

## Kao's approach

Our business is made possible by the many benefits of biodiversity across the entire product lifecycle. Biodiversity conservation is becoming a global-scale issue, and we are working through both our business activities and social contribution activities to reduce the impacts of our business on biodiversity and to sustainably use the benefits of biodiversity without exhausting them.

## Kao's creating value to address social issues

Palm oil, paper and pulp are the main raw ingredients for many of our products.

Palm oil especially is associated with serious social issues, including destruction of forests where palm oil is produced and violations of the human rights of local residents.

We take these problems seriously and have set specific targets for purchasing certified products and to ensure traceability back to the source. We are conducting activities accordingly to achieve these targets.

By doing this, we are working to procure sustainable raw materials without resulting deforestation and human rights violations.

### Contributions to the SDGs



## Policies

Based on risk analysis relating to the biodiversity of our business activities, in 2011 we drafted the Basic Policies on Conservation of Biodiversity, which consists of seven policies: 1) Identify the relationship between our business activities and biodiversity, 2) Reduce the impacts of our business activities on biodiversity, 3) Develop innovative technologies, 4) Comply with relevant international agreements, 5) Make efforts to conserve local ecosystems in the vicinity of our business activities, 6) Raise awareness of biodiversity among all employees and 7) Pursue cooperation with external stakeholders.

We publish the details of our action policies and introduce specific activities on our website.



→ Basic Policies on Conservation of Biodiversity and Action policies and examples for each item in the basic policies  
<http://www.kao.com/global/en/sustainability/environment/statement-policy/statement/biodiversity-policy/>

## Framework

To ensure company-wide progress on biodiversity conservation activities in the medium to long term, we manage our policies, targets, plans and activities related to biodiversity under the Responsible Care framework.



→ P.185 Governance > Responsible care activities/Framework

## Education and promotion

From 2011, when we defined our Basic Policies on Conservation of Biodiversity, to 2012, we conducted e-learning courses for all employees of the Kao Group in Japan.

Since 2013, we have conducted environmental education each year that includes biodiversity topics for new employees.

Outside Japan, we are conducting awareness-raising activities on biodiversity through such venues as the annual Global RC Meeting.

We have also begun company-wide green space conservation activities giving consideration to biodiversity. We aspire to deepen understanding for biodiversity among all employees through their participation in these activities.

## Mid- to long-term targets and performance

### 2020 mid-term targets

We strive to protect biodiversity through responsible raw materials procurement and other measures.

In raw materials procurement, detailed 2020 objectives are set for the main raw materials of palm oil, paper and pulp.



→ p. 134 Corporate Culture > Sustainable and responsible procurement

### 2018 targets

We have set the following as our Responsible Care targets related to biodiversity.

#### 1. Promote sustainable raw materials procurement

We are steadily implementing measures to achieve our 2020 targets.

#### 2. Promote business and social contribution activities with consideration for local biodiversity

Assessments of biodiversity protection at sites: We have introduced globally shared indicators for biodiversity assessments for the purpose of understanding the current level of biodiversity protection activities at all Kao Group sites with plants, identifying areas that require future improvement, and defining activity objectives and plans.

#### 3. Reduce use of copy paper

Create awareness and understanding for ways to reduce paper use, manage the progress toward targets and promote reduced paper use.

#### 4. Green procurement

Create awareness and understanding for green procurement, manage the progress toward targets and promote green procurement.



## Performance in 2017

### 1. Promote sustainable raw materials procurement



→ p. 134 Corporate Culture > Sustainable and responsible procurement

### 2. Promote business and social contribution activities with consideration for local biodiversity

#### Biodiversity conservation activities at each site

##### • Wakayama Plant

The Wakayama Plant received the highest level of five assessment ranks in the Social and Environmental Green Evaluation System (SEGES) certified by the Organization for Landscape and Urban Green Infrastructure.

We produced the educational "Suiken Dike Story" book to teach fourth-grade students at elementary schools in Wakayama City about the history and environment of Wakayama Prefecture through the Suiken Dike initiative. We donated 4,000 copies of the book to Wakayama City.

Wakayama Plant has participated in the Company Forest program sponsored by Wakayama Prefecture since 2007, and as part of this program, conducted activities such as tree planting and clearing undergrowth.

The area where Wakayama Plant conducted these activities has grown into a healthy mountainous forest, so the plant has entered into a new agreement with the town of Kimino in Wakayama Prefecture and has begun conducting activities there.



→ p. 59 Our initiatives: Environmental conservation activities at Wakayama Plant

##### • Kashima Plant

In the Employees' Forest, hands-on nature-themed environmental classes are held for local residents and the families of employees.

Among other events designed to raise environmental awareness, "forest artist" craft workshops were held for children to make crafts using their imagination and things like fruit from the trees and fallen leaves.

The plant's educational activities on the environment using the topic of CO<sub>2</sub> reductions from afforestation activities in the Employees' Forest were recognized in the Cool Earth Ibaraki Contest 2017 and received the Grand Prix Award.

##### • Kawasaki Plant

The plant is located in a waterfront industrial area in Kawasaki City, and, nevertheless, the green space on the plant grounds has been highly praised by outside groups as one of the only large green spaces in the area.

