

Responsible chemicals management 102-11, 102-12, 102-15, 103-1

We appropriately manage chemicals using science-based risk assessment and risk management procedures across the entire product lifecycle from development, production and use through to disposal, aiming to minimize their significant adverse effects on human health and the environment. We will promote responsible chemicals management and contribute to the sustainability of society based on the Kirei Lifestyle Plan (KLP).

ESG Keyword

SAICM

Risk assessment of chemicals

Lifecycle management of chemicals

Risk communication about chemicals with stakeholders

Kao's creating value to address social issues

Social issues we are aware of

Chemicals foster our lifestyles and are essential for the enrichment of the lives of people globally. On the other hand, chemicals can have negative impact on human health and the environment.

Member countries at the World Summit on Sustainable Development (WSSD) held in 2002 adopted the international goals of "aiming to achieve, by 2020, that chemicals are used and produced in ways that lead to the minimization of significant adverse effects on human health and the environment, using transparent, science-based risk assessment procedures and risk management procedures [for chemicals], taking into account the precautionary approach."

To achieve this goal, the world has been taking action in accordance with the Strategic Approach to International Chemicals Management (SAICM) adopted by the United Nations Environment Programme (UNEP) in 2006. It is said that the global chemicals market will double compared to 2017 by 2030, and even greater efforts on chemicals management are needed*.

* From Global Chemicals Outlook II (UNEP, 2019)

Kao's creating value

Based on the concept of ESG-driven *Yoki-Monozukuri*, Kao seeks to reduce negative impacts on human health and the environment and to contribute to the realization of a sustainable society throughout the product lifecycle from raw materials, production and use through to disposal.

In line with the global trend toward more rigorous chemicals management, we set mid-term targets including "active implementation of SAICM to promote sound chemicals management in accordance with SAICM" in the Kao Environmental Statement issued in 2009, and we established the company-wide SAICM Promotion Committee in 2012 to achieve the objectives. We have been working to reinforce chemicals management including improving our unique Comprehensive Management System for Chemical Substances, which we developed and have been operating until now.

Contributions to the SDGs



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

If chemicals are not properly managed, they might cause adverse effects on human health and the environment, which could make it difficult to continue our business.

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

By promoting responsible chemicals management, we are contributing to the realization of a sustainable society and gaining opportunities to earn the trust of society.

Policies

Kao handles a wide range of chemicals from industrial products to consumer products, and has always engaged in thorough chemicals management. We are promoting and strengthening chemicals management based on our SAICM Promotion Policy, which was formulated in line with internationally-agreed SAICM.

For the period beyond 2020, we established our new vision and approach to achieving the ideals that Kao seeks and announced it in April 2020. We will promote responsible chemicals management based on this approach starting in 2021.

SAICM Promotion Policy

1. Development and Use of Safer and More Valuable Chemicals, and the Development of Manufacturing Processes with Less Environmental Impact
2. Chemicals Management throughout the Entire Life Cycle of Chemicals based on Scientific Risk Assessment
3. Compliance with Laws and Regulations on Chemicals and Voluntary Standards, and the Promotion of International Cooperation and Collaboration
4. Promotion of Risk Communications with Stakeholders



→ SAICM Promotion Policy
[www.kao.com/content/dam/sites/kao/
www-kao-com/global/en/sustainability/pdf/
saicm-policy.pdf](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/saicm-policy.pdf)

Education and promotion

To raise awareness of chemicals management and deepen correct understanding, we continuously provide lessons and lectures by outside experts with a focus on workers who handle chemicals including researchers. To achieve What Kao Aims to Be by 2030, we will conduct education for an even broader range of employees from now on.

Collaboration and engagement with stakeholders

As a part of our two-way communications with stakeholders, we provide customers and consumers with chemical information relating to product safety to ensure that products can be used safely with confidence. To contribute to the safer use of chemicals throughout society, we also exchange opinions with outside experts, professionals and others to promote chemicals management together with government and industry.

Framework

To accelerate implementation of initiatives aimed at realizing the SAICM objectives, we established the SAICM Promotion Committee in 2012 under the Sustainability Committee (now the ESG Committee) chaired by the President and Chief Executive Officer.

The SAICM Promotion Committee is chaired by the Managing Executive Officer responsible for overseeing the Product Quality Management.

Members are chosen from key divisions, and proposed initiatives are reflected on the day-to-day operations of individual divisions throughout Kao Group.

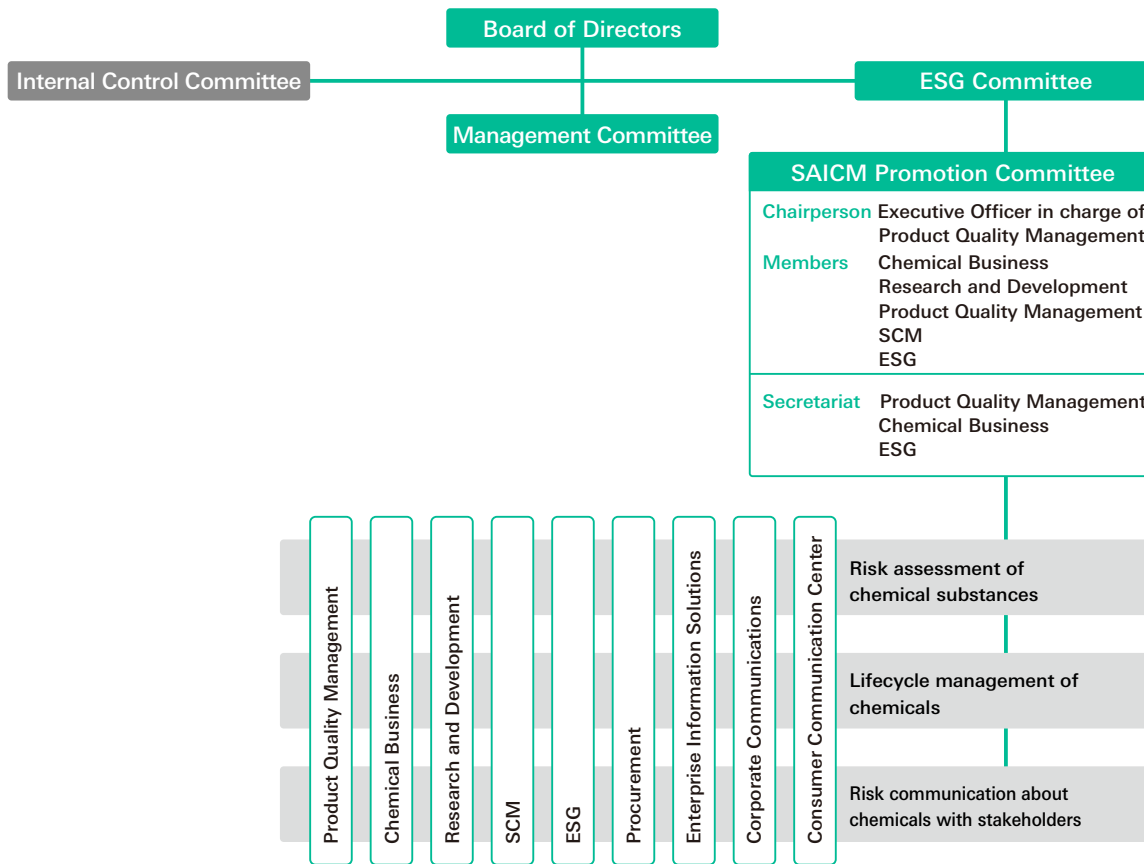
The three main areas of SAICM promotion activities undertaken by Kao are:

1. Risk assessment of chemical substances
2. Lifecycle management of chemicals
3. Risk communication about chemicals with stakeholders

We have established and have been promoting projects for each category of activity. In addition to meetings for individual projects, the SAICM Promotion Committee meets three to four times a year to conduct planning, receive progress reports, review projects and listen to lectures given by outside experts.

