

Respecting human rights 102-15, 103-1

We support and respect international rules relating to human rights, and have developed the Kao Human Rights Policy, which is based on the United Nations (UN) Guiding Principles on Business and Human Rights. We are implementing initiatives aimed at realizing zero human rights violations in every aspect of our corporate activities. The Kao Human Rights Policy was approved by the company's Management Committee and disclosed in 2015.

ESG Keyword

Human rights risk prevention and mitigation

Compliance with modern slavery acts in various countries and regions

Respect for human rights in the supply chain

Human rights due diligence

BCG

Respect for human rights in advertising

Kao's creating value to address social issues

Social issues we are aware of

Human rights are the most basic of all rights, and in a world of diverse values, it is important to build a society in which people respect one another's human rights, and where no one has to suffer from prejudice or discrimination.

Corporate activities are closely bound up with the human rights of a wide range of people, including employees, business partners, customers, etc. Under these circumstances, the risk of human rights violations occurring cannot be said to be zero. For example, it has been pointed out that, given the ongoing globalization of corporate activities, there is a risk of forced labor occurring at suppliers in developing nations. Within the workplace, there is a need for a serious effort to put in place the framework required to support the work styles of diverse employees, and to ensure that discrimination does not occur. If representations in advertising are linked to human rights violations, or if consumers re-post advertisements, etc. containing content that is linked to human rights violations on social media, then one cannot rule out the possibility that this may indirectly lead to a worsening of human rights violations. Furthermore, with the impact of the COVID-19 pandemic, there is a possibility of new human rights risks emerging, for example in relation to inadequate communication and long working hours resulting from the increase in working at home, or the disparity in the situation

of those employees who are still required to go into work on a regular basis.

More and more attention is being paid to the initiatives taken by business enterprises to address human rights issues. For example, the UN Guiding Principles on Business and Human Rights stipulate that business enterprises have a responsibility to respect human rights, while the U.K.'s Modern Slavery Act 2015 requires enterprises to take steps to prevent forced labor and human trafficking, and to disclose what steps they have taken. Enterprises need to identify human rights risk, implement corrective action when human rights violations have emerged, and continue making an effort to prevent human rights violations from occurring.

Through our company activities, we aim to reduce human rights violations to zero, and to resolve the issues speedily if human rights violations do emerge unintentionally. We recognize that human rights risks in the supply chain, including risks relating to palm oil suppliers, and risks relating to Kao employees, are particularly high, and we have therefore been focusing heavily on initiatives in this area. We review these risks on a regular basis.

Recognizing the need to speed up the initiatives we are taking and expand their scope in order to achieve the SDGs by 2030, in January 2020 we launched a Decade of Action in relation to the achievement of the SDGs.

Kao's creating value

In the Kao Human Rights Policy, we enunciate our commitment to human rights in all of our business activities. The Kao Business Conduct Guidelines (BCG), which represent the Kao Group's code of conduct, emphasize the need to conduct fair, honest and appropriate transactions, to respect human rights through all company activities, and to respect employees' diversity. We promote fair and equal procurement activities, and we ask suppliers to implement activities along the same lines as Kao's. We pursue *Yoki-Monozukuri* throughout the supply chain as a whole.

When problems do arise unintentionally, we work to resolve them speedily. We have set up compliance hotlines, etc. to which stakeholders can submit their views, and when problems start to manifest themselves we take steps to address them through collaboration between related units.

By working together with a wide variety of stakeholders to implement measures that strengthen respect for human rights, rather than just Kao working alone, and by striving to prevent and mitigate human rights risk, we are able to get closer to our goal of reducing human rights violations to zero, while also contributing toward the realization of our mission to strive for the wholehearted satisfaction and enrichment of the lives of people globally, as enunciated in the Kao Way.

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Risks related to realization of What Kao Aims to Be by 2030

Recently, as consumers' ethical awareness has grown, there has been a global increase in concern regarding the ways in which business enterprises respond to human rights issues. If a company does not give due consideration to human rights, this can lead to reputation risk.

