

# Safer healthier products 102-12, 102-15, 103-1, 103-2, 103-3, 404-2

Create products made with carefully selected ingredients that people everywhere can use with peace of mind.

## Kao's creating value to address social issues

### Social issues we are aware of

In recent years, with the development of social media including social networking services and blogs, a wide range of information is now easily accessible online. As a result, more consumers are expressing an increasing interest in the effects on human health and the environment of the ingredients used in daily products, as well as related social and ethical issues. In addition, today it has become possible for consumers to search for related information. At the same time, however, scientifically-unfounded, inaccurate information is also available on the internet, and such misleading information may spread as if it is the truth.

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

A wide range of information, including inappropriate information, is available for high-social-interest ingredients. When our products contain such ingredients, there is a risk that the value of the products may not be properly understood. In addition, if, in spite of recognizing the situation, we do not present our position, there is a risk that we may significantly lose trust, from consumers and customers in our products and in ourselves.

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

Appropriate and clear communication with consumers and customers about the evidence-based approach to our ingredients helps us to enhance Kao's and our products' credibility. Moreover, communication based on shared information between consumers / customers and the company becomes a foundation for increasing trust in the company and an opportunity to contribute to *Yoki-Monozukuri* which includes innovation and value creation.

### Kao's creating value

In order for consumers and customers to use our products with peace of mind in a diverse information environment, we believe it is necessary to disclose our approach based on scientifically verified information. This is today's way for companies to build trust with consumers and customers. We hope to win stakeholders' approval and strengthen bonds of trust for the future by demonstrating a high level of transparency and responsible communication.

### Contributions to the SDGs



## Policies

Safety is always our first priority. With this in mind, we care not only about human health and wellbeing but also about the environment when developing our products. We disclose our policy regarding the ingredients that are of particular interest to society, so that customers and consumers can use our products with peace of mind. We also help consumers to choose suitable products and to use them safely by providing product information in an appropriate and easy-to-understand manner.

## Education and promotion

In order to promote the development of safer, healthier products, human and environmental safety information about our products and the ingredients is shared on our internal portal site. This information is shared with various divisions such as Business and R&D, so that each employee can enhance their understanding from a global perspective.

# Safer healthier products 102-43, 416-1

## Collaboration and engagement with stakeholders

We utilize our continuous research on human health and environmental safety, based on data collected from all over the world for ingredients selection and safety evaluation, and therefore we are able to develop our products so that they can be used by consumers with peace of mind. In addition, we closely review safety information through industry association activities in various countries and regions and communication with government agencies. These activities help us to provide science-based safety information to consumers and customers. We consider that enhancing the correct understanding of products and ingredients helps people to use our products safely, and helps them to choose suitable products.

### Disclosure of information to customers and consumers

Under the current environment, customers and consumers can easily access incorrect or out-of-date information about the ingredients. To help customers and consumers understand information accurately, we disclose our approach based on scientific evidence, and provide accurate information.

→ Safe and reliable ingredient use and information disclosure  
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## Framework

We implement activities through a working group led by Product Quality Management under the ESG Managing Committee and ESG Promotion Meeting, in collaboration with relevant functions around the world. The working group members discuss ingredients that society is particularly interested in by utilizing their expertise in order to examine the scientific information and deepen the understanding of social issues. We also have many discussions with the heads of relevant Business and R&D divisions, and then we disclose our approach.

→ Kirei Lifestyle Plan—Kao's ESG Strategy >  
P16 ESG governance structure

## Mid- to long-term targets and performance

### 2030 long-term targets

We establish policies relating to ingredients of particular interest to society based on our research into available safety evaluations, and our evaluation of their validity. We have disclosed our policies for nine ingredients as of the end of 2021. We have achieved our mid-term goal of announcing our policies for eight

ingredients by 2022 ahead of schedule. We are continuing to work to achieve policy disclosure for a total of 16 ingredients by 2030.

### Anticipated benefits from achieving mid- to long-term targets

#### Business impacts

We anticipate that our value and business will be enhanced through disclosing our policies regarding ingredients of particular interest to society, and we believe that this helps build trust in our products and contributes to *Yoki-Monozukuri*.

#### Social impacts

By sharing our policies, we encourage customers and consumers to enhance their understanding of our products, and help them choose products with greater confidence. As that trust spreads from the individual to communities and society as a whole, we can build greater trust socially.

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## Our initiatives

### Performance in 2021

In August 2021, we published our policies developed based on science for four ingredients of particular interest to society on our sustainability website: alkyl sulfates, 1,4-dioxane, formaldehyde-releasing preservatives and talc.

### Reviews of performance

The working group held meetings constantly in order to thoroughly discuss the contents of each of the four ingredients, and drafted our policies. The draft policies were then reviewed by the heads of related Business and R&D divisions, and further discussed to finalize the policies for publication. We continue to proactively research ingredients from multiple perspectives, and strive to achieve our long-term targets ahead of schedule.

### Safe and reliable ingredient use and information disclosure

We will disclose our policies and actions regarding ingredients of particular interest to society in a proactive manner, based on scientifically validated information. We have disclosed our policies relating to nine ingredients (alkyl sulfates, 1,4-dioxane, formaldehyde-releasing preservatives, parabens, plastic microbeads, preservatives, silicones, talc and UV absorbents) so far.

We internally organize management structure for ingredient information including health impact, environmental impact as well as fundamental information to promote disclosing our approach on more ingredients.



About Ingredients Contained in Kao's Products  
[www.kao.com/global/en/sustainability/topics-you-care-about/ingredients-contained/](http://www.kao.com/global/en/sustainability/topics-you-care-about/ingredients-contained/)

### Industry association activities / communication

To address environmental concerns relating to microplastics, including plastic microbeads, the Japan Cosmetic Industry Association has collaborated with its partner associations around the world. It has also coordinated scientific research and usage surveys in Japan, and provides information to the government. We play a central role in these activities and lead cosmetics industry activities in Japan.

Furthermore, we actively participate in industry activities related to our business, such as those of the Japan Soap and Detergent Association and the Japan Chemical Industry Association. We also participate in industry association activities in other major regions of the world to research local information, and in particular in the ASEAN and other Asian regions, contribute to the exchange of information with governments.

Moreover, we strive for adequate communication with consumers and customers. For example, when we receive inquiