

Kao vigorously implements Responsible Care activities, which are self-monitoring activities by companies engaged in the chemical industry, to ensure safety and environmental conservation in daily operations.

Kao's creating value to address social issues

Social issues we are aware of

The stable provision of products and ensuring the quality and safety of those products, along with the provision of safe and hygienic working environments and the reduction of environmental impact from business activities, are important social responsibilities. These responsibilities must be fulfilled in our capacity as a company with a Chemical Business providing diverse materials, products and systems to wide-reaching industries with bases both within and outside Japan.

Kao's creating value

We have implemented Responsible Care (RC) activities to autonomously ensure aspects of environment, safety and health in the chemical industry. We aspire to creating a sustainable society while building trusting relationships with society from an ethical perspective by promoting these activities.

Risks related to realization of our vision by 2030

Neglecting any one of the basic pillars of RC activities will be harmful to our social reputation as each of these is vital for the chemical industry.

Opportunities related to realization of our vision by 2030

Building a strong relationship of trust with the community by promoting RC activities, which are autonomously pursued by corporations, will further facilitate the trust of stakeholders in our products and the company.

Contributions to the SDGs



Policies

As we are engaged in the manufacture, sale and distribution of chemical products, we strive to earn enhanced trust from society by ensuring environmental conservation, health and safety across the product lifecycle (from product development and manufacturing to use, consumption, recycling and disposal), continuously making improvements to these efforts, improving quality of life and contributing to a sustainable society.

To achieve this goal, we have established our Basic Principle and Basic Policies on Environment and Safety and the Kao Responsible Care Policy, and conduct business activities accordingly.

The group as a whole remains committed to the promotion of RC activities, participating in such activities since the 1995 establishment of the Japan Responsible Care Council. In 2008, then-President and CEO Motoki Ozaki signed a declaration of support for the RC Global Charter, and again in 2014 President and CEO Michitaka

Sawada signed the revised RC Global Charter.

To achieve the objective, we have established the Kao Responsible Care Policy based on the basic pillars of RC activities*, that is self-monitoring efforts governing the environment, safety and health set out by the chemical industry. We set targets each year for our group as a whole, including subcontractors, and implement those activities based on an annual plan.

* Basic pillars of RC activities: Five objectives of environmental conservation, process safety and disaster prevention, occupational safety and health, chemical and product safety, and distribution safety, and communication with society.



→ Basic Principle and Basic Policies on Environment and Safety

www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/environment-safety-principle-policies.pdf



→ Kao Responsible Care Policy

www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/responsible-care-policy.pdf

Responsible care activities 102-20, 102-43, 103-2, 403-5 (Occupational health and safety 2018), 404-2

Education and promotion

The philosophy and policy of RC activities to ensure environmental conservation, health and safety in the product lifecycle must be shared with all Kao employees as well as the staff of its business partners. To do this, the RC Promotion Committee Secretariat and RC promotion staff of the individual divisions in charge of RC promotion regularly provide education on RC activities including environmental conservation, occupational safety and health activities and their policy for Kao employees and the staff of its business partners.

Collaboration and engagement with stakeholders

Kao Group companies proactively disclose their policies and activities relating to the environment, health and safety and proactively engage in communication with consumers and customers, employees and people in local communities based on communication with society, one of the basic pillars of RC activities, striving to earn the support and trust of all stakeholders.

Framework

The Responsible Care Promotion Committee is positioned as one of the Internal Control Committees chaired by the President, reporting to the Internal Control Committee quarterly. The Internal Control Committee gives an overview activity report for its subsidiary committees to the Board of Directors. Senior Vice President (Managing Executive Officer) serves as the chairperson of the Responsible Care Promotion Committee which is

composed of 14 members: representatives from 4 divisions, in addition to representatives of the 8 promotional divisions* within Japan, and the Quality Management Division staff, meeting once per year. The RC Promotion Division and Product Quality Management Division serve as the secretariat of the committee.

Each company involved in the Chemical Business in the group, including Kao Corporation, participates in planning at the chemical industry association in their respective countries to promote RC activities.

