

Kao's approach

Kao stipulates basic occupational safety and health criteria to maintain a workplace environment in which all employees can work with peace of mind. We also implement various activities to ensure the safety and health of all employees.

Kao's creating value to address social issues

Social issues we are aware of

Kao as a company with several large-scale plants has increasingly heightened occupational safety needs in the context of accidents at chemical plants, and the many natural disasters that have occurred recently.

Kao's creating value

Kao has defined an activities policy for occupational safety and health as part of the Kao Responsible Care Policy and is endeavoring to ensure the safety and health of all employees of the group. We achieve this by focusing on and implementing activities in the areas of risk assessment for operations/ machinery and chemical substances, and by the consistent implementation of and follow-up for health check-ups, as well as mental health measures.

We will deliver workplaces which provide job satisfaction and peace of mind both for the employees themselves and for their families, by creating safe, healthy and pleasant working environments.

Risks related to realization of our vision by 2030

- Risk of stoppages to operations due to occupational illness resulting from critical disasters or compromised operating environments.
- Risk of loss of societal trust in the company due to the above

Opportunities related to realization of our vision by 2030

We actively work, by means of thorough risk assessments, to eradicate the factors which threaten the occupational health and safety of all employees, thereby creating workplaces where they can work in safety, health and peace of mind.

Contributions to the SDGs



Policies

Activities to ensure occupational safety and health are clearly stipulated in the Kao Responsible Care Policy. This is a policy to "eradicate occupational accidents and reduce potential risks, as well as provide comfortable working environments and promoting employee health." Accordingly, when occupational accidents occur, we carefully investigate the accident or disaster, and identify and analyze the causes. The Policies results of the analysis are shared throughout the group to help prevent similar accidents from occurring again in the future, thereby protecting our employees while maintaining safe and stable operations.



→ Kao Responsible Care Policy
www.kao.com/global/en/sustainability/environment/statement-policy/policy/responsible-care/

Framework

The Kao Responsible Care (RC) Policy and the promotion framework and activities can be found on the following page.



→ p. 195 Governance > Responsible care activities

Education and promotion

We implement education, drafting educational plans related to occupational safety and health for employees and temporary workers at all workplaces. We also ensure that health and safety training is conducted for new hires or reassigned personnel at the location of deployment. As part of these activities, we list up the necessary operations for special education and ensure that the necessary training is implemented.

By implementing education, we are able to share information relating to safety and health in the workplace, and are able to undertake activities aimed at achievement of safety and health targets.

We also publish an annual safety message from the President and a safety poster, to improve awareness of safety issues.



→ p. 184 Corporate Culture > Process Safety and disaster prevention / Education and promotion

Collaboration with stakeholders

To ensure subcontractors' safety, we also hold safety and disaster prevention events at manufacturing and research premises and logistics bases. We also promote collaborative safety activities, sharing safety information such as occupational accident case studies and countermeasures within the group with subcontractors on a monthly basis.

The Kao Logistics Division also holds monthly safety and quality meetings with transportation contractors.

We also hold annual information sharing meetings with transportation contractors and arrange for them to collaborate in our activities to eliminate work-related traffic accidents.

Mid- to long-term targets and performance

Mid- to long-term targets

We aim to become a company which meets top-level global standards for health and safety by 2020.

We have set a target of achieving the complete elimination of deaths and serious lost time accidents, and a target for reducing the lost time accident frequency rate (to below 0.10), and we also aim to completely eliminate 100% negligence accidents causing bodily injury in relation to work-related traffic accidents by 2020, for both employees and subcontractors.

Anticipated benefits from achieving mid- to long-term targets

Cost reductions or profit increase

Mitigation of unnecessary expenses and reductions in overall costs, leading to higher revenues with the sound implementation of business activities achieved by having all employees working in good health.

Impacts on society

Stable provision of products with sound implementation of business activities by having all employees working in good health. This can also help facilitate the stabilization of product prices

Performance in 2018

We implemented activities from the two perspectives of "Eradication of occupational accidents" and "Creating a pleasant working environment and improving employees' health."

Specific activities to eradicate occupational accidents have focused on equipment and operational risk assessment for existing facilities. We have also promoted improvements using near-miss incident proposals, risk assessment and incoming safety inspections in advance of operation of newly-installed

equipment, and equipment safety measures and the prevention of equipment-related incidents by ensuring thorough awareness of and compliance with rules. Activities have also focused on measures to prevent slip and fall accidents involving stairs, etc., and work-related traffic accidents, etc.

In the area of creating a pleasant working environment and improving employee health, we have strengthened management of the working environment, ensuring effective implementation and

follow-up of health check-ups, undertaking health promotion activities, stress checks, and implementing risk assessment for chemical substances.

In addition, at the Health and Safety Committee meetings which are regularly held at each workplace, we report on activity plans as well as giving performance reports and disseminate this information to employees.

