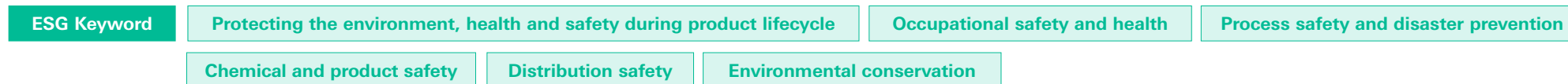


We vigorously implement Responsible Care (RC) activities, which are self-monitoring activities by companies engaged in the chemical industry, to ensure safety and environmental conservation in daily operations.



## 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 Chemical providing diverse materials, products and systems to wide-reaching industries with bases both within and outside Japan.

### Kao's creating value

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

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

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

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

Building a strong relationship of trust with stakeholders by promoting RC activities, which are autonomously pursued

by corporations, will further facilitate the trust of our product brand image 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 (QOL) 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 Chief Executive Officer Motoki Ozaki signed a declaration of support for the RC Global Charter, and again in 2014 President and Chief Executive Officer 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.

We have been actively promoting the Kao Responsible Care Policy enacted in 2012, however in 2014 the International Council of Chemical Associations revised the RC Global Charter and in addition to this, the Japan Chemical Industry Association revised their RC Basic Policy in 2016, and so we have also revised our policy in December 2020 to determine activities and targets for 2030. These revisions included renewing its contents, adding continuing education and giving each item a title to make it easier for employees to familiarize themselves with them.

\* 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.

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



→ 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](http://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](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/responsible-care-policy.pdf)

## 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.



→ p. 33 Our initiatives: Education about RC activities

## 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 staff, meeting once per year. RC Promotion

and Product Quality Management serve as the secretariat of the committee.

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

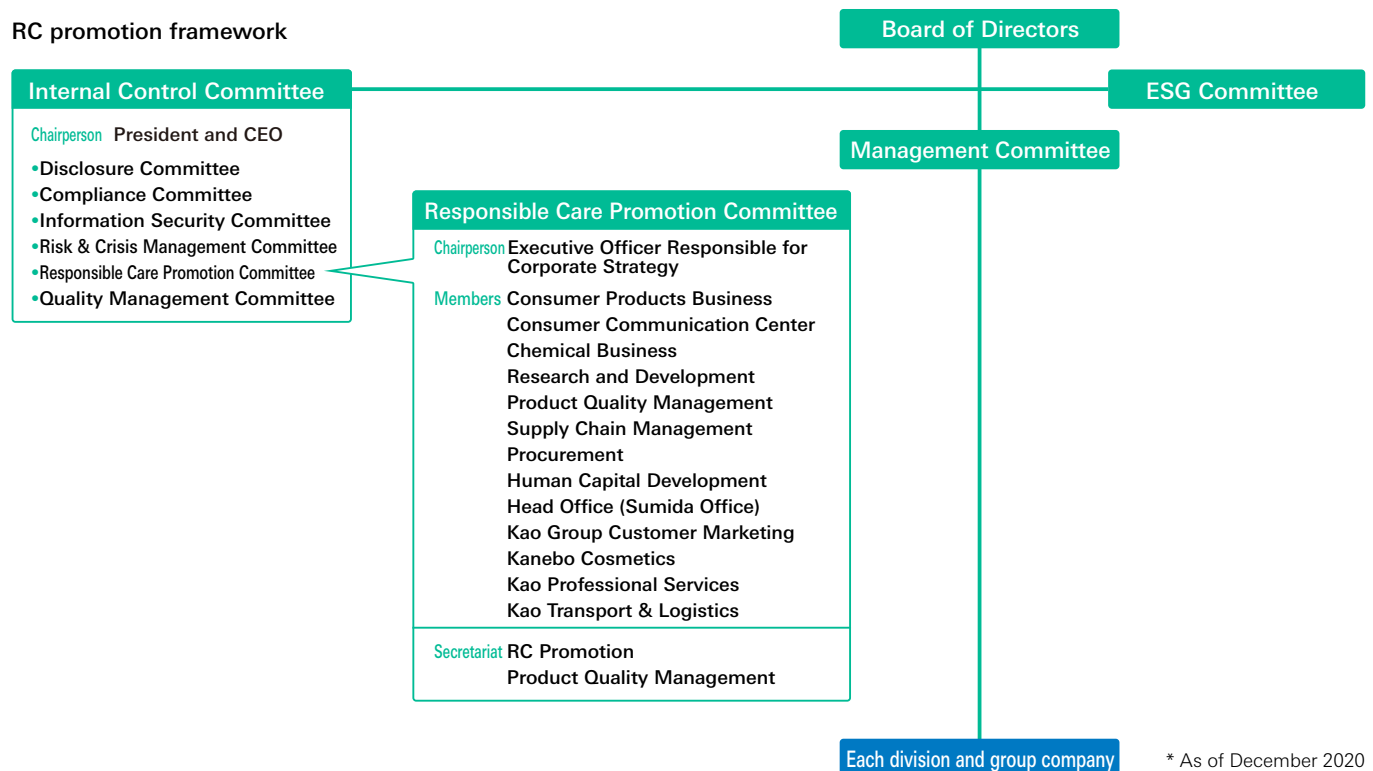
\* Eight promotional divisions: Head Office (Kayabacho Office), Head Office (Sumida Office), Chemical Business, Kao Professional Services, R&D, SCM, Sales, Kao Logistics.



→ Corporate governance

[www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2021-e-all.pdf#page=9](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2021-e-all.pdf#page=9)

### RC promotion framework



\* As of December 2020

# Responsible care activities 103-2, 103-3

## 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 our RC activities to an even greater level and expand their scope while enhancing management system.

Therefore, we set our mid- to long-term targets until 2030 as Kao Group RC targets, with annual backcasting goals for these targets to be incorporated into our daily activities.

### 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.

In addition, by improving our social reputation, we can expect an increase in product and brand popularity and the expansion of our business.

#### **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 QOL of stakeholders, including residents of communities.

## Performance in 2020

### Performance

In 2020, we convened the group RC Promotion Committee on September 30, and the Japan RC Meeting on December 16. 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.

In 2020, we conducted this audit remotely with witnesses due to COVID-19. The RC Promotion Committee Secretariat was in attendance for the Safety and Disaster Prevention Audit of SCM, which was implemented from July to September 2020.

Initially RC personnel from each company were scheduled to meet at the Global RC Meeting in November, however it was cancelled due to COVID-19 and information from this meeting was instead shared online.

### Reviews of performance

In the area of environment, we were unable to meet both our energy consumption and generated waste targets. In the area of safety, we were able to achieve all targets concerning death and serious lost-time accidents, lost work days due to occupational illness and logistics-related leakage accidents, with zero cases.

In 2020, based on the mid- to long-term targets of our Kirei Lifestyle Plan, we changed and established our 2030 targets regarding safety and the environment. We have reset our numerical targets for 2030 in areas of environmental decarbonization, increasing the rate of renewable energy from purchased electricity and reducing the absolute value of GHG emissions, reduction of waste (zero waste) regarding landfill and simple incineration allowance, and in the air & water pollution prevention to improve disclosure of VOC and COD emissions, in addition to improving the lost time accident frequency rate in areas of safety.



→ p. 30 Our initiatives: Standardization of RC activities

p. 32 Our initiatives: Implementation status of the RC Promotion Committee Secretariat Audit

p. 33 Our initiatives: Education about RC activities

# 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.

#### Kao Group RC Promotion Committee (September)

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.

#### Global RC Meeting (October to November)

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.

#### Japan RC Meeting (December)

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 online on September 30, 2020. The RC Promotion Committee Secretariat announced the group's overall first-half results in relation to 2020 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 2021 were agreed upon for deliberation. During this time Kao Group RC targets for 2030 were decided, and we received approval to upgrade and continue our annual activities by reaching our backcasting goals. Furthermore, in order to achieve mid-to long-term targets for 2030, we proposed and approved a review of our Kao Responsible Care Policy.