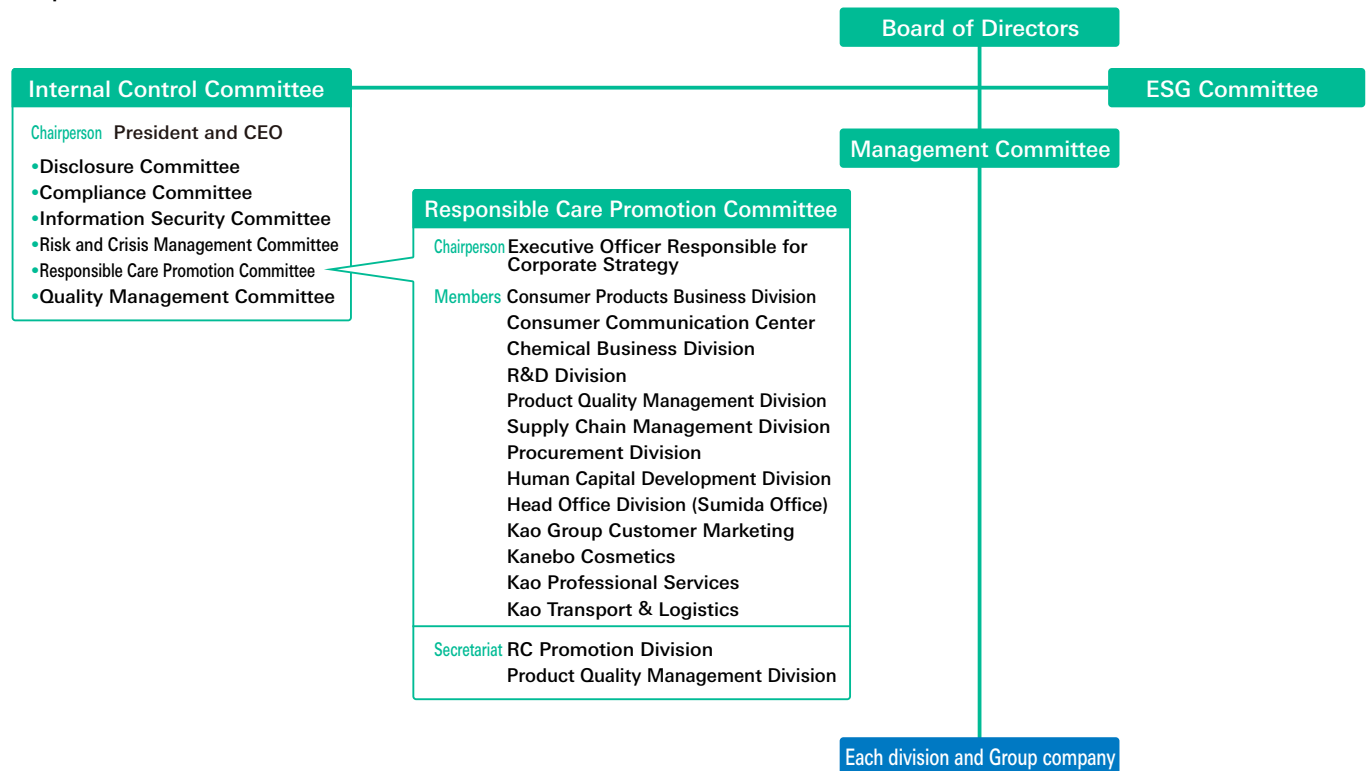
* Eight promotional divisions: Head Office Division (Kayabacho Office), Head Office Division (Sumida Office), Chemical Business Division, Kao Professional Services Division, R&D Division, SCM Division, Sales Division, Kao Logistics.



→ Corporate governance

www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2020-e-all.pdf#page=2

Responsible Care Promotion Framework



* As of December 2019.

Responsible care activities 103-2, 103-3, 403-5 (Occupational health and safety 2018)

Mid- to long-term targets and performance

We are promoting day-to-day RC activities to become a top-level global corporation for safety and environmental criteria by 2030.

In order to achieve this, we are striving to take its RC activities to an even greater level and expand their scope while enhancing management system.

Anticipated benefits from achieving mid- to long-term targets

Business impacts

Business activities are implemented normally with stable provision of products while unnecessary costs are cut down.

Social impacts

There is a possibility of positive influences such as reduction in environmental impact, improvements in sanitation, and returns to society in the areas of business activity, which facilitates a resulting improvement in the quality of life (QOL) of stakeholders, including residents of communities.

Performance in 2019

Performance

In 2019, we convened the group RC Promotion Committee on September 20, the Global RC meetings on November 5 and 6, and the Japan RC Meeting on December 3.

