

# COVID-19 Response 102-12, 102-15, 103-1, 103-2, 103-3

The Kao Group's first priority is the health and safety of all our stakeholders, including our customers and our employees and their families, and we are working hard to prevent the spread of the virus.

As a company that has engaged in research on cleanliness and hygiene and delivered products in these fields, we make concerted efforts to supply related products needed to maintain hygienic living conditions and communicate health-related information useful in daily life together with government agencies, scientific and industry associations and related companies, with the goal of safeguarding consumers' health in their daily lives.

## Kao's creating value to address social issues

### Social issues we are aware of

The COVID-19 pandemic continues to have a major impact on social and economic activities and how people around the world live their lives. While vaccination rates have been rising around the world, COVID-19 variants have also been spreading and repeated waves of infections have occurred in many countries and regions. Uncertainty in the business environment is expected to continue, with years potentially required for the pandemic to fully subside and for the global economy to recover.

Also in terms of how people around the world live their lives, we have had to cope with a large number of constraints on our daily activities over a long period of time, and with the changes to consumption, work styles and much more forced on society in general, we now find ourselves at a major crossroads. Many people are worried about the potential for this situation to continue in the future as well.

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

By 2030 we aim to be a company with a global presence, valuable to society, by achieving both sustainable and profitable development and making contributions to the sustainability of society. A large

number of unknown problems such as the emergence of variants still need to be solved before we can overcome the COVID-19 pandemic, and the uncertainty continuing in the business environment is a risk to achieving sustainable and profitable development.

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

Providing expertise and products on cleanliness and hygiene for the COVID-19 pandemic and further strengthening our capabilities in infection control and prevention represent opportunities to make contributions to the sustainability of society that will give reassurance to many people around the world as they lead their lives.

### Kao's creating value

As a company that has engaged in research on cleanliness and hygiene and delivered products in these fields, we can make large contributions to helping people around the world live their lives with greater cleanliness, easier aging, better health and confidence in self-expression through the actions we take to respond to the pandemic.

### Impacts and risks to Kao due to rising COVID-19 infection rates

Japan is one of our group's key markets. Its cosmetics market was greatly impacted by the repeated state of emergency declarations nationwide and is not showing

a strong recovery.

The following are risks associated with the COVID-19 pandemic and related changes in consumers' behavior. Not taking appropriate measures in response could cause net sales and profits to deviate significantly from targets.

- Temporary suspension of operations or obstacles to providing products and services due to multiple infections (clusters) at Kao Group bases or in the supply chain, or due to requests from the national and local governments because of highly contagious variants or other developments
- Delays in product development and launch plans due to work that cannot be performed remotely
- Delays in the recovery of the cosmetics market or other businesses due to a resurgence of infections or prolonged pandemic
- Lower competitiveness due to inadequate response to changes in people's awareness and values and changes in consumer behavior

### Contributions to the SDGs



# COVID-19 Response 102-15, 102-43

## Policies

As our response to the COVID-19 pandemic, we are holding meetings of the Emergency Response Team Headquarters and have set response policies focusing on ensuring the safety of employees and their families and continuity of business activities, based on the response priorities outlined in the Kao Risk and Crisis Management Policy (1. Protection of human lives, 2. Environmental conservation, 3. Continuation of operations, 4. Protection of assets).

## Education and promotion

As COVID-19 cases grew and the pandemic became prolonged, we communicated common symptoms of COVID-19 infections, effective ways to prevent infection, information about the efficacy of vaccines and other evidence-based information in easy-to-understand ways via our internal portal site. We also worked to build awareness for key actions that should be taken both in workplaces and at home, including changes to work frameworks and work styles depending on infection rates as well as precautions to take when traveling and eating, in both work and personal life.

## Collaboration and engagement with stakeholders

We have been collaborating with all of our stakeholders to help build a society offering greater cleanliness and peace of mind, with first priority on ensuring safety and health.

