental performance - Plastics

(10.1) Do you have plastics-related targets, and if so what type?

(10.1.1) Targets in place

Select from:

☑ Yes

(10.1.2) Target type and metric

Plastic packaging

☑ Reduce the total weight of plastic packaging used and/or produced

☑ Reduce the total weight of virgin content in plastic packaging

☑ Increase the proportion of renewable content from responsibly managed sources in plastic packaging

Microplastics

☑ Eliminate the use of primary microplastics and plastic particles

(10.1.3) Please explain

We are aiming to realize net zero waste for plastic packaging by 2040, and negative waste for plastic packaging by 2050. Zero Waste refers to a situation in which the amount of plastic packaging used by Kao equals the amount of plastic recycling Kao is involved in. We will reduce the amount of plastic used to the maximum extent possible, and then offset this by developing products and services using plastic waste generated by society, thereby reducing the quantity of plastics used to virtually zero. In addition, Waste Negative is defined as a situation where Kao is involved in more plastic recycling than the amount of plastic packaging used by Kao. To achieve these goals, we are undertaking measures in compliance with the ISO 18600 series standards for packaging and the environment. Specifically, we are reducing the amount of materials used in packaging, and in particular, we are promoting Innovation in Reduction and nnovation in Recycling from the perspective of 4R in order to reduce the use of plastic ackaging, which has become a serious issue for society these days.
[Fixed row]

(10.2) Indicate whether your organization engages in the following activities.

Production/commercialization of plastic polymers (including plastic converters)

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

no

Production/commercialization of durable plastic goods and/or components (including mixed materials)

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

no

Usage of durable plastics goods and/or components (including mixed materials)

(10.2.1) Activity applies

Select from:

☑ Yes

(10.2.2) Comment

Kao produces this type of product.

Production/commercialization of plastic packaging

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

no

Production/commercialization of goods/products packaged in plastics

(10.2.1) Activity applies

Select from:

☑ Yes

(10.2.2) Comment

Used as packaging for Kao products

Provision/commercialization of services that use plastic packaging (e.g., food services)

(10.2.1) Activity applies

Select from:

☑ No

(10.2.2) Comment

no

Provision of waste management and/or water management services

(10.2.1) Activity applies

Select from:
☑ No

(10.2.2) Comment

no

Provision of financial products and/or services for plastics-related activities

(10.2.1) Activity applies

Select from:
☑ No

(10.2.2) Comment

no

Other activities not specified

(10.2.1) Activity applies

Select from:
☑ No

(10.2.2) Comment

no
[Fixed row]

(10.4) Provide the total weight of plastic durable goods and durable components produced, sold and/or used, and indicate the raw material content.

	Total weight during the reporting year (Metric tons)	Raw material content percentages available to report	Please explain
Durable goods and durable components used	*160000*	*Select all that apply* ☑ None	*Calculation based on Kao's calculation method.*

[Fixed row]

(10.5) Provide the total weight of plastic packaging sold and/or used and indicate the raw material content.

Plastic packaging used

(10.5.1) Total weight during the reporting year (Metric tons)

85000

(10.5.2) Raw material content percentages available to report

Select all that apply

☑ % virgin fossil-based content

(10.5.3) % virgin fossil-based content

92.9

(10.5.7) Please explain

Calculation based on Kao's calculation method.
[Fixed row]

(10.5.1) Indicate the circularity potential of the plastic packaging you sold and/or used.

Plastic packaging used

(10.5.1.1) Percentages available to report for circularity potential

Select all that apply

☑ None

(10.5.1.5) Please explain

Methods of processing waste generated from our business activities, as well as waste generated by consumers and customers after using our products, are regulated by government agencies. To recycle more waste and make it easier to process waste, we are implementing initiatives in collaboration with municipalities, retailers, recyclers, and commodity manufacturers. We are also sharing ideas with suppliers and undertaking collaborative R&D with them in order to reduce the quantity of plastics used in packaging and enhance its recyclability.
[Fixed row]

C11. Environmental performance - Biodiversity

(11.2) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

(11.2.1) Actions taken in the reporting period to progress your biodiversity-related commitments

Select from:

☑ Yes, we are taking actions to progress our biodiversity-related commitments

(11.2.2) Type of action taken to progress biodiversity- related commitments

Select all that apply

☑ Law & policy

☑ Species management

☑ Education & awareness

☑ Land/water protection

☑ Land/water management

☑ Livelihood, economic & other incentives

[Fixed row]

(11.3) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
	Select from: ☑ Yes, we use indicators	*Select all that apply* ☑ State and benefit indicators

[Fixed row]

(11.4) Does your organization have activities located in or near to areas important for biodiversity in the reporting year?