In our business activities, both internally within Kao and in the case of suppliers and contractors, manufacturing products in environments with poor labor conditions, such as forced labor, has the potential to create quality problems. Furthermore, if Kao's reputation is damaged by human rights risk, the relationship of trust that we have with our suppliers could be damaged, which would have an adverse impact on purchasing, and consumers' loss of faith in the company could lead to reduced sales. Employees' motivation and loyalty would be weakened, which might have an adverse impact on and result in increased employee turnover.

Opportunities related to realization of What Kao Aims to Be by 2030

Kao's respect for human rights, which imbues all of our corporate activities, and the initiatives that we have taken in this area, has the potential to earn widespread approval from society. Such an effort by Kao will lead an increase in activities that foster respect for human rights. Contractors and other companies in the supply chain will pursue human rights initiatives, and this will enhance their activities. This in turn will lead to strengthened human rights awareness in society as a whole, and will contribute toward reducing human rights violations to zero.

We respect human rights, and we are working to promote fair procurement. This secures consumer support for our corporate approach and helps build and maintain trustworthy relations with suppliers. In particular, if we can secure the approval of Millennials and Generation Z, who tend to be very concerned about ethical consumption, then

this may lead to increased purchasing of our products, and increased opportunities for us to recruit talented individuals. Within the company also, promoting initiatives that embody respect for human rights can enhance employees' loyalty, and can result in enhanced productivity and lower employee turnover.

Contributions to the SDGs



Policies

In our company activities, we aim to reduce human rights violations to zero, and to resolve the issues speedily if human rights violations do emerge unintentionally.

In 2015, we formulated and announced the Kao Human Rights Policy, which stipulates that we respect international norms relating to human rights, such as the International Bill of Human Rights, and that we will conduct human rights due diligence and human rights education for employees, working diligently to fulfill our responsibilities in regard to respecting human rights in every aspect of our operations. BCG, which serves as our code of conduct for practicing the Kao Way, clearly stipulates the need to respect human rights and to ensure that we are not involved with child labor, human trafficking or forced labor.

In the supply chain also, our Policies for Procurement stipulate the need for purchasing operations to embody respect for human rights, and to contribute to the fulfillment of our corporate social responsibility. In addition, the Guidelines for Supplier's Assessment include suppliers' fulfillment of their corporate social

responsibility as an assessment item, and note that suppliers are required to take measures to prevent forced labor, child labor and other illegal labor practices.

Furthermore, our Guidelines for Sustainable Procurement of Raw Materials clearly stipulate the need to demonstrate awareness of sustainable development issues, including human rights, and to undertake the procurement of raw materials in a sustainable manner. We have formulated Sustainable Palm Oil Procurement Guidelines and Sustainable Pulp and Paper Procurement Guidelines.

In 2005, we declared our support for the UN Global Compact, which defines ten principles in the four areas of human rights, labor, the environment and anti-corruption. And we also support for CGF's* Forced Labour Resolution and its Priority Industry Principles. Besides legal compliance, in case where there is any conflict between internationally recognized human rights and the laws of a country or regions, we will follow processes that seek ways to honor the principles of international human rights.

In order to be able to respond promptly in the event that a problem does occur unintentionally, we have established hotlines to receive reports and requests for consultation both from within the company and from outside. On the basis of these reports and requests, discussions and surveys are undertaken by the Compliance Committee and other relevant divisions, and appropriate steps are taken in response as necessary.