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SAICM Promotion Framework



* As of December 2020



→ p. 18 ESG promotion structure

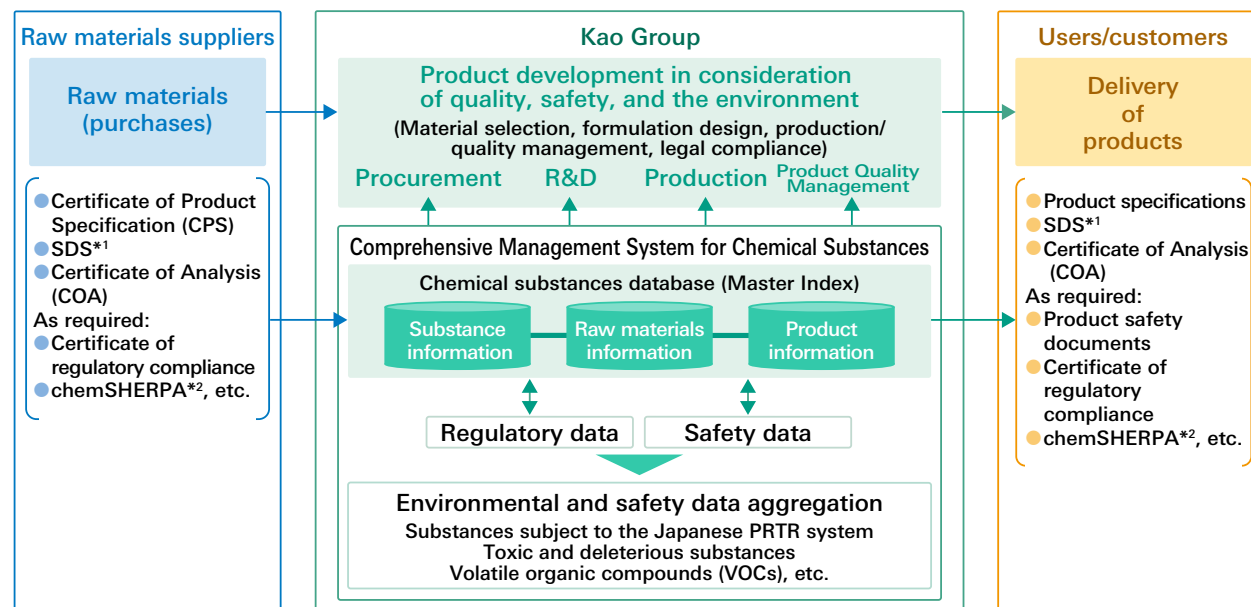
Comprehensive Management System for Chemical Substances

In addition to reinforcing responsible chemicals management with the SAICM Promotion Framework playing a central role, we developed the Kao Comprehensive Management System for Chemical Substances, an advanced IT support system created as a support tool, and use it group-wide.

This system provides a database of the constituent components of each of the raw materials included in various products from industrial to consumer products. The system makes it possible to verify the quality, safety, anti-bacterial grade, regulatory and other information of raw materials used in each product. If a problem with a raw material arises, or if risk from a new substance of concern emerges, we can rapidly identify the scope of impact and take appropriate action.

We continuously enhance the functions of the Comprehensive Management System for Chemical Substances, which aims to manage the latest information related to chemical substances used in our products, to adapt to global changes in regulatory requirements and our business expansion into new business fields and regions.

Kao Comprehensive Management System for Chemical Substances



*1 SDS

Safety Data Sheet. Document providing information to ensure safe and appropriate handling of chemicals, such as names of substances contained in the product, information about potential hazards and handling precautions.

*2 chemSHERPA

A new scheme that facilitates sharing information on chemical substances in products across the entire supply chain to address broadening regulations and appropriately manage chemical substances contained in products on an ongoing basis.

➔ chemSHERPA website: chemsherpa.net/english

Mid- to long-term targets and performance

2020 mid-term targets

1. Risk assessment of chemical substances

We select Kao priority assessment substances taking into consideration factors such as production and use volume, the exposure level for humans and the environment, and priorities in our corporate activities. We assess those substances considering the expected impact on the environment in accordance with our risk assessment policy, and implement appropriate management on the basis of the assessments.



→ Risk assessment policy
chemical.kao.com/global/sustainability/saicm/article_03/

Risk assessment of chemical substances is conducted with the following targets.

- Conduct risk assessments for Kao priority assessment substances (19 categories) by 2020 and continue assessments thereafter



→ Kao's Safety Summary of chemicals for priority risk assessment
chemical.kao.com/global/sustainability/saicm/article_05/

Examples of the 19 categories

- Alkyl glycosides (a class of non-ionic surfactants): Widely used in everyday consumer products such as dishwashing liquids, household cleaners, body soaps, shampoos, etc.
- Polyoxyalkylene alkyl ethers (a class of non-ionic surfactants): Widely used in everyday consumer products such as laundry detergents, dishwashing liquids, household cleaners, shampoos, bleaches, etc.
- Sodium linear-alkylbenzene sulfonate (a class of anionic surfactants): Widely used in everyday consumer products such as laundry detergents, dishwashing liquids, etc.
- Polyester resin for use in toner (polyester resin used as binder in toner)

2. Lifecycle management of chemicals

We have set the following targets at workplaces where chemicals are handled to prevent adverse health effects on workers.

- Conduct risk assessments and implement corresponding measures at workplaces where chemicals are handled by 2020, and continue to conduct risk assessments for new chemicals and implement corresponding measures

3. Risk communication about chemicals with stakeholders

We have set the following targets to disclose safety information for chemical substances we manufacture and sell throughout the supply chain, and to ensure safe use and proper actions in relation to chemicals.

- Release the safety summaries of 20 Kao priority assessment substances by 2020 and continue this activity after 2020
- Release GPS Safety Summaries* for 150 chemical products by 2020 and continue this activity after 2020

* GPS Safety Summary

A document providing a summary of chemical substance safety information as a reference for the general public. Besides information about physical and chemical properties, this document addresses the use and process conditions for sound risk management and outlines risk management measures. It is also used to disseminate information to downstream users.

Anticipated benefits from achieving mid- to long-term targets

Business impacts

- Increased customer trust in Kao's business and contribution to effective business activities in conjunction with achieving mid-term targets

Since 2011, Kao has selected 19 categories of chemical substances that are important for its business as Kao priority assessment substances, has verified their safety through risks assessments, and released a total of 22

safety summaries and 177 GPS Safety Summaries. This activity has increased the understanding of consumers, customers, employees, governmental agencies and other stakeholders regarding Kao products and the chemical substances used as raw materials. As a result, we have earned trust in Kao and promoted effective business activities.

- Further increases in trust and business growth by achieving long-term targets

We will gain further trust, which will lead to business growth, by continuing to provide to stakeholders products made of chemical substances that are both safe and useful as well as information on those products.

Social impacts

- Technological advances in chemical substance assessment methods and contributions to increased efficiency in chemicals management by government in conjunction with achieving mid-term targets

By disclosing the risk assessment results of chemicals, we have contributed to raising the efficiency of chemicals management throughout society. In addition, we have disclosed information and conducted joint research with government-related organizations and industry organizations in order to verify and promote risk assessment methods which have been made more precise by Kao, contributing to raising the level of chemicals management as a social issue.

- Achieving the expected social safety and confidence and solving environmental issues by achieving long-term targets

In the future, through our activities, we will realize a safe society with peace of mind for people around the world, create social value, and press ahead to solve global and social issues.

Performance in 2020

The SAICM Promotion Committee set the following targets for individual projects in 2020 and conducted activities as planned.

Targets for 2020

1. Risk assessment of chemical substances

1. Conduct risk assessments and compile risk assessment reports for Kao priority assessment substances (three categories)
2. Contribute to the optimization of risk assessment methods (through discussion at academic societies and publication of papers)
3. Initiatives for achieving the vision for 2030: Revision of the criteria for selecting assessment substances, etc.
4. Build a global foundation of the Comprehensive Management System for Chemical Substances and start operation of functions in Japan

Three safety summaries of Kao priority assessment substances and 18 GPS Safety Summaries for chemical products

2. Engage in, propose strategies for and continue two-way communication
Stakeholders: Consumers, customers, government, industry

Reviews of performance

In our initiatives on chemicals, we achieved our targets by 2020 in all projects.

We reaffirmed that chemicals management initiatives including communication with stakeholders are essential for solving global and social issues. We share challenges that have been reaffirmed through initiatives in the committee, and we will incorporate such understanding in our activities in 2021 and later.

We are continuing discussion to achieve our mid- to long-term vision for 2030.

2. Lifecycle management of chemicals

1. Implement risk reduction measures based on risk assessments at workplaces where chemicals are handled: Implement measures in regions other than Japan and promote risk assessment by research laboratories
2. Continue implementing workplace GHS* hazard indication at production sites outside Japan

* GHS
Globally Harmonized System of Classification and Labelling of Chemicals

3. Risk communication about chemicals with stakeholders

1. Publicly disclose and disseminate SAICM promotion activity results and make good use of resources resources

Our initiatives

Internal education on chemicals

We worked on the following activities in 2020.

- To raise awareness of chemicals management from the product development stage, Product Quality Management and R&D divisions led and organized internal briefings on chemicals management and lectures conducted by outside experts, both conducted online, and approximately 400 persons attended.
- In order to prevent accidents at manufacturing sites and raise awareness regarding environmental safety and other issues, the SCM Division created educational programs to be conducted at the time of hiring and internal transfer structured according to field of expertise and level of experience. The curricula included training on the risks and hazards of chemical substances.

Communication about chemicals with stakeholders

We worked on the following activities in accordance with our SAICM Promotion Policy.

We share information about chemical risks with relevant persons to reach a common understanding (risk communication), and continuously take actions to ensure that chemicals are used safely and to foster mutual trust and confidence.

1. Collaboration and communication with consumers

We engage in continuous communication relating to chemical risks so that we can gain the trust of the consumers including those who live near our plants.

The main initiatives undertaken in 2020 are outlined below.

- We presented our environment, safety and health related initiatives to the public through participating in responsible care regional dialogues of the Japan Chemical Industry Association (JCIA) and disclosing our site reports for each site.
- We collaborated on a university course on “risk society and communication” and exchanged opinions with students on the importance of communication with local communities by presenting the Kao initiatives.



→ Collaboration on “risk society and communication,” a course presented at Yokohama National University

www.kao.com/jp/corporate/sustainability/topics/sustainability-20200225-001/ (Japanese)

- We presented Kao’s SAICM promotion activities in *Kagaku Busshitsu Kanri* (Chemical substance management), a monthly publication of Joho Kiko Co., Ltd., to raise understanding of chemicals management and to develop management capabilities in society.



→ *Kagaku Busshitsu Kanri* (Chemical substance management), February 2020 issue
johokiko.co.jp/publishing/BM160800_2002_index.php (Japanese)

2. Collaboration with distributors and customers

We share information with customers and distributors so that chemicals can be handled safely throughout the supply chain and the maximum benefits of chemicals can be derived.

Providing information on chemicals in products

We proactively manage the chemical substances contained in our chemical products (management of chemical substances in products) and provide information to our customers.

With regard to the provision of information on chemical substances in products to our customers, in September 2017 we adopted chemSHERPA, a new information communication scheme for chemical substances in products developed under the initiative of the Japanese Ministry of Economy, Trade and Industry, in advance of the industry. We released the latest version of chemSHERPA-CIs* in Japanese, English and Chinese on the Kao website, and affiliated companies in Japan and Asia played a key role in distributing them to customers.

* chemSHERPA-CI

Data entry support tool and output format for communicating information on specified chemical substances

GHS-compliant SDS and product labeling

To provide the latest chemical information relating to our chemical products to customers, we promote issuing SDS and labeling of products compliant with GHS regulations in each country.

In 2020, we began operating a Comprehensive Management System for Chemical Substances that is able to rapidly prepare and manage SDS and product labels compliant with the latest GHS regulations in countries that have introduced GHS. The system is used to create and attach GHS labels for products that are newly sold from sites in Japan and Asia to regions that implemented GHS (Japan, Asia, Europe and the U.S.). We also confirmed regulatory

developments in individual countries and regions and updated SDS and labels as necessary.

Furthermore, we are revising SDS and labels to comply with the new JIS* in Japan.

* JIS

Japanese Industrial Standards

Collaboration with distributors

The Chemical Business uses its private network with sales distributors to share information such as SDS and chemSHERPA-CI to encourage collaborative chemicals management throughout supply chains.

In 2020, we posted updated information and up-to-date information on chemical regulations and import / export controls, and requested that our customers deal with them.

We also conducted an online meeting to exchange information with selected chemical product distributors in October and discussed optimal means of international logistics during the COVID-19 pandemic. We also conducted an online meeting to exchange information with selected distributors regarding updated information including chemical regulations around the world and required measures in December.

3. Collaboration with administrative bodies

In Japan, we held four meetings with government officials online and by other means to exchange information so that we can deepen trust with regulatory authorities in relation to chemicals and conduct better chemicals management as a company that handles chemicals.

4. Collaboration with industry organizations

We have participated in various activities to contribute to chemicals management in industries.

We are actively involved in JIPS*¹, a voluntary initiative by chemical industry in Japan to strengthen chemicals management in order to contribute to SAICM. In addition, we continued our positive participation in LRI*², which is promoted by the JCIA with chemical industries in Europe and the U.S., and supported researches.

The EU Chemical Strategy for Sustainability, which describes the direction of chemical policy in the EU and was published in October 2020, may have an impact on global chemical industries. Therefore, we are carefully monitoring the situation with JCIA to update information as necessary.

We worked as a leading member of the Japan Soap and Detergent Association Environmental and Safety Expert Committee, which discusses the human and environmental safety of products and raw materials. We actively participated in government study panels to exchange opinions in order to refine environmental risk assessment methods used in chemical regulations such as Chemical Substances Control Law.

*1 JIPS

Japan Initiative of Product Stewardship

A voluntary initiative based on Global Product Strategy (GPS) principles for enhancing global chemicals management promoted by the International Council of Chemical Associations in response to the adoption of SAICM

*2 LRI

Long-Range Research Initiative

An international program that provides long-term support to researches on the potential impact of chemicals on human health and the environment

Performance in 2020 concerning mid-term targets

Details concerning performance in 2020 toward the 2020 mid-term targets were as follows.

1. Risk assessment of chemical substances

1. Conduct risk assessments, compile risk assessment reports for Kao priority assessment substances (three categories), and disclose them
 - Completed risk assessments as planned (total of 24 categories). Confirmed that risks are at acceptable levels for all three categories
 - In 2020, three safety summaries for Kao priority assessment substances for which risk assessments were conducted in 2018 were released.
 - GPS Safety Summaries were prepared for 18 chemical products (in Japanese and English) and released. The cumulative number of summaries released globally reached 177.

Released in 2020

Amidoamine, alkyl sulfate, polyethylene glycols



→ Kao's Safety Summary of chemicals for priority risk assessment
chemical.kao.com/global/sustainability/saicm/article_05/

→ GPS Safety Summaries
chemical.kao.com/global/sustainability/saicm/article_06/

2. Contribute to the optimization of risk assessment methods (deepen understanding regarding risk assessment methods through discussion with experts at academic meetings)

- Presentation at the Japanese Society of Toxicology on “Human health and environmental risk assessment of chemicals in daily use—Safety assessment of alkyl amidopropyl betaine in consideration of using consumer product—”

3. Initiatives for achieving the vision for 2030
The following were discussed.

- Policies within Kao SAICM promotion activities (including new policies)
 - Created the selection criteria of Kao priority assessment substances and selected candidate assessment substances
4. Build a global foundation for the Comprehensive Management System for Chemical Substances (reinforce responses to accelerating social and environmental changes and expanding business fields and countries)
 - Commenced full-scale operations in Asia including Japan, starting in January 2020

Results achieved through this performance:

- Released risk assessment results for three categories in the form of safety summaries and contributed to enhancement of safety and fostering trust by providing accurate information to customers
- Contributed to increasing Kao's technological capabilities and improving product safety by discussing risk assessment results with experts
- Reinforced systems for complying with the regulatory requirements of each country
 - Started revision of Japanese SDS and labels in responses to revision of JIS (compatible with version GHS revision 6)
 - Began providing SDS in compliance with the requirements of each country of Asia

- Released a new function that enables quantitative compilation by substance and purpose (used for the EU REACH, South Korean REACH, Taiwanese annual volume reporting, etc.)

2. Lifecycle management of chemicals

1. Implement risk reduction measures based on risk assessments at workplaces where chemicals are handled

Major activities relating to ensuring worker health and safety in environments where chemical substances are handled: Change from “operation that requires” to “operations that require”

- Identified manufacturing operations that require health risk assessment and mitigated risks by conducting detailed investigations (Japan). These activities used an efficient risk assessment support tool developed by Kao based on assessment methods used internationally.
- Took action to acquire the latest versions of SDS at 12 plants in Asia to enable rolling out the risk assessment of chemicals conducted in Japan to Asia
- Started obtaining the latest version of SDS in Japan in response to revision of JIS

2. Continued expansion of workplace GHS indication at plants outside Japan

Reinforced and maintained workplace GHS indication at 12 plants in Asia out of the group's 22 plants outside Japan (there are 10 plants in Japan)

- Maintained and continued workplace GHS indication at Kao plants in Japan and continued rolling out and reinforcement at Kao plants outside Japan

Results achieved through this performance:

- Continued identification and improvement of operations that entail risks using a risk assessment

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support tool developed by Kao. As of November 2020, assessment has been completed for approximately 20,000 operations. Investigated risks in operations and started improvement of mitigation measures

- Confirmed that it was required to adopt GHS in the SDS of raw materials purchased at 12 plants in Asia and completed re-acquisition of approximately 180 SDS



Examples of workplace GHS indication (from the left: a storage tank, raw materials intake port and analysis room)

3. Risk communication about chemicals with stakeholders

1. Publicly disclose and disseminate SAICM promotion activity results and make good use of resources
 - Three safety summaries of Kao priority assessment substances and 18 GPS Safety Summaries for chemical products



→ p. 227 Kao's Safety Summary of chemicals for priority risk assessment / GPS Safety Summaries

2. Engage in, propose strategies for and continue two-way communication
Stakeholders: Consumers, customers, employees, government, industry



→ p. 225 Communication about chemicals with stakeholders

Results achieved through this performance:

- Disclosed safety information of chemicals throughout the supply chain using GPS Safety Summaries, contributing to ensuring safety and education on proper use
- Won the JCIA JIPS Award Grand Prize in two consecutive years and for the third time overall. This result was also reported in the JCIA 2020 annual report.



→ Japan Chemical Industry Association 2020 annual report
www.nikkakyo.org/english/report/2020

- Worked to foster trust through two-way communications with individual stakeholders. Introduced Kao's chemicals management initiatives to society through the PRTR guidebook of the Ministry of the Environment and the industry journal
- Engaged in dialogue concerning chemicals management in response to requests from national and local governments and universities and contributed to the utilization of Kao's initiatives in government and education



→ Guidebook for Citizens to Interpret PRTR Data
www.env.go.jp/en/chemi/prtr/documents/guidebook.html
→ *Kagaku Busshitsu Kanri* (Chemical substance management), February 2020 issue
johokiko.co.jp/publishing/BM160800_2002_index.php (Japanese)

Responses to social and environmental changes due to COVID-19

We responded quickly to the rapid increase in demand for hand sanitizer with alcohol, enabling a significant increase in production and supply.

Employees' voice

Risk communication about chemicals with stakeholders



Keiko Hasebe

ESG Division*, Kao Corporation

The understanding of chemicals can vary greatly depending on the stakeholder, so we engage in repeated discussions with other involved persons within the company concerning the contents and methods of communication for each target audience.

The key to communication with ordinary people and residents who live in the vicinity of plants in particular is how we can use technical jargon as little as possible and transfer in a plain manner the usefulness and risks of chemical. We came up with the idea of what only Kao can do as a manufacturer of familiar products such as consumer products.

In contrast to this, when targeting persons affiliated with a university, experts or government officials, we investigated how to make Kao's activities visible to them, created opportunities for the exchange of opinions, and actively posted information on websites and in industry journals and so on.

I will continue trying to spread accurate understanding of chemicals by as many people as possible and contribute to creating a safe society where people can live with peace of mind.

* As of January 2021

Global compliance with chemical regulations

In conjunction with rising awareness concerning human health and the environment, chemical regulations are being made stricter.

In accordance with our SAICM Promotion Policy, we register and manage the chemical substances in products that we manufacture or directly or indirectly export according to the amounts and hazards in accordance with the chemical management system of the relevant country or region.

We introduced systems that can check regulations at the time of import and export to our chemical affiliates in 2017, and we are taking measures to ensure legal compliance.

1. Japan

We investigated use information of existing chemicals throughout our supply chains and certainly reported that information in accordance with the Chemical Substances Control Law.

In addition, we promptly introduced and implemented electronic submission of performance reports concerning intermediates and other materials, a system for which was established in FY2020.

2. Australia

Australian Industrial Chemicals Introduction Scheme (AICIS), the amended chemical regulations, came into effect in July 2020. Some chemicals have a transitional period from the former regulations. Kao Australia started working to ensure conformity with this new rule with our relevant affiliates outside

Australia.

3. China

In cooperation with our local affiliates, we completed registration of new chemical substances in our products before manufacturing or import and annual volume reporting in accordance with the Measures for the Environmental Management of New Chemical Substances in China. We assessed the impact on our business from the revision of the act (Order 12), which came into effect in January 2021, and continued compliance awareness within Kao Group.

4. South Korea

In accordance with the requirements of the amended K-REACH*¹, which came into effect on January 1, 2019, Kao completed the pre-registration for all selected substances subject to registration. In 2020, we played a leading role in consortiums and worked on substances to be registered by the end of 2021.

*1 K-REACH

Act on Registration and Evaluation of Chemical substances, South Korea

5. Vietnam

In Vietnam, under the Chemical Law, a list of existing chemical substances (National Chemical Inventory [NCI]) is developing. Kao applied for additional listing of substances that are not included in the draft NCI and need to be included.

6. Other countries

In the United States, Kao Specialties Americas LLC properly reported information required every four years under TSCA*².

In addition, we made reliable submissions and management required for manufacturing and import in cooperation with our local affiliates in each country and region of Europe, North America, East and Southeast Asia and Oceania that have introduced chemicals management systems. We also made every effort to collect the latest information relating to relevant regulations.

*2 TSCA

Toxic Substances Control Act

A law in the United States that regulates chemical substances that pose unreasonable risks to human health and the environment



Kao Corporation receives JIPS Award Grand Prize

Kao's Safety Science Research Laboratories, Product Quality Management and Chemical Business collaborate to prepare GPS Safety Summaries and have been actively releasing them publicly since 2012 as a result of its SAICM promotion activities. We released 18 GPS Safety Summaries last year, the most in Japan, and received the JIPS Award Grand Prize in March 2020, following receipt of this award in the previous year. This is the third time that we have received the Grand Prize.

The JIPS Award was established by the Chemicals Management Committee of the JCIA in 2017. It awards prizes annually to companies that have made outstanding efforts to release GPS Safety Summaries, a voluntary initiative of chemicals management.

Summary of activities compared to 2012–2020 mid-term targets

Since its establishment in 2012, the SAICM Promotion Committee formulated the SAICM Promotion Policy in line with the “active implementation of SAICM to promote sound chemicals management” announced in the 2009 Environmental Statement. The committee has carried out activities through the following three projects and has achieved their objectives.

1. Risk assessment of chemical substances

- Selected Kao priority assessment substances (substances subject to assessment) and conduct risk assessments (19 categories). We released the results of 22 assessments in the form of safety summaries and released 177 GPS Safety Summaries for chemical products that contain those substances. These activities received the JIPS Award Grand Prize (in 2016, 2018 and 2019) and JIPS Award (in 2017) for GPS / JIPS initiative from the JCIA, and our activities won recognition in the industry.
- In order to quickly and globally manage the regulatory information and amounts of chemicals that have been managed in each country and region, we developed a centralized management IT system that integrates existing functions and started operation in 2020.

2. Conduct risk assessments and countermeasures at workplaces where chemicals are handled
We completed assessments and implemented corresponding measures for safety at all workplaces

and in all operations in manufacturing plants in Japan that handle chemicals. Outside of Japan, we are determining actual situations at our group manufacturing plants and have started gathering information and building the necessary framework. This work will continue until 2030.

3. Communication with stakeholders

We disseminated information about our activities and released safety summaries of the substances that we handle on our website. We are also collaborating with research organizations, governmental bodies and industry associations to promote chemicals management.

Furthermore, we developed communication methods for various stakeholders including consumers to earn trust through the release of easy-to-understand information and dialogue. We scrutinize the information that each party wants and continue to engage in communication.

Looking back on our contributions to the objectives of SAICM, “manufacture and use of chemicals with minimal risk” and “realization of a sustainable society,” we have promoted chemicals management that is recognized by industry organizations and governments. However, we have identified several challenges which will be resolved through collaboration and partnership with stakeholders.

We reaffirmed that Kao’s most important stakeholders are consumers, and we will conduct activities through 2030 from the perspectives of what is optimal chemicals management for consumers and what communication is needed to realize daily lives and a future where consumers can live with peace of mind.

Performance toward 2030 long-term targets

Discussion on operation of new framework (starting in 2021) to achieve the vision for 2030 Vision for 2030

We believe in a safe society where people around the world can enjoy the benefits provided by chemicals with peace of mind. To that end, the risks associated with chemicals should be properly managed. Through its ESG initiatives, Kao wants to take the lead in responsible chemicals management to help actualize such a society by 2030.

Five-part approaches and framework to achieve the vision for 2030

We will create a team for each of the five approaches in order to achieve Kao’s vision and promote responsible chemicals management throughout Kao Group.

1. Minimize environmental impact throughout the product lifecycle
2. Foster community safety and a sense of trust by having zero chemical accidents
3. Optimize risk assessment methods for efficient chemicals management
4. Make information on chemicals’ benefits and safety available in an accessible and easy-to-understand way
5. Effectively communicate with all people around the world to earn trust

Stakeholder engagement

Proposal to transit from conventional chemical risk communication to a wider communication field



Dr. Masaru Kitano
Akikusa Gakuen Junior College

Under the SAICM Promotion Committee, three projects have achieved results that exceed their initial goals: (1) risk assessment of chemical substances, (2) lifecycle management of chemical substances, and (3) risk communication on chemical substances with stakeholders. I would like to express my deepest respect for these achievements and for the launch of new projects looking ahead to 2030.

Here, I would like to discuss my requests and expectations regarding Kao's risk communication. With regard to project (3), Kao has engaged in risk communication with local residents living near your plants, other citizens, regulatory authorities and others. When speaking of risk communication, the subject matter of the communication is often limited almost entirely to chemical risks on human health and the environment. I believe that it is necessary in the future to engage in communication concerning the

entire lifecycle of chemical substances, including their usefulness, and not to limit communication on the potential risks of your products.

What I want to request is that Kao takes the initiative in establishing a new form of communication targeting residents near your plants and consumers and to conduct chemical safety education for elementary and junior high school students.

Through such communication, the residents will recognize that the location of your plants is desirable and that the proper use of chemical substances is important both economically and environmentally. A good company is one that is loved by customers, employees, local communities and other stakeholders.

The most important thing for the communication is mutual trust. Such trust comprises both trust in the scientific abilities of the staff in charge and trust in their personality. Kao is strongly expected to foster the communicators that people can trust in.

In the near future, standards of living in developing countries should rise, and Kao products will be used even more in those countries. I look forward to Kao becoming a leader in spreading the lessons gained through the new communication experiences in Japan. And I also expect that the proper use of Kao products may enhance more the understanding of the benefits of chemical substances, which are a kind of "double-edged sword." Finally, I hope that this new "friendship" with chemical substances spreads broadly throughout the world.