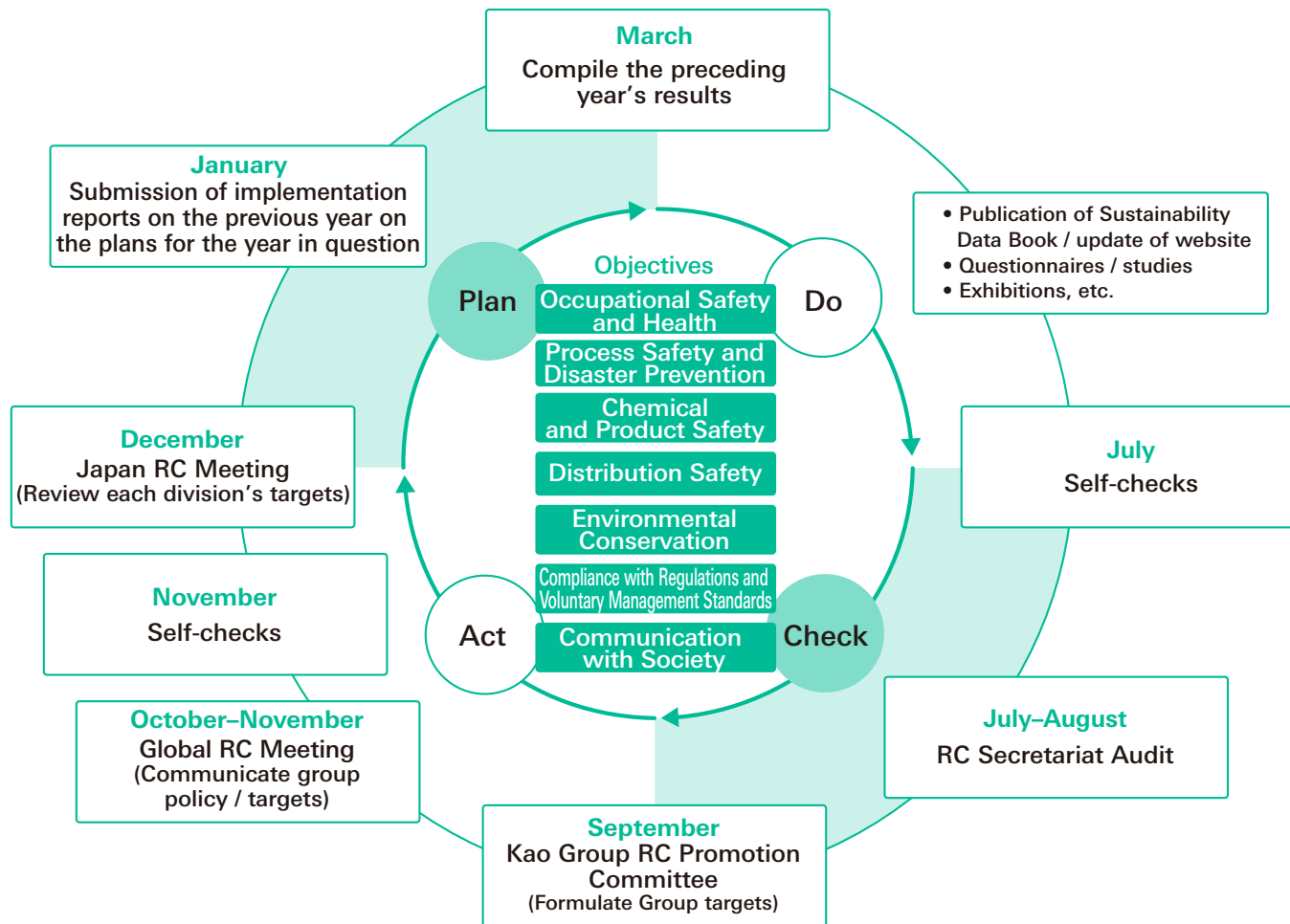
At the Japan RC Meeting, also held online on

December 16, RC Promotion Committee members of promotional divisions reported on their 2020 activity results and announced 2021 draft plans for their divisions, with the plans then deliberated and approved. The RC Promotion Committee Secretariat then reported on the group's 2020 environmental and safety record.

Initially RC promotion staff from each country were scheduled to meet at the Global RC Meeting held at our Head Office on November 9 and 10, however it was cancelled due to COVID-19. Instead this meeting was held online, furthering understanding of the Kao RC Policy and confirming 2021 and 2030 targets. Participants were able to observe the status of other companies' RC activities and share their best practices, aiming to vitalize and improve RC activities.

# 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 to a practical system for the efficient use of environmental and safety data by the group with Enterprise Information Solutions, 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 concentration 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 2020, the RC Promotion

Committee Secretariat Audit was conducted by using the checklist sheet at 8 promoting divisions in Japan and 20 group companies\* with plants outside Japan, with consideration to the degree of safety and environmental impact. 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 Japan, in meetings with the promotional divisions, various statuses were confirmed online, 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 the COVID-19 response and countermeasures was sent to companies, and a paper audit was conducted which included these response results. It has also been confirmed that all findings from the 2019 audit had been addressed.