Legally protected areas

(11.4.1) Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

Select from:

☑ Yes

(11.4.2) Comment

Kao's scheme to mitigate the potential negative effects on areas important for biodiversity (i) Kao obtains supply chain information such as names, parent company names, and locations (latitude and longitude) of palm kernel oil mills (Tier-2) and palm oil mills (Tier-3) from the refinery (Tier-1), and creates a palm mill list. Kao confirms the status of NDPE/HCSA/FPIC compliance in the supply chain of refineries (Tier-1), refinery group companies, palm kernel oil mills (Tier-2), and palm oil mills (Tier-3) through inquiries to refineries (Tier-1) to confirm NDPE/HCSA/ Kao confirms the status of compliance with NDPE/HCSA/FPIC in the supply chain through inquiries to refineries (Tier-1). Kao conducts investigations of the plantations (Tier-4) by contacting the refineries (Tier-1) on a regular basis to confirm traceability to the palm plantations (Tier-4). Kao has been publishing a list of palm oil mills since 2019 (779 mills as of the end of 2022) In 2021, we surveyed and confirmed compliance with NDPE, HCSA, and FPIC for oil and fat suppliers (Tier-1) in Malaysia and Indonesia to confirm their compliance status In 2022 We will continue to check Tier-1 suppliers' compliance with the NDPE policy and request guidance for improvement from high-risk suppliers. We will continue these activities in the future. (ii) Kao will create a palm mill map from the list of palm mills confirmed in (i) above, and will check (i) whether there are any national parks, protected forests, peatlands, etc. within a 50 km radius of the location of the palm mill using satellite images, etc., and (ii) whether there are any mills that have caused problems in the past for the parent company, and (iii) whether information from NGOs has confirmed and identified as a risk mill. In 2018, Kao published a palm mill map that summarizes the locations of 90 palm kernel oil mills and 862 palm oil mills. (iii) Kao conducts interviews with refineries (Tier-1) regarding palm oil mills that are considered risk mills. For palm oil mills that are deemed extremely high-risk (high-risk mills), Kao conducts on-site inspections by a third party, requests the mills to make improvements, and follows up with them. Kao has conducted on-site inspections at eight mills and verified information from refineries (Tier-1) by 2019. Kao plans to conduct audits in the future if it determines that there is a problem. Activities (2) and (3) above are being conducted in cooperation with external consultants.

UNESCO World Heritage sites

(11.4.1) Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

Select from:

☑ Yes

(11.4.2) Comment

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UNESCO Man and the Biosphere Reserves

(11.4.1) Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

Select from:

☑ Yes

(11.4.2) Comment

Kao's scheme to mitigate the potential negative effects on areas important for biodiversity (i) Kao obtains supply chain information such as names, parent company names, and locations (latitude and longitude) of palm kernel oil mills (Tier-2) and palm oil mills (Tier-3) from the refinery (Tier-1), and creates a palm mill list. Kao confirms the status of NDPE/HCSA/FPIC compliance in the supply chain of refineries (Tier-1), refinery group companies, palm kernel oil mills (Tier-2), and palm oil mills (Tier-3) through inquiries to refineries (Tier-1) to confirm NDPE/HCSA/ Kao confirms the status of compliance with NDPE/HCSA/FPIC in the supply chain through inquiries to refineries (Tier-1). Kao conducts investigations of the plantations (Tier-4) by contacting the refineries (Tier-1) on a regular basis to confirm traceability to the palm plantations (Tier-4). Kao has been publishing a list of palm oil mills since 2019 (779 mills as of the end of 2022) In 2021, we surveyed and confirmed compliance with NDPE, HCSA, and FPIC for oil and fat suppliers (Tier-1) in Malaysia and Indonesia to confirm their compliance status In 2022 We will continue to check Tier-1

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Ramsar sites

(11.4.1) Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

Select from:

☑ Yes

(11.4.2) Comment

Kao's scheme to mitigate the potential negative effects on areas important for biodiversity (i) Kao obtains supply chain information such as names, parent company names, and locations (latitude and longitude) of palm kernel oil mills (Tier-2) and palm oil mills (Tier-3) from the refinery (Tier-1), and creates a palm mill list. Kao confirms the status of NDPE/HCSA/FPIC compliance in the supply chain of refineries (Tier-1), refinery group companies, palm kernel oil mills (Tier-2), and palm oil mills (Tier-3) through inquiries to refineries (Tier-1) to confirm NDPE/HCSA/ Kao confirms the status of compliance with NDPE/HCSA/FPIC in the supply chain through inquiries to refineries (Tier-1). Kao conducts investigations of the plantations (Tier-4) by contacting the refineries (Tier-1) on a regular basis to confirm traceability to the palm plantations (Tier-4). Kao has been publishing a list of palm oil mills since 2019 (779 mills as of the end of 2022) In 2021, we surveyed and confirmed compliance with NDPE, HCSA, and FPIC for oil and fat suppliers (Tier-1) in Malaysia and Indonesia to confirm their compliance status In 2022 We will continue to check Tier-1 suppliers' compliance with the NDPE policy and request guidance for improvement from high-risk suppliers. We will continue these activities in the future. (ii) Kao will create a palm mill map from the list of palm mills confirmed in (i) above, and will check (i) whether there are any national parks, protected forests, peatlands, etc. within a 50 km radius of the location of the palm mill using satellite images, etc., and (ii) whether there are any mills that have caused problems in the past for the parent company, and (iii) whether information from NGOs has confirmed and identified as a risk mill. In 2018, Kao published a palm mill map that summarizes the locations of 90 palm kernel oil mills and 862 palm oil mills. (iii) Kao conducts interviews with refineries (Tier-1) regarding palm oil mills that are considered risk mills. For palm oil mills that are deemed extremely high-risk (high-risk mills), Kao conducts on-site inspections by a third party, requests the mills to make improvements, and follows up with them. Kao has conducted on-site inspections at eight mills and verified information from refineries (Tier-1) by 2019. Kao plans to conduct audits in the future if it determines that there is a problem. Activities (2) and (3) above are being conducted in cooperation with external consultants.

Key Biodiversity Areas

(11.4.1) Indicate whether any of your organization's activities are located in or near to this type of area important for biodiversity

Select from:

☑ Yes

(11.4.2) Comment

Kao's scheme to mitigate the potential negative effects on areas important for biodiversity (i) Kao obtains supply chain information such as names, parent company names, and locations (latitude and longitude) of palm kernel oil mills (Tier-2) and palm oil mills (Tier-3) from the refinery (Tier-1), and creates a palm mill list. Kao confirms the status of NDPE/HCSA/FPIC compliance in the supply chain of refineries (Tier-1), refinery group companies, palm kernel oil mills (Tier-2), and palm oil mills (Tier-3) through inquiries to refineries (Tier-1) to confirm NDPE/HCSA/ Kao confirms the status of compliance with NDPE/HCSA/FPIC in the supply chain through inquiries to refineries (Tier-1). Kao conducts investigations of the plantations (Tier-4) by contacting the refineries (Tier-1) on a regular basis to confirm traceability to the palm plantations (Tier-4). Kao has been publishing a list of palm oil mills since 2019 (779 mills as of the end of 2022) In 2021, we surveyed and confirmed compliance with NDPE, HCSA, and FPIC for oil and fat suppliers (Tier-1) in Malaysia and Indonesia to confirm their compliance status In 2022 We will continue to check Tier-1 suppliers' compliance with the NDPE policy and request guidance for improvement from high-risk suppliers. We will continue these activities in the future. (ii) Kao will create a palm mill map from the list of palm mills confirmed in (i) above, and will check (i) whether there are any national parks, protected forests, peatlands, etc. within a 50 km radius of the location of the palm mill using satellite images, etc., and (ii) whether there are any mills that have caused problems in the past for the parent company, and (iii) whether information from NGOs has confirmed and identified as a risk mill. In 2018, Kao published a palm mill map that summarizes the locations of 90 palm kernel oil mills and 862 palm oil mills. (iii) Kao conducts interviews with refineries (Tier-1) regarding palm oil mills that are considered risk mills. For palm oil mills that are deemed extremely high-risk (high-risk mills), Kao conducts on-site inspections by a third party, requests the mills to make improvements, and follows up with them. Kao has conducted on-site inspections at eight mills and verified information from refineries (Tier-1) by 2019. Kao plans to conduct audits in the future if it determines that there is a problem. Activities (2) and (3) above are being conducted in cooperation with external consultants.
[Fixed row]

(11.4.1) Provide details of your organization’s activities in the reporting year located in or near to areas important for biodiversity.