In addition, the RC Promotion Committee Secretariat Audit was conducted between July and August at each group company within and outside Japan and individual divisions in charge of RC promotion.

Furthermore, as part of the RC Secretariat Audit, the RC Promotion Committee Secretariat oversaw self-checks by several promotional divisions where they were in attendance to confirm that these RC self-checks were correctly implemented in line with regulatory and other requirements. The RC Promotion Committee Secretariat was in attendance for the Safety and Disaster Prevention Audit of the SCM Division, which was implemented in July 2019 and for RC patrols of the Kao Logistics Division, which was implemented in April, May, June and August.



→ p. 20 Our initiatives: Standardization of RC activities

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Reviews of performance

While waste targets as part of environment and all items of safety were not achieved, we will maintain and promote the initial targets in 2020 as well.

Responsible care activities 103-2, 103-3, 403-5 (Occupational health and safety 2018)

Our initiatives

Standardization of RC activities

The eight promotional divisions within Japan and all affiliated companies outside Japan promote the RC activities as shown below based on our Responsible Care Targets set by the Kao Group RC Promotion Committee, through drafting activity plans aligned with various operational requirements, industries, and business categories.

At the Kao Group RC Promotion Committee held in September of each year, members discuss initiatives to clarify courses of action and strengthen the management system, and deliberate over the following year's numerical targets and activity targets based on the group's mid-term targets and the results of the RC Promotion Committee Secretariat Audit conducted in August.

At the Global RC Meeting held from October to November, the RC Promotion Committee Secretariat explains the group's mid-term targets and targets for the upcoming year, as decided at the Kao Group RC Promotion Committee, and requests each company to devise its respective targets and to plan for the upcoming year. Representatives from each company present the status of their RC activities and share information within the group.

At the Japan RC Meeting held in December, based on these numerical targets and activity targets for the group decided at the Kao Group RC Promotion Committee, RC Promotion Committee members of promotional divisions

announced their respective division plans for the upcoming year, which were discussed by the committee. The RC Promotion members convey the deliberation results to their respective divisions, relating the content in detail to their activity units in an effort to improve and enhance RC activities closely connected to each worksite.

The Kao Group RC Promotion Committee meeting was held on September 20, 2019. The RC Promotion Committee Secretariat announced the group's overall first-half results in relation to 2019 RC targets, and the results of the RC Promotion Committee Secretariat Audit. The promoting divisions also announced the current status of their promotional activities and finally the group's targets for 2020 were agreed upon for deliberation.

The Global RC Meeting was held at the Kayabacho Head Office on November 5 and 6, with 18 attendees from 15 affiliated companies outside Japan. The meeting furthered understanding of Kao RC Policy and 2020 targets were confirmed. Participants were able to observe how RC activities and advice were implemented at other companies, analyze strengths and weaknesses, and share best practices, and enhance communication among members of the global RC.

At the Japan RC Meeting, held on December 3, RC Promotion Committee members of promotional divisions announced the 2020 draft plans for their divisions, with