As a result of the 2020 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 occupational safety and environmental conservation for which further monitoring and improvement have been requested. Outside Japan, many companies saw an improvement in their evaluation scores compared to those in 2019, however the average score remained the same as last year (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), Kao Chimigraf, S.L.

### Results of RC Secretariat Audit (2020)

	SCM Division	R&D Division	Business divisions	Corporate divisions	Affiliated companies in Japan <sup>*1</sup>	Affiliated companies outside Japan <sup>*2</sup>
No. of questions	185	168	245	335	590	5,233
No. of items requiring further monitoring	4	3	4	0	6	—
Average evaluation score [5-point scale] <sup>*3</sup>	4.91 (4.92)	4.98 (4.95)	4.90 (4.88)	4.86 (4.94)	4.82 (4.90)	4.52 (4.52)

\*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

20 companies (12 in Asia, 8 in Europe and the Americas)

\*3 ( ) indicates 2019 results.

# Responsible care activities 403-1, 403-2, 403-4, 403-5 (Occupational health and safety 2018)

## Status of international management system certification

We have implemented an RC management system throughout the group, with some plants having received ISO 14001 certification, the global environmental standard, as well as ISO 45001 and OHSAS 18001 certifications, which are the standard for occupational health and safety, in addition to other certifications in respective countries.

### Environmental certifications (ISO 14001, etc.)

96% of our plants have received ISO external certification, and 2.5% have received external certification from the government and other authorities (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 (ISO 45001, 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).

Previously we had obtained individual plant certification, but following the initiatives we completed at five plants in Asia in 2018 for the integration of certifications obtained at individual plants in order to

facilitate standardized and upgraded operations, we were able to successfully transition from OHSAS 18001 to ISO 45001 in 2020. We will expand the scope of certified plants on an ongoing basis by increasing the number of integrated plants, while considering including our Japanese 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/](http://www.kao.com/global/en/sustainability/our-approach-to-klp/environment-activity-data/certification/)

## 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 2020, the RC Promotion Committee Secretariat carried out RC group trainings for employees 17 times, reaching a total of more than 54,000 employees.

Also in 2020, we conducted online training covering basic knowledge on disaster prevention and the Fire Service Act for all group employees in Japan in addition to a survey. Currently, in response to the increased number of employees

working from home due to the influence of COVID-19, we have adopted an e-learning style format for all of our employees in Japan. The average attendance rate for these training sessions was above 70%. Going forward, we will use e-learning actively to carry out RC-related education.



### Kao (Taiwan) Corporation receives an award of excellency at the 9th Annual New Taipei City Industrial Safety Awards

Kao (Taiwan) Corporation receives the highest award of excellency at the 9th Annual New Taipei City Industrial Safety Awards held in New Taipei City, Taiwan.

This award is given based on audit scores institutions received regarding occupational safety policies, management, work-related accident prevention measures and other general related activity.

Kao (Taiwan) received this award as a result of its highly recognized occupational safety activities. This year 13 public entities and 3 companies were presented with awards.



Award ceremony (Left: Mayor of Taipei, right: President of Kao (Taiwan)) and a commemorative plaque

# Responsible care activities

## RC activity data links

Also see the following for the structure of RC activities, details of the major activities and 2020 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-2021-e-all.pdf#page=199](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2021-e-all.pdf#page=199)

### 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-2021-e-all.pdf#page=117](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2021-e-all.pdf#page=117)

### Chemical and product safety



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

→ 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](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/environment-safety-principle-policies.pdf)

→ Topics You Care About > Product quality management  
[www.kao.com/global/en/sustainability/topics-you-care-about/safety-quality/](http://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-2021-e-all.pdf#page=219](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2021-e-all.pdf#page=219)

### 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](http://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](http://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/](http://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-2021-e-all.pdf#page=65](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2021-e-all.pdf#page=65)

→ Topics You Care About > Responsibly Sourced Raw Materials  
[www.kao.com/global/en/sustainability/topics-you-care-about/procurement/](http://www.kao.com/global/en/sustainability/topics-you-care-about/procurement/)

→ Making the world healthier & cleaner  
[www.kao.com/global/en/sustainability/planet/](http://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-2021-e-all.pdf#page=144](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/klp-pr-2021-e-all.pdf#page=144)

### Communication with society



→ Corporate Citizenship Activities  
[www.kao.com/global/en/sustainability/society/](http://www.kao.com/global/en/sustainability/society/)