- Coordinating with the national and local governments, we have held workplace vaccination drives and quickly responded when someone became infected or was in close contact with an infected person.
- We have worked with researchers in the field of hygiene, medical professionals and other experts to mutually improve the quality of our activities by sharing information on infection control measures based on scientific knowledge.
- With our business partners, we have conducted business activities based on actively sharing and discussing our findings related to infection control measures, with first priority on ensuring the safety and health of customers and employees.

## Framework

When a crisis occurs, we evaluate the level of severity of the crisis on the basis of its potential group-wide impact (designating it as level one, two or three depending on the severity of the accident, disaster,

epidemic, etc. in question), and an organizational framework is established to deal with the crisis according to the level of severity.

The global COVID-19 pandemic was designated a crisis with the highest severity level of three (company-wide impact and impact on Kao's business), and we established the Emergency Response Team Headquarters, the Emergency Response Team Headquarters Executive Office and the Infection Countermeasures Team in February 2020.

The Emergency Response Team Headquarters, with the President serving as its chair, holds meetings to decide the group-wide response policy. The Emergency Response Team Headquarters Executive Office monitors conditions and the response in our group as a whole, while the Infection Countermeasures Team establishes and publicizes the specific response measures. In July 2020, we launched the Infectious Disease Risk Assessment Project, through which we communicate evidence-based infection control measures globally along with providing support for strengthened infection control measures at local worksites. The Board of Directors had responsibility for approving these response measures.



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## Performance in 2021

### Performance

We set the emergency level at level 3, the highest level, and held Emergency Response Team Headquarters meetings (headed by the President) 11 times to decide our response policies focused on ensuring the safety of employees and their families and continuity of business activities, and implemented them accordingly. The Board of Directors had responsibility for approving these response measures.

### Ensuring the safety of employees and their families

- As crisis management measures, followed national and local government policies, and additionally implemented work systems and styles compatible with the status of infection (promotion of remote work / teleworking, restrictions on business trips, restrictions on training / events / tours, etc.)
- Tracked infections among employees and their family members as well as people who were in close contact with infected persons, provided care for those needing it, and implemented measures to prevent cluster infections at global worksites
- Held workplace vaccination drives for employees and their families
- Strengthened infection control measures in countries and regions where cases were rising

### Continuity of business activities

- To maintain the supply chain, implemented higher-level infection control measures at production sites and rolled them out to subcontractors and other

related parties, in addition to conducting relevant activities for raw materials procurement

- Further expanded the digitalization of operations for remote work
- Revised company systems for new work styles, including remote work
- Conducted business continuity activities by strengthening collaboration among group companies

We also conducted the following corporate citizenship activities.

- Continued to provide Kao Group product kits free of charge to medical professionals
- Conducted a new hygiene habits program for children in the early grades of elementary school (provided educational materials)
- Through our website, provided information on hygiene in daily life, based on the knowledge of experts and our own know-how. Also, for hygiene researchers, medical professionals, public health nurses working at educational institutions and other professionals, provided a wide range of information, including expert knowledge on measures for preventing the spread of infection based on academic papers

### Improving employees' awareness and sensitivity

We conducted the following activities for the purpose of improving the awareness and sensitivity of employees, in relation to the prolonged COVID-19 pandemic, on an ongoing basis.

- Communicated messages to all employees from the

President linked with crisis management measures

- Communicated information about vaccine efficacy and precautions as well as work support measures
- Developed a tool that uses a smartphone to evaluate infection risk from the number of people using the office or meeting room, the ventilation, infection control measures and so on, so that employees can perform their work with peace of mind
- Gave all employees a questionnaire on infection control measures and provided feedback on key points for strengthening individuals' measures
- Throughout the year we communicated a range of risk-related information as COVID-19 cases rose, including on information security, personal information protection and compliance precautions related to remote work, working from home and vaccinations

### Reviews of performance

Continuing from last year, we were able to fulfill our social responsibility of ensuring the safety of our employees and their families and the continuous supply of hygiene-related products by swiftly taking company-wide actions led by our management team. As a company that has engaged in research on cleanliness and hygiene and delivered products in these fields to society, in addition to continually supplying products, we were able to make contributions to protecting consumers' lives by communicating useful health-related information.

Going forward, we aim to protect consumers' lives by continuing our response to the COVID-19 pandemic.