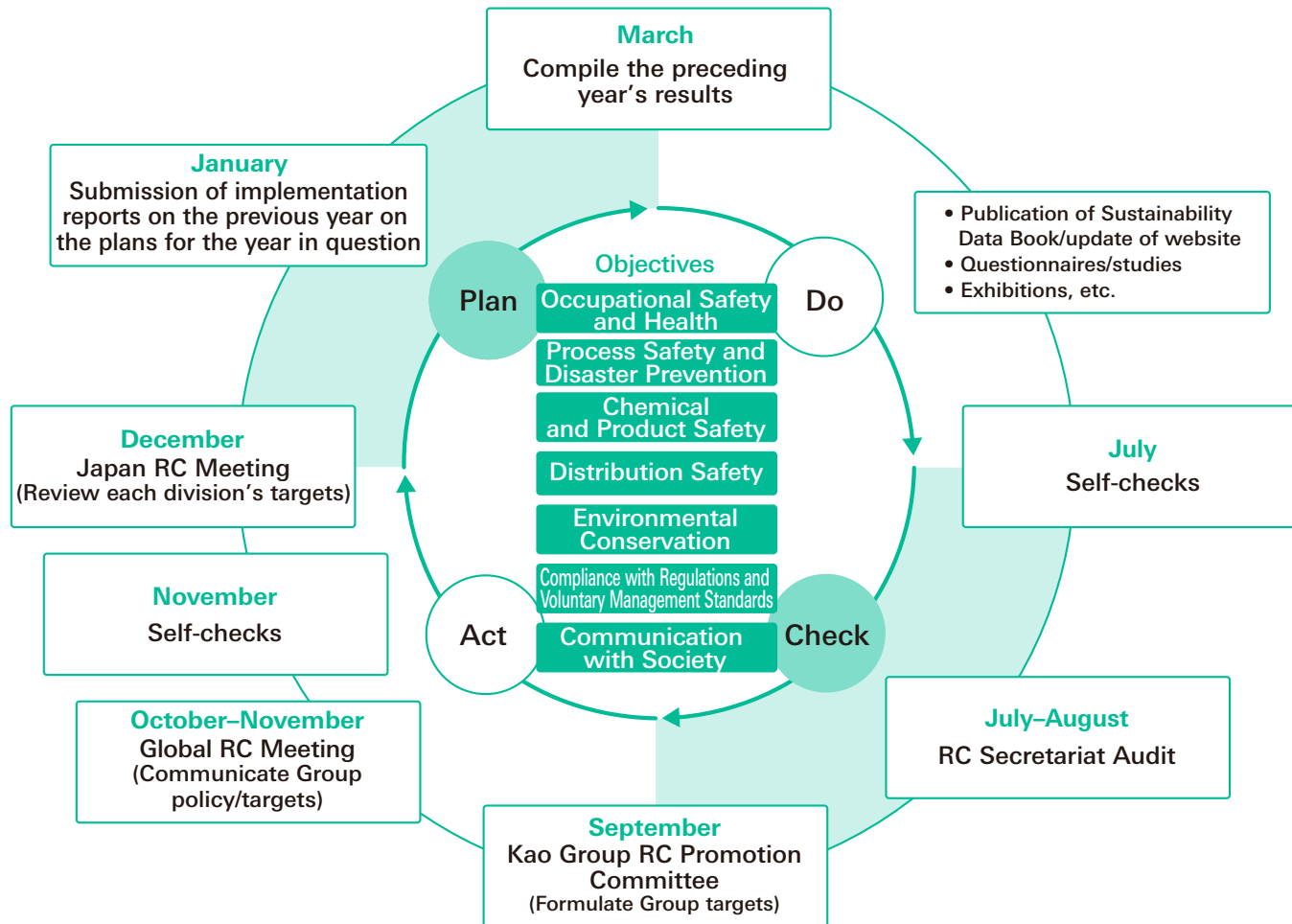
the plans then deliberated and approved. The RC Promotion Committee Secretariat then reported on the group's 2019 environmental and safety record.



Global RC Meeting

Responsible care activities 403-1 (Occupational health and safety 2018)

Annual cycle of RC activities



Utilization of environmental and safety database

We have developed the Environmental & Safety Data Management System (KANCHAN System)* to further reduce both environmental impact and occupational accidents.

The KANCHAN System automatically calculates our total GHG emissions and the annual frequency and severity rate of occupational accidents, along with other data-based practical information used to reduce our environmental impact and eliminate occupational accidents.

We are currently exploring a practical system for the efficient use of environmental and safety data by the group with the Information Technology Division, as part of deliberations on transitions to new systems.

* Environmental & Safety Data Management System (KANCHAN System)
Data shared among the group under this system includes that related to energy consumption, GHG emissions, soot and dust emissions, water consumption, wastewater discharged, wastewater conservation measurements, soil and groundwater measurements, amounts of handling, release and transfer of PRTR materials, waste generated and discharged, and final disposal of waste, occupational accident statistics, and traffic accident statistics.

Responsible care activities 103-2, 103-3, 403-2 (Occupational health and safety 2018)

Implementation status of the RC Promotion Committee Secretariat Audit

At Kao, individual divisions in charge of RC promotion conduct self-checks in July, and the audit team selected by the RC Promotion Committee Secretariat implements an audit of individual divisions in Japan in charge of RC promotion and affiliated companies outside of Japan in August, to determine the progress of RC activities and challenges to be addressed.

These results are reported at the Kao Group RC Promotion Committee held in September and Global RC Meeting held in November and these help formulate the following year's numerical targets and activity targets.

In addition, the audit involves evaluations by scoring the implementation status (implemented/not implemented; implementation rate) by survey item on the checklist used for the audit, as it is implemented based on company-wide regulations (B-02-00 The Rules for RC Secretariat Audit).

From July through August 2019, the RC Promotion Committee Secretariat Audit was conducted by using the

checklist sheet at 8 promoting divisions in Japan and 19 group companies* with plants outside Japan, with consideration to the degree of safety and environmental impacts. Starting in 2018, the scope of the checklist for the audit was expanded from its conventional form, facilitating a more advanced confirmation of the promotion status for activities.

In addition, a separate checklist was drafted for the regulatory compliance status and the management system for waste in 2019, and was used to conduct an audit.

In Japan, in meetings with the promotional divisions, various statuses were confirmed, such as the current status of compliance with regulatory requirements and criteria, progress in planning and achieving numerical targets. Outside Japan, the checklist to confirm regulatory compliance system was sent to companies, and a paper audit was conducted of the response results. It has also been confirmed that all findings from the 2018 audit had

been addressed.

As a result of the 2019 RC Promotion Committee Secretariat Audit, all 8 promotional divisions in Japan achieved an average evaluation score of 4.5 or higher, indicating that the RC promotion mechanism has become entrenched. Meanwhile, there were many findings on the management system and occupational safety for which further monitoring and improvement have been requested. Outside Japan, many companies saw an improvement in their evaluation scores compared to those in 2018 (see table below).

* Kao Corporation Shanghai, Kao (Hefei) Co., Ltd., Kao Chemical Corporation Shanghai, Kao (Shanghai) Chemical Industries Co., Ltd., Kao Huludao Casting Materials Co., Ltd., Kao (Taiwan) Corporation, Kao Vietnam Co., Ltd, Pilipinas Kao Incorporated, Kao Industrial (Thailand) Co., Ltd., Fatty Chemical (Malaysia) Sdn. Bhd., PT Kao Indonesia, PT Kao Indonesia Chemicals, Kao USA Inc., Kao Specialties Americas LLC, Quimi-Kao S.A. de C.V. (Mexico), Kao Manufacturing Germany GmbH, Kao Chemicals GmbH (Germany), Molton Brown Limited (UK), Kao Corporation S.A. (Spain).

Results of RC Secretariat Audit (2019)

	SCM Division	R&D Division	Business divisions	Corporate divisions	Affiliated companies in Japan ^{*1}	Affiliated companies outside Japan ^{*2}
No. of questions	185	163	250	327	533	5,002
No. of items requiring further monitoring	2	3	1	2	6	—
Average evaluation score [5-point scale] ^{*3}	4.92 (4.92)	4.95 (4.92)	4.88 (4.88)	4.94 (4.90)	4.90 (4.90)	4.52 (4.48)

*1 Group companies in Japan

Kao Professional Services Co., Ltd., Kao Group Customer Marketing Co., Ltd., Kao Transport and Logistics Co., Ltd.

*2 Group companies outside Japan

19 companies (12 in Asia, 7 in Europe and the Americas).

*3 () indicates 2018 results.

Responsible care activities

403-1 (Occupational health and safety 2018), 403-2 (Occupational health and safety 2018), 403-4 (Occupational health and safety 2018)

Implementation of Safety Awareness Survey

We have independently implemented the Safety Awareness Survey since 2018 to survey employee awareness of safety and facilitate future safety activities. This survey was conducted in the Japanese SCM Division in the first survey year of 2018. From 2018 to 2019, each workplace established and implemented an action plan for the results of this survey, aiming to further improve safety awareness.

In 2019, this survey was expanded to the R&D Division in Japan and group companies outside Japan, specifically to all five plants in China, PT Kao Indonesia Chemicals and Kao (Taiwan) Corporation.

We will continue to expand the target of this survey to other divisions in Japan and employees outside Japan in stages.

Status of international management system certification

Kao has implemented an RC management system throughout the group, with some plants having received ISO 14001 certification, the global environmental standard, as well as OHSAS 18001 certification, which is the standard for occupational health and safety, in addition to other certifications in respective countries.

Environmental certifications (ISO 14001, etc.)

95% of our plants have received external certification (based on total production volumes standard).

Certifications obtained at 15 individual plants in Japan and Asia have been integrated to standardize and upgrade operations. We will expand the scope of certified plants on an ongoing basis and increase the number of integrated plants.

Occupational health and safety certifications (OHSAS 18001, etc.)

Obtaining the occupational health and safety management standard has been promoted at plants outside Japan which experience more work-related accidents compared to those within Japan and need enhancement of labor management. 35% of the plants have certification (based on total production volumes standard).

In 2018 we completed initiatives at five plants in Asia for the integration of certifications obtained at individual plants in order to facilitate standardized and upgraded operations. We will expand the scope of certified plants on an ongoing basis, while updating to ISO 45001 and increasing the number of integrated plants.

Product quality certifications (ISO 9001, etc.)

95% of our plants have received external certification (based on total production volumes standard). We will continue to expand the scope of certified plants.

List of external obtained certifications



→ Certification Status of ISO and Other Standards
www.kao.com/global/en/sustainability/our-approach-to-klp/environment-activity-data/certification



Responsible Care (RC) grand prize awarded to SCM Division

Our SCM Division received the grand prize of the 13th Responsible Care (RC) Awards from the Japan Chemical Industry Association, the second consecutive year it received the award, for its disaster prevention activities through process safety evaluations.

The SCM Division was highly regarded for collecting, analyzing and systematizing information about fire and explosion accidents, significantly reducing the number of fire and explosion accidents using our independently developed activities to strengthen disaster prevention and broadly releasing information about our original safety and disaster prevention technologies.



Award ceremony

Education about RC activities

The RC Promotion Committee Secretariat and RC promotion staff of the individual divisions in charge of RC promotion regularly provide education on RC activities including environmental conservation and occupational safety and health activities for Kao employees and the staff of its business partners.

In 2019, the RC Promotion Committee Secretariat carried out RC group trainings for employees 52 times, reaching a total of 770 employees (28 times within Japan with a total of 606 participants; and 24 times in Asia, the Americas, and Europe with a total of 164 participants).

The basic RC education program was provided for group employees in Japan in 2015, and since 2015 this has also been provided via e-learning for recent graduates and employees hired mid-career.

Publishing a PR magazine to deepen communication with society (Wakayama Plant)

The Wakayama Plant publishes *Kakehashi*, a PR magazine for community residents.

Up to now, the Wakayama Plant has communicated information to community residents through plant tours and reports on the environment and safety, but many people view it as a *close but distant* presence. Meanwhile, there is a growing trend of strong interest in safety, disaster prevention and the environment due to frequent reports of accidents and disasters in society.

Therefore, the Wakayama Plant began publishing the PR magazine *Kakehashi* in 2018 for the purpose of communicating its activities and approach and further deepening community exchanges, and regularly delivers it to approximately 1,000 nearby households and 35 subcontractors.



Delivering the magazine to a neighborhood association chairperson



Kakehashi, Vol. 1

Responsible care activities

Responsible Care activity data links

Also see the following for the structure of Responsible Care activities, details of the major activities and 2019 results.

Occupational Safety and Health



→ Walking the right path>Employee wellbeing & safety
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2020-e-all.pdf#page=175

Process Safety and Disaster Prevention



→ Process safety and disaster prevention
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2020-e-all.pdf#page=94

Chemicals and Product Safety (Product Stewardship)



→ Our Approach to KLP > Activities for safer use of chemicals (SAICM promotion activities)
www.kao.com/global/en/sustainability/our-approach-to-klp/saicm/

→ Topics You Care About > Product quality management
www.kao.com/global/en/sustainability/topics-you-care-about/safety-quality/

→ Walking the right path>Responsible Chemicals Management
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2020-e-all.pdf#page=192

Environmental Conservation



→ Our Approach to KLP>Basic Principle and Basic Policies on Environment and Safety
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/environment-safety-principle-policies.pdf

→ Our Approach to KLP > Kao Environmental Statement
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/environmental-statement.pdf

→ Our Approach to KLP > Environmental Activities and Data
www.kao.com/global/en/sustainability/our-approach-to-klp/environment-activity-data/

→ Biodiversity
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2020-e-all.pdf#page=49

→ Topics you care about > Responsibly Sourced Raw Materials
www.kao.com/global/en/sustainability/topics-you-care-about/procurement/

→ Making the world healthier & cleaner
www.kao.com/global/en/sustainability/planet/

Compliance with Regulations and Voluntary Management Standards



→ Walking the right path > Effective Corporate Governance
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2020-e-all.pdf#page=134

Communication with Society



→ Corporate Citizenship Activities
www.kao.com/global/en/sustainability/society/