Row 1

(11.4.1.2) Types of area important for biodiversity

Select all that apply

☑ Legally protected areas

☑ UNESCO World Heritage sites

☑ UNESCO Man and the Biosphere Reserves
☑ Ramsar sites
☑ Key Biodiversity Areas

(11.4.1.4) Country/area

Select from:
☑ Indonesia

(11.4.1.5) Name of the area important for biodiversity

Plural sites

(11.4.1.6) Proximity

Select from:
☑ Up to 50 km

(11.4.1.8) Briefly describe your organization's activities in the reporting year located in or near to the selected area

Palm plantation (Tier-4) from which Kao procures raw materials

(11.4.1.9) Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity

Select from:
☑ Yes, but mitigation measures have been implemented

(11.4.1.10) Mitigation measures implemented within the selected area

Select all that apply
☑ Operational controls

(11.4.1.11) Explain how your organization's activities located in or near to the selected area could negatively affect

biodiversity, how this was assessed, and describe any mitigation measures implemented

Kao's scheme to mitigate the potential negative effects on areas important for biodiversity (i) Kao obtains supply chain information such as names, parent company names, and locations (latitude and longitude) of palm kernel oil mills (Tier-2) and palm oil mills (Tier-3) from the refinery (Tier-1), and creates a palm mill list. Kao confirms the status of NDPE/HCSA/FPIC compliance in the supply chain of refineries (Tier-1), refinery group companies, palm kernel oil mills (Tier-2), and palm oil mills (Tier-3) through inquiries to refineries (Tier-1) to confirm NDPE/HCSA/ Kao confirms the status of compliance with NDPE/HCSA/FPIC in the supply chain through inquiries to refineries (Tier-1). Kao conducts investigations of the plantations (Tier-4) by contacting the refineries (Tier-1) on a regular basis to confirm traceability to the palm plantations (Tier-4). Kao has been publishing a list of palm oil mills since 2019 (779 mills as of the end of 2022) In 2021, we surveyed and confirmed compliance with NDPE, HCSA, and FPIC for oil and fat suppliers (Tier-1) in Malaysia and Indonesia to confirm their compliance status In 2022 We will continue to check Tier-1 suppliers' compliance with the NDPE policy and request guidance for improvement from high-risk suppliers. We will continue these activities in the future. (ii) Kao will create a palm mill map from the list of palm mills confirmed in (i) above, and will check (i) whether there are any national parks, protected forests, peatlands, etc. within a 50 km radius of the location of the palm mill using satellite images, etc., and (ii) whether there are any mills that have caused problems in the past for the parent company, and (iii) whether information from NGOs has confirmed and identified as a risk mill. In 2018, Kao published a palm mill map that summarizes the locations of 90 palm kernel oil mills and 862 palm oil mills. (iii) Kao conducts interviews with refineries (Tier-1) regarding palm oil mills that are considered risk mills. For palm oil mills that are deemed extremely high-risk (high-risk mills), Kao conducts on-site inspections by a third party, requests the mills to make improvements, and follows up with them. Kao has conducted on-site inspections at eight mills and verified information from refineries (Tier-1) by 2019. Kao plans to conduct audits in the future if it determines that there is a problem. Activities (2) and (3) above are being conducted in cooperation with external consultants.

Row 2

(11.4.1.2) Types of area important for biodiversity

Select all that apply

☑ Legally protected areas

☑ UNESCO World Heritage sites

☑ UNESCO Man and the Biosphere Reserves

☑ Ramsar sites

☑ Key Biodiversity Areas

(11.4.1.4) Country/area

Select from:

☑ Malaysia

(11.4.1.5) Name of the area important for biodiversity

Plural sites

(11.4.1.6) Proximity

Select from:

☑ Up to 50 km

(11.4.1.8) Briefly describe your organization’s activities in the reporting year located in or near to the selected area

Palm plantation (Tier-4) from which Kao procures raw materials

(11.4.1.9) Indicate whether any of your organization’s activities located in or near to the selected area could negatively affect biodiversity