* CGF (The Consumer Goods Forum)

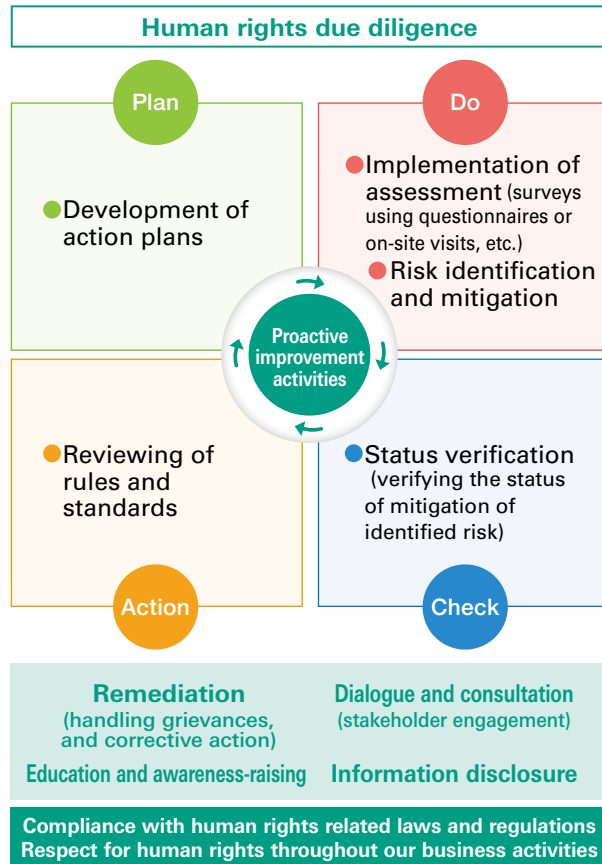
Global network of consumer goods retailers and manufacturers. We are participating as a member company.



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Overview of the initiatives based on the Kao Human Rights Policy



- Kao Human Rights Policy
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/kao-humanrights-policy.pdf
- Guidelines for Supplier's Assessment
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/procurement-supplier-guidelines.pdf
- Kao Business Conduct Guidelines
www.kao.com/global/en/about/policies/compliance/business-conduct-guideline/
- Guidelines for Sustainable Procurement of Raw Materials
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/procurement-raw-materials-guidelines.pdf
- Policies for Procurement
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/procurement-policy.pdf

Risks anticipated by the Kao Group (significant risks are underlined)

	R&D	Procurement	Production	Marketing	Logistics	Sales	Corporate (Business support)	
Stakeholders	People we work with (Kao employees, subcontractor employees and supplier employees)	<ul style="list-style-type: none"> Forced or compulsory labor Child labor Poor working environment Restrictions on freedom of association and / or collective bargaining Unsatisfactory compensation (failure to pay wages or paying excessively low wages) Discrimination in any form (whether based on age, place of birth, nationality, foreign status, being a migrant worker, ethnic background, gender, LGBT status, disability, illness, or pregnancy or childbirth) 	<ul style="list-style-type: none"> Unhygienic company-provided accommodation Poor working environment, forced or compulsory labor, or child labor on palm farms 	<ul style="list-style-type: none"> Unhygienic company-provided accommodation 				<ul style="list-style-type: none"> Invasion of employees' privacy Discriminatory hiring practices
	Business partners	<ul style="list-style-type: none"> Deterioration in business partners' working environment due to abuse of Kao's dominant position 						
	Consumers / Customers	<ul style="list-style-type: none"> Adverse impact on health or safety due to product design issues 			<ul style="list-style-type: none"> Invasion of customers' privacy Adverse impact on minors, senior citizens or women due to inappropriate advertising or promotion 		<ul style="list-style-type: none"> Invasion of customers' privacy Misleading customers through inaccurate statements Inappropriate packaging or labeling 	
Local communities		<ul style="list-style-type: none"> Harm caused to indigenous inhabitants' culture, traditions or livelihoods due to construction of plants, etc. Damage caused to ecosystems or local communities due to the construction and / or operation of plants, etc. (including damage to health resulting from plant construction, impact on the water supply, waste water discharge, waste gas discharge, etc.) 	<ul style="list-style-type: none"> Harm caused to indigenous inhabitants' culture, traditions or livelihoods due to construction of plants, etc. Damage caused to ecosystems or local communities due to the construction and / or operation of plants, etc. (including damage to health resulting from plant construction, impact on the water supply, waste water discharge, waste gas discharge, etc.) 		<ul style="list-style-type: none"> Damage to health caused by leakage of harmful substances while being transported 	<ul style="list-style-type: none"> Damage to health and adverse impact on people's lives caused by mistaken use of products 	<ul style="list-style-type: none"> Business practices that fall below internationally accepted human rights standards 	

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Education and promotion

In order to prevent and mitigate human rights related risks in every aspect of corporate activities, it is vitally important to ensure that every employee has an in-depth understanding of human rights issues, and to implement measures to foster respect for human rights. To this end, besides disseminating information and implementing education and training in line with the Kao Human Rights Policy, we also take advantage of various opportunities to provide education and training focused on individual topics, such as compliance, responsible procurement, safety and peace of mind in the workplace, diverse human talent, etc.



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- Responsible care activities
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2021-e-all.pdf#page=27

Collaboration and engagement with stakeholders

We implement initiatives that promote respect for human rights in all of our corporate activities. We recognize the importance of continuing to further enhance these activities through dialogue with a wide range of relevant stakeholders, including employees, suppliers, consumers, etc. We make use of a variety of opportunities and methods to communicate with employees, suppliers, consumers, shareholders, business partners, local communities, government agencies, etc., endeavoring to ensure that they understand our policies and ethical standards.

With regard to employees, we strive to monitor employees' attitudes through the *Find* employee survey, which is implemented once every two years. For suppliers, we introduce our activities and engage in an exchange of views at the vendor summits. In regard to local communities, site reports are issued for each plant, and we introduce our activities to people in the local community.

So as to further improve our activities in this area, we intend to create opportunities for exchanging views with NPOs and NGOs that possess specialist expertise in relation to human rights, and to foster collaboration with these organizations.

Framework

The human rights initiatives of the Kao Group as a whole are implemented within the ESG promotion structure as one of the 19 Kao Actions of the Kirei Lifestyle Plan.

As human rights issues are so multi-faceted, various different units are implementing initiatives in this area,

depending on the specific stakeholders concerned and the individual topics. In the case of initiatives that relate to our employees, Corporate Strategy plays a central role in the implementation of initiatives relating to workplace safety and security, while Human Capital Development plays a key role in those relating to the building of inclusive and diverse workplaces. The Procurement Division has main responsibility for initiatives relating to suppliers. The aspect that is most directly related to consumers is human rights concerns relating to representations in advertising. The Business divisions and Creative divisions have responsibility for this aspect. Legal and Compliance is responsible for the compliance hotlines that collect views from both inside and outside the company.

The ESG Division exercises oversight over, and promotes, all of these individual initiatives, and the Executive Officer in charge of the ESG Division has overall responsibility for the company's human rights initiatives. To ensure a comprehensive, integrated view of our human rights initiatives, we have established a Human Rights Promotion Team that includes representatives of Corporate Strategy, Human Capital Development, Legal and Compliance, Procurement and ESG. The team undertakes information-sharing on a regular basis, four times a year. Activities are also coordinated with other units when necessary.

Once a year, the ESG Division reports to the Management Committee, and its subordinate organization the Corporate Committee, on the overall state of human rights initiatives in the company.



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Mid- to long-term targets and performance

Mid- to long-term targets

In all of our *Yoki-Monozukuri* processes, we aim to reduce human rights violations to zero, and to resolve the issues speedily if human rights violations do emerge unintentionally.

To this end, we use human rights due diligence and awareness-raising activities to deepen stakeholders' understanding of human rights. We will continue to identify, prevent and mitigate human rights related risks in our business activities.

As human rights issues are so multi-faceted, they potentially impact a wide range of stakeholders. We therefore assess what human rights risks exist for each type of stakeholder, and address them, giving priority to those risks that would have a profound impact on stakeholders and significantly impact our business activities if they were to manifest themselves.