2018 Targets and performance (Kao Group)

Item	Indicator	Scope	2016	2017	2018		
			Results	Results	Target	Results	
Occupational accidents	Death and serious lost time accidents*1 (persons)	Including both regular employees and temporary workers (Kao Group)		0	1	0	0
		Breakdown	Japan	0	1	—	0
			Asia	0	0	—	0
			Americas	0	0	—	0
			Europe	0	0	—	0
		Subcontractors (Kao Group)		0	0	0	0
		Breakdown	Japan	0	0	—	0
			Asia	0	0	—	0
			Americas	0	0	—	0
			Europe	0	0	—	0
	Lost time accidents frequency rate*2	Including both regular employees and temporary workers (Kao Group) <input checked="" type="checkbox"/>		0.67	0.55	0.20 or less	0.77
		Breakdown	Japan	0.47	0.36	—	0.54
			Asia	0.31	0.34	—	0.19
			Americas	3.20	3.57	—	4.18
			Europe	4.12	2.79	—	4.66
		Including both regular employees and temporary workers (Reference: Member companies of Japan Chemical Industry Association)		0.35	0.36	—	—
		Subcontractors (Kao Group) <input checked="" type="checkbox"/>		0.56	0.41	0.20 or less	0.40
		Breakdown	Japan	0.65	0.55	—	0.55
			Asia	0.13	0.10	—	0.11
Americas			0.00	0.00	—	0.00	
Europe	5.81		4.21	—	7.06		
Subcontractors (Reference: Member companies of Japan Chemical Industry Association)		0.54	0.49	—	—		
Total accident frequency rate*3	Including both regular employees and temporary workers (Kao Group)		1.96	1.87	1.08 or less	2.43	
	Breakdown	Japan	1.93	1.70	—	2.20	
		Asia	0.80	1.02	—	1.37	
		Americas	4.79	5.95	—	8.36	
		Europe	6.33	6.15	—	6.86	

*1 Serious lost time accidents:

Accidents in which there is a continued loss of physical function after treatment for the injury has been completed (with a loss of physical function of Level 5 or higher.).

*2 Lost time accident frequency rate:

Number of persons dead or seriously injured in occupational accidents per million hours worked (including only accidents involving at least one lost work day and also the loss of a part of the body or a bodily function.).

*3 Total accident frequency rate:

Number of persons injured in occupational accidents (including accidents without lost work days) per million hours worked.

2018 Targets and performance (Kao Group)

Item	Indicator	Scope	2016	2017	2018		
			Results	Results	Target	Results	
Occupational accidents	Total accident frequency rate*3	Subcontractors (Kao Group)		1.32	1.18	0.74 or less	1.21
		Breakdown	Japan	1.49	1.18	—	2.11
			Asia	0.77	0.71	—	0.40
			Americas	0.00	0.00	—	0.00
			Europe	7.75	12.62	—	10.59
	Including both regular employees and temporary workers (Kao Group)		0.02	0.10	—	0.05	
	Severity rate*4	Breakdown	Japan	0.01	0.13	—	0.03
			Asia	0.01	0.01	—	0.14
			Americas	0.10	0.08	—	0.06
			Europe	0.06	0.04	—	0.07
		Including both regular employees and temporary workers (Reference: Member companies of Japan Chemical Industry Association)		0.01	0.04	—	—
		Subcontractors (Kao Group)		0.03	0.01	—	0.01
		Breakdown	Japan	0.05	0.02	—	0.01
			Asia	0.01	0.00	—	0.01
			Americas	0.00	0.00	—	0.00
Europe			0.05	0.06	—	0.19	
Subcontractors (Reference: Member companies of Japan Chemical Industry Association)		0.10	0.18	—	—		
Number of employees who experienced lost work days due to occupational diseases (persons)	Including both regular employees and temporary workers (Kao Group)		—	—	—	0	
	Breakdown	Japan	—	—	—	0	
		Asia	—	—	—	0	
		Americas	—	—	—	0	
		Europe	—	—	—	0	
Traffic accidents	100% negligence accidents causing bodily injury (no. of accidents)	Sales and logistics (Japan)	24	11	0	16	
	Accidents other than 0% negligence accidents per 100 vehicles*5		7.10	7.64	5.0 or less	6.43	

*3 Total accident frequency rate: Number of persons injured in occupational accidents (including accidents without lost work days) per million hours worked.

*4 Severity rate: Number of lost days/ total working hours × 1,000.

*5 Accidents other than 0% negligence accidents per 100 vehicles: Number of traffic accidents other than 0% negligence / No. of vehicles in fleet × 100.

Targets for 2019

In 2019 we will continue to make efforts with the prevention of accidents and disasters as our target. Note that traffic accident targets are for Japan only.