In 2017, an outside organization of experts conducted a biological survey and verified that many organisms live in this habitat, including a species of swallowtail butterfly.

The plant is now studying green space management methods that give consideration to biodiversity.

#### Kao Creating Forests for Everyone program

In March 2017, Kao designated a total of 21 groups, comprising 11 groups involved in forest creation and 10 groups involved in environmental education, as recipients of fiscal 2016 subsidies.

To date, a cumulative total of 432 groups have received support through the program, with 320,000 citizens participating in the activities.

#### FURUSATO Environment Conservation Project in Northern Thailand

In the five years from 2012 to 2016, we reached our goal of

planting 42,500 trees on 35 ha of land.

While contributing to the reforestation of northern Thailand, the project also raised awareness among local residents for creating sustainable forests and their leadership in deciding how to use and coexist with the created forest.

The first phase of the project has finished, and through the second phase of the project, we plan to follow up on the reforest to create employment and obtain relevant technologies for local residents.

#### Employee volunteers in Post Tsunami Monitoring Project

In 2017, 10 employees went to local areas to support fieldwork.

The data obtained in the fieldwork are used in restoration plans that take biodiversity into consideration and for conservation of species.

#### Sending teachers to fieldwork projects through the Kao Earthwatch Teachers' Fellowship

A total of 10 teachers participated in five projects in 2017.

The teachers take back the experiences they gained in the fieldwork to their schools and communities to use in environmental education.

In November, we held a reporting session with teachers from this fiscal year and past years to share information on environmental education they conducted.

To date, 148 teachers have participated in 75 projects.



→ Corporate Citizenship Activities Report  
<http://www.kao.com/global/en/sustainability/society/social-reports/>

# Biodiversity

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## Collaboration with stakeholders

- We regularly receive advice from outside consultants on sustainability-related topics including biodiversity across all of our business and social contribution activities to ensure ongoing integrity in our activities.
- We have participated in the Japan Business Initiative for Biodiversity (JBIB) since its inception in 2008. We engage in a diverse range of activities in the JBIB in cooperation with companies in other industries, including holding events and research on how companies can contribute to biodiversity conservation.
- At our sites inside and outside Japan, we advance biodiversity conservation activities in cooperation with various stakeholders, including government agencies, local governments, academic institutions, NPOs and NGOs, to promote business and social contribution activities that give consideration to local biodiversity.

Kao's approach

Our initiatives

Conservation

Community

Corporate Culture

Governance

## Our initiatives

### Environmental conservation activities at Wakayama Plant

#### Conservation of storm surge pine grove

A pine grove and dike stretching for approximately 3 km was created in Wakayama City at the beginning of the Edo Period (1603-1868) for the purpose of protecting local homes and agriculture from storm surges. Part of this structure is the Suiken Dike, which has been designated a historical site of Wakayama Prefecture.

This pine grove traverses the grounds of Wakayama Plant for 1 km running north to south, and the plant has made efforts to conserve the pine grove for many years.



Wakayama Plant and pine grove traversing its ground



Pine grove conservation zone at Wakayama Plant

Since 2011, Wakayama Plant has served as a biodiversity model plant leading other plants, creating green spaces as well as managing and using land with consideration for biodiversity, focusing mainly on the pine grove.

A promenade has been constructed in the pine grove conservation zone, awareness-raising among employees

and communication with the public in cooperation with the Kao Eco-Lab Museum on the plant's grounds are the plant's effective activities.

In 2017, with the desire to teach local children about the wisdom and ingenuity of the people who long ago build the Suiken Dike, as well as current conservation activities, we created the educational "Suiken Dike Story." This children's book, created in cooperation with former Wakayama City elementary school teachers and the Wakayama City Board of Education, educates readers about the local history and environment.

This book is designed for the fourth-grade students of the entire Wakayama City, and 4,000 copies were donated to Wakayama City.



Ceremony to present "Suiken Dike Story" held at the Wakayama City Hall

#### Employees participating in the Company Forests program

The plant employees actively participate in a range of environmental conservation activities conducted locally, including forest conservation and cleanups.

For example, the plant have participated in the Company Forests program sponsored by Wakayama Prefecture since 2007. Many employees have provided hands to help plant approximately 700 trees native to the overgrown mountainous forest, and have since cleared undergrowth each year.

The area where the plant employees have conducted these activities has grown into a healthy mountainous forest, and a new activity area of was added in 2017. The range of the activities is expanding to preparing the land for tree planting.

In a comprehensive assessment of these activities, Wakayama Plant received the highest rank of Superlative Stage in a five-rank assessment of developing green areas in SEGES\*, certified by the Organization for Landscape and Urban Green Infrastructure.



Employees clear unnecessary undergrowth at the Kao Forest Oishi

\*SEGES

Social and Environmental Green Evaluation System. Objectively evaluates excellent initiatives for conserving corporate green spaces, which contribute to society and the environment through activities to protect and develop green spaces.

### Understanding relationships between business and biodiversity

We comprehensively assess the environmental impacts of our products using various assessment methods including LIME, which quantifies environmental impacts in an integrated manner.



→ p. 22 Conservation > Initiatives for the environment/Product design with environmental considerations—Environmental impact assessments of products using the LCA framework