We have identified employees and suppliers as being the highest-priority stakeholders. We are aiming to raise the risk assessment survey implementation rate for these stakeholders to 100% by 2030. In the case of employees, the risk assessment survey targets both Kao Group plants and offices and contractors (that operate on Kao Group worksites). In the case of suppliers, risk assessment surveys are implemented for each individual company.



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Anticipated benefits from achieving mid- to long-term targets

Business impacts

Once a human rights violation occurs, the company is exposed to direct litigation risks and forced to bear litigation expenses, collection expenses and other economic burden. There is also greater probability of severe damage to our company image, a lower reputation among consumers, weakened employee loyalty, and loss of trustworthy relations with suppliers.

Continuing to identify, prevent and mitigate human rights risks in our business activities not only avoids direct economic losses but also contributes to increasing opportunities for consumers to choose our products through their support for our corporate approach, reduces procurement risks by strengthening trust with suppliers, increases opportunities for recruiting talented individuals, improves productivity from increased employee loyalty, and reduces hiring costs from lower employee turnover.

Social impacts

Expanding company measures to ensure respect for human rights contributes to enhanced awareness for human rights in society as a whole. Our measures are

one part of this. For example, deepening understanding among stakeholders enhances awareness for human rights in society as a whole, mitigates human rights problems such as forced labor, and can also prevent negative environmental impact by reducing indiscriminate development in developing countries.

Providing products made with consideration for human rights reduces the chances of consumers indirectly infringing on human rights and leads to less human rights violations in society as a whole.

Performance in 2020

Performance

Human rights due diligence Internal

(1) Risk assessment

- Conducted a survey of the group companies using the Human Rights Checklist (100% response rate from surveyed companies)
- Conducted a survey of the group production sites (42 plants in total) using the Sedex* Self-Assessment Questionnaire (100% response rate from surveyed plants)
- Preparations are underway for implementing surveys of contractors starting from the next fiscal year.

(2) Risk identification and reduction

The results obtained in the risk assessment of Kao Group worksites did not indicate that Kao had caused or contributed to any adverse impact on human rights. The results obtained did not show any human rights related risks at either our production sites or our group companies. There are therefore no cases of improvements being implemented as a result of human rights due diligence.

(3) Status verification

In 2020, only risk identification was performed, using risk assessment, and auditing was not implemented.

(4) Reviewing of rules and standards

It is anticipated that the content of the Human Rights Checklist will be adjusted in 2021, as it will then be three years since the checklist was first formulated.

* Sedex (Supplier Ethical Data Exchange)

A large-scale global platform for the sharing and verification of information relating to labor standards, health and safety, environmental protection and business practices, aimed at promoting the adoption and maintenance of ethical business practices in global supply chains

Suppliers

- As in the previous year, suppliers were encouraged to register with Sedex.
- Risk assessments were conducted at sites for which access rights with us have been established by December 31, 2020.



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Remedies and handling of grievances

We have opened a wide range of channels so that we can receive reports and requests for consultation from all stakeholders. Our compliance hotlines handle reports and requests for consultation from employees, suppliers and contractors, while consumers can submit reports and requests for consultation to the support desks by telephone or e-mail, etc. In addition, views expressed directly to managers are shared with relevant units, and action taken in response, as needed.

For example, in the case of the *Laurier* Kosei-ful Campaign that was implemented in 2020, although we attempted to bring across the various different aspects of menstruation, there were comments from outside the company suggesting that we had not paid sufficient attention to ensuring that the real meaning of some aspects was brought across clearly to consumers, and in response to these comments we decided to make some adjustments to the project.

In addition, because Kao does not enter into direct contracts with oil palm farms, we ask suppliers of oils and fats to establish effective grievance handling

mechanisms. We verify the status of these mechanisms through audits, etc., and we request that improvements be made when necessary. In October 2020, we announced the implementation of the SMILE activity to provide an opportunity for direct dialogue between Kao and small oil palm farmers, to listen to the issues, and to request that suppliers of oils and fats make improvements.



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→ Kao, Apical and Asian Agri Launch 'SMILE' Program to Help Oil Palm Smallholders Improve Yields, Acquire Certifications, and Secure Premiums

www.kao.com/global/en/news/sustainability/2020/20201014-001/

Education and awareness-raising Suppliers

- We work to spread awareness of human rights risk at meetings with suppliers.

Employees

- We have posted material that addresses human rights topics on the company intranet to raise awareness among employees.
- We have promoted awareness of the importance of respect for human rights through BCG training and refresher test implementation.

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- We have continued to implement LGBT study sessions and LGBT ALLY recruitment, as part of our efforts to promote active participation by diverse employees and to foster understanding of diverse types of customers.
- We have implemented training relating to racial discrimination issues.



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Dialogue and consultation

- We have implemented an online meeting with suppliers. A total of 38 supplier companies participated in the event at which views were exchanged.
- We participate in the UN's Global Compact Network Japan and in the Human Rights Coalition of CGF, and we exchange information with experts at other business enterprises, NPOs, international organizations and government agencies.

Information disclosure

- Information about Kao's initiatives is shared with consumers using our website, etc.
- We report on our initiatives to promote respect for human rights on our website and in our Sustainability Data Book.
- In 2015, the "Act to make provision about slavery, servitude and forced or compulsory labour and about

human trafficking, including provision for the protection of victims; to make provision for an Independent Anti-slavery Commissioner; and for connected purposes" (the Modern Slavery Act 2015)* was enacted and came into effect in the U.K. A statement noting the measures taken by the group in relation to the act has been posted on our website.

* Modern Slavery Act 2015

The Act requires for-profit groups and companies conducting business activities in the U.K. whose annual sales exceed a certain scale to produce and release annual statements about measures enacted to ensure that slave labor and human trafficking offenses have not been committed.



→ Modern Slavery Act Statement
www.kao.com/global/en/sustainability/topics-you-care-about/humanrights/modern-slavery-act-statement/

Other

During the period in which measures to reduce the need for employees to leave their homes, including the adoption of working from home, etc., have been in effect due to the impact of the COVID-19 pandemic, we have been providing a special allowance for those employees who still need to go into work to ensure continuity of production, logistics or sales operations, etc.

Reviews of performance

With regard to human rights initiatives, we have set ourselves the goal of raising the human rights due diligence survey implementation rate to 100% by 2030 for the Kao Group, suppliers, and contractors (specifically, those contractors operating on Kao Group worksites). The survey implementation rate in 2020 was 100% for the Kao Group. The suppliers that completed the survey accounted for 83% of global transactions (on a monetary value basis), which represented a move in the right direction. However, it was not possible to have the survey implemented for contractors. We prepared for the implementation of the survey for contractors starting from next year.

While the survey results did not show any serious human rights risk for the Kao Group, as the situation changes every year, we will continue to implement the survey next year and after, as we strive to identify, prevent and mitigate human rights risk.

In relation to suppliers, in the future, besides continuing to encourage suppliers to join Sedex, we will also request improvements from suppliers whose assessment results are low (scores of B or C).



→ For more details about human rights in the supply chain, see p. 79 Making thoughtful choices for society > Responsibly sourced raw materials

Our initiatives

Human rights due diligence process

We are making efforts to investigate and identify human rights risks involving the group, including forced labor, workplace labor conditions and discrimination.

Every year, we implement risk assessment both internally and with respect to suppliers and contractors. By reviewing the results and using them to identify risk, we strive to identify, prevent and mitigate the adverse impacts of human rights issues.

1. Efforts in the group

Every year, we perform a risk assessment targeting all of our business locations throughout the world. With respect to production sites, we make effective use of Sedex, a global corporate ethics information sharing platform. For other Kao Group companies besides the production sites, a Human Rights Checklist was compiled, which these companies are required to complete.

In 2020, a total of 42 production sites completed the Sedex Self-Assessment Questionnaire. For other Kao Group companies, a total of 57 Kao Group companies completed and returned the Human Rights Checklist. In both cases, there was a 100% completion and return rate. The results obtained did not show any human rights related risks at either our production sites or our group companies. There are

therefore no cases of improvements being implemented.

In 2020, only risk identification was performed, using risk assessment, and auditing was not implemented. It is anticipated that, next year and after, auditing will be performed, and the content of the Human Rights Checklist will be adjusted, as it will then be three years since the checklist was formulated.

2. Efforts in the supply chain

New clauses relating to concern for the environment and for human rights added to standard contract with suppliers

In 2012, new clauses relating to concern for the environment and for human rights were added to the master agreement that we sign with suppliers. In principle, this master agreement is used when signing contracts with new suppliers or renewing existing contracts.

Request for self-assessment and monitoring

Since 2008, suppliers have been required to perform self-assessments of their conformity with the Guidelines for Supplier's Assessment, which we then monitor. In the case of suppliers whose self-assessment shows a failure to meet the required standards, our personnel visit the supplier so that the

supplier can share information about the problems, and so that we can collaborate on achieving improvements. Since joining Sedex in 2014, we have held presentations to explain Sedex to suppliers, and we continue to request that suppliers join Sedex, respond to Sedex questionnaires, and set up data access rights. As of the end of 2020, suppliers accounting for 83% of global transactions (on a monetary value basis) were Sedex members (including Kao SAQ, an alternate program*).

* EcoVadis and other survey programs used as alternatives to Sedex



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Internal human rights education

Raising awareness of the importance of respecting human rights using the BCG (global)

We implement educational activities to deepen employees' understanding of the BCG, which set out our approach to ensuring respect for human rights among employees in all of our group companies. In 2020, we revised the BCG Casebook, which provides a more in-depth understanding of the BCG, and we uploaded translated versions of the BCG Casebook to the intranets of individual Kao Group companies, and notified employees to make use of them. In Japan, we implement harassment prevention training using e-learning for all employees, as well as online lectures by the Compliance Committee Chairperson, compliance training for new employees and new managers, etc. For overseas subsidiaries, besides implementing the BCG refresher test, during the group-wide Compliance Awareness Month in October we have promoted activities aimed at realizing a workplace culture in which people can work with enthusiasm, by making people aware of the importance of workplace communication that gives due consideration to the person you are talking to.



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Raising awareness of the importance of respecting human rights using the company's intranet (Japan)

We have posted material that addresses human rights topics on the company intranet to raise awareness among employees.

In 2020, we launched a new D&I Short Video Series to help employees develop a better understanding of diversity and inclusion through viewing this content. This series introduces topics such as LGBT, cultural diversity, hearing impairments, discriminatory actions and speech, harassment, etc., presenting basic knowledge and helping to deepen employees'

understanding of D&I. By helping employees learn how to communicate well with people from diverse backgrounds, this video content promotes concern for human rights.

In addition, on Human Rights Day in December, we posted video content to our intranet which introduces the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.



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Respect for human rights in advertising (Japan)

We have put in place a framework to facilitate self-checks in relation to verification of how the human rights perspective is presented in advertisements, product packaging, etc. When making the determination as to whether such representations include content that could be deemed to violate human rights, it is important to have several pairs of eyes doing the checking, so the relevant business division manager and their supervisor verify whether the content could be considered to violate human rights, while also sharing information with our internal creative division (i.e. Advertising Communication).

We also work to cultivate personnel to undertake human rights promotion* within the Advertising Communication, as well as engaging in sharing and consultation within the division, and putting in place the framework needed for proactive improvement. In cases where it is difficult to make a judgment, the relevant personnel consult with and seek verification from the ESG Division in order to be able to respond effectively.

* Personnel to undertake human rights promotion
These are human talent that strive to enhance human rights literacy within Advertising Communication, and to lead the division's efforts in this area.

Initiatives for deepening understanding of racial discrimination issues

In 2020, the Black Lives Matter movement against racial

discrimination in the U.S. attracted a great deal of attention. Within the Kao Group, we implemented awareness-raising activities to deepen understanding of racial discrimination issues.

- On June 19, we launched a new Kao Way training activity entitled Racial Discrimination in the Americas—Key Aspects and Background. Historians Ms. Eri Kitada of Rutgers University and Ms. Yuki Takauchi of the University of Illinois gave a talk on racial discrimination as a social construct, and on the historical roots of colonialism and slavery, which was used as the basis for internal discussion within the company.
- On August 31, during the ESG Promotion Meeting, a video was shown featuring an address by Mr. Chris Miller, a Senior Director at the National Underground Railroad Freedom Center, a museum in Cincinnati which is focused on inspiring dialogue on freedom and human rights based on stories of the past. The video was subsequently made available for all employees to view on the company intranet.
- In the Americas, experts have been invited to participate in discussions, and workshops have been held to deepen understanding of diversity topics such as systemic racism and increasing awareness of cultural differences.

Human rights initiatives during the COVID-19 pandemic

- A special page has been established on the company intranet, presenting information that includes details of pandemic response measures and techniques for working effectively when working at home, etc. The need to respect human rights has also been mentioned in the CEO's Message.
- During the period in which measures to reduce the need for employees to leave their homes, including the adoption of working from home, etc., have been in effect due to the impact of the COVID-19 pandemic, we have been providing a Special Requirements Allowance for those employees who still need to go into work to ensure continuity of production, logistics or sales operations, etc.

Stakeholder engagement

Human rights initiatives in procurement activities



Hiroshi Ishida

Executive Director,
Caux Round Table Japan
(CRT Japan)

Global trend: E×S×G = striving to be a resilient company

Legislation concerning human rights due diligence is becoming stricter, particularly in Europe. In the future, companies will be required to engage in direct dialogue with workers in the supply chain through a sampling process, identify workers whose human rights are being violated and address those violations.

In addition, the criteria that ESG investors used to make investment decisions will include not just individual responses to E, S and G, but also the ability to explain the relationship of these three to operations in the sense of promoting their diffusion throughout management and whether companies can sustainably pursue strong resilience even during the COVID-19 pandemic.

Notable Kao initiatives

Kao has created mechanisms for ESG policies and management structures (human rights due diligence). To ensure that we do not overlook the concerns of stakeholders (procurement of stable natural resources including palm oil, paper and pulp), the Human Rights Promotion Team, which is made up of relevant departments centered on the ESG Promotion, has an outstanding system for cross-organizational responses.

Expected future actions

- Draw up a grand design in agreement with management as an ESG Strategy and quantitatively and qualitatively indicate the direction to be pursued in the future
- E×S×G = Corporate resilience
 - E: Develop a grand design for achieving carbon neutrality by 2030 and 2050
 - S: Identify foreign workers within and outside Japan, confirm whether there are any direct human rights violations in relation to raw materials (palm oil), and establish a hotline for receiving complaints
 - G: Disclose the processes of debate and decision making by the ESG Committee and Human Rights Promotion Team (information disclosures from the perspectives of transparency and diversity)

- Human rights due diligence and complaint processing mechanisms in conformity with the UN Guiding Principles on Business and Human Rights have not yet been achieved, so a rapid response would be desirable. Identification of foreign workers in supply chains and determination of direct human rights issues relating to small-scale oil palm farmers are urgent tasks.
- This is extremely important because quality relationships will be enhanced by establishing a consensus through dialogue with experts in accordance with the above processes, and a framework that can secure reliability and legitimacy will be completed.