2019 Targets and performance (Kao Group)

Item	Scope	Indicator	2019 targets
Occupational accidents	Regular employees and temporary workers	Death and serious lost time accidents*1 (persons)	0
		Lost time accidents frequency rate*2	0.16 or less
		Total accident frequency rate*3	0.83 or less
	Subcontractor employees	Death and serious lost time accidents*1 (persons)	0
		Lost time accidents frequency rate*2	0.14 or less
		Total accident frequency rate*3	0.68 or less
Regular employees	Number of employees who experienced lost work days due to occupational diseases (persons)		0
Traffic accidents	Sales and logistics	100% negligence accidents causing bodily injury (no. of accidents)	0
		Accidents other than 0% negligence accidents per 100 vehicles*4	4.4 or less

*1 Serious lost time accidents: Accidents in which there is a continued loss of physical function after treatment for the injury has been completed (with a loss of physical function of Level 5 or higher.).

*2 Lost time accident frequency rate: Number of persons dead or seriously injured in occupational accidents per million hours worked (including only accidents involving at least one lost work day and also the loss of a part of the body or a bodily function.).

*3 Total accident frequency rate: Number of persons injured in occupational accidents (including accidents without lost work days) per million hours worked.

*4 Accidents other than 0% negligence accidents per 100 vehicles: Number of traffic accidents other than 0% negligence / No. of vehicles in fleet × 100.

Our initiatives

Status of occupational accident occurrences

In 2018, a total of 192 regular employees and temporary workers were involved in occupational accidents, of which 61 persons lost work days as a result, with no occupational illnesses resulting in lost work days recorded. For occupational accidents involving subcontractors, the number of persons affected was 36, of which 12 suffered injuries resulting in lost work days.

The most common types of accidents among regular employees and temporary workers were slip and fall accidents due to carelessness and insufficient confirmation (61 employees), accidents involving reactionary action (28 employees) and collisions (18 employees). Measures are being promoted with an emphasis on slip and fall accidents, due to such accidents having the highest incidence rate.

Risk assessments of chemical substances

As many kinds of chemical substances are handled at our manufacturing locations, the risk of environmental pollution is not negligible. With this in mind, we evaluate the impacts on people and the environment and make provisions to reduce these risks. In addition, we conduct a priori evaluations of impacts on people and the environment when expanding and reconstructing facilities.

These measures have been implemented in response to the U.N.'s Strategic Approach to International Chemicals Management (SAICM) initiative.

Expansion of the "no accidents with lost work days award system" improving safety awareness

Since 2016, the "no accidents with lost work days award system," which had previously been limited to plants in Japan, was expanded to include plants outside Japan, in order to further improve safety awareness. In 2018, three plants outside Japan received awards.

"No accidents with lost work days awards" presented in 2018

Region	Company / Plant	Stage
China	Huludao Jinxing Casting Materials Co., Ltd	Stage 1 (3 years)
	Kao (Shanghai) Chemical Industries Co., Ltd.	Stage 1 (3 years)
Malaysia	KPG (Kao Penang Group)	Stage 1 (3 years)

Award criteria

Stage	Award criteria
1	3 years
2	5 years or 5.4 million hours
3	7 years or 8.1 million hours
4	10 years or 12.2 million hours
5	15 years or 18.3 million hours
6	25 years or 30.0 million hours



China: The award for completion of Stage 1 to Huludao



Malaysia: The award for completion of Stage 1 to KPG

Sharing safety messages globally

With the aim of raising safety awareness worldwide, the safety messages on the poster were translated into local languages in 2017. Safety posters featuring the company president were deployed in sites both within and outside Japan and safety messages were shared worldwide.

In 2018 we put out the call for messages worldwide and drafted a safety poster with the message from Huludao, China, which awarded the Grand Prize.



Safety Message Grand Prize awarded to Huludao

Creating a pleasant working environment for employees

We strive to create a pleasant working environment in all workplaces, and conduct periodic working environment measurement and implement improvement and maintenance to ensure compliance with each country's workplace environment standards.



The safety poster featuring the company president were deployed in 11 different local languages (Clockwise from top left: Japanese, English, Chinese (simplified), German)

Reduction of operational loads and improved operational efficiency through the introduction of robots

In 2016, we equipped humanoid helper robots in flexible small lot production lines at the Toyohashi Plant, with these robots employed in packaging work in collaboration with personnel.

In addition to operating without time constraints, they are notable for maintaining consistent accuracy, even when performing tandem operations involving manual work (wrapping) and visual observation (lots/sorting). Meanwhile, operations which require complicated and flexible judgements, such as recovery from technical hitches, external screening for imperfections and blemishes, and replenishing materials with an eye to the production line as a whole, are domains for which personnel are best suited. We are creating streamlined production systems and realizing workload reductions for personnel by deploying operations which bring together the respective areas in which robots and human operators are best suited.



Humanoid helper robots