Select from:

☑ Yes, but mitigation measures have been implemented

(11.4.1.10) Mitigation measures implemented within the selected area

Select all that apply

☑ Operational controls

(11.4.1.11) Explain how your organization’s activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented

Kao's scheme to mitigate the potential negative effects on areas important for biodiversity (i) Kao obtains supply chain information such as names, parent company names, and locations (latitude and longitude) of palm kernel oil mills (Tier-2) and palm oil mills (Tier-3) from the refinery (Tier-1), and creates a palm mill list. Kao confirms the status of NDPE/HCSA/FPIC compliance in the supply chain of refineries (Tier-1), refinery group companies, palm kernel oil mills (Tier-2), and palm oil mills (Tier-3) through inquiries to refineries (Tier-1) to confirm NDPE/HCSA/ Kao confirms the status of compliance with NDPE/HCSA/FPIC in the supply chain through inquiries to refineries (Tier-1). Kao conducts investigations of the plantations (Tier-4) by contacting the refineries (Tier-1) on a regular basis to confirm traceability to the palm plantations (Tier-4). Kao has been publishing a list of palm oil mills since 2019 (779 mills as of the end of 2022) In 2021, we surveyed and confirmed compliance with NDPE, HCSA, and FPIC for oil and fat suppliers (Tier-1) in Malaysia and Indonesia to confirm their compliance status In 2022 We will continue to check Tier-1 suppliers' compliance with the NDPE policy and request guidance for improvement from high-risk suppliers. We will continue these activities in the future. (ii) Kao will create a palm mill map from the list of palm mills confirmed in (i) above, and will check (i) whether there are any national parks, protected forests, peatlands, etc. within a 50 km radius of the location of the palm mill using satellite images, etc., and (ii) whether there are any mills that have caused problems in the past for the parent company, and (iii) whether information from NGOs has confirmed and identified as a risk mill. In 2018, Kao published a palm mill map that summarizes the locations of

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[Add row]

C13. Further information & sign off

(13.1) Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

	Other environmental information included in your CDP response is verified and/or assured by a third party
	Select from: ☑ Yes

[Fixed row]

(13.1.1) Which data points within your CDP response are verified and/or assured by a third party, and which standards were used?

Row 1

(13.1.1.1) Environmental issue for which data has been verified and/or assured

Select all that apply

☑ Climate change

(13.1.1.2) Disclosure module and data verified and/or assured

Environmental performance – Climate change

☑ Renewable Electricity/Steam/Heat/Cooling consumption

☑ Renewable Electricity/Steam/Heat/Cooling generation

☑ Renewable fuel consumption

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

(13.1.1.4) Further details of the third-party verification/assurance process

KPMG Azsa Sustainability Co., Ltd. conducted limited assurance operations in accordance with the International Standards for Assurance Services (ISAE) 3000 of the International Auditing and Assurance Standards Council, "Assurance services other than auditing or reviewing past financial information" and ISAE3410 "Assurance services for greenhouse gas information."

Row 2

(13.1.1.1) Environmental issue for which data has been verified and/or assured

Select all that apply

☑ Water

(13.1.1.2) Disclosure module and data verified and/or assured

Environmental performance – Water security

☑ Water discharges– total volumes

☑ Water intensities of products and services

☑ Water withdrawals– total volumes

(13.1.1.3) Verification/assurance standard

General standards

☑ ISAE 3000

(13.1.1.4) Further details of the third-party verification/assurance process

The status of the water-related items Kao has set as targets is checked annually by a third party. The results are published in the Sustainability Data Book 2023.
[Add row]

(13.2) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

(13.2.1) Additional information

Attached file is supplementary information to all questions. Kao is attaching a word file downloaded from ORS. However, we have found that there are partial bugs in the word file that differ by one day from the input data to ORS with respect to dates. Examples of these bugs are as follows. ORS input; 1/1/2017 word; 12/31/2016

(13.2.2) Attachment (optional)

KAO Corporation-02-10-2024-CORPORATE-final.docx
[Fixed row]

(13.3) Provide the following information for the person that has signed off (approved) your CDP response.

(13.3.1) Job title

President and Chief Executive Officer

(13.3.2) Corresponding job category

Select from:
☑ Chief Executive Officer (CEO)
[Fixed row]

(13.4) Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Select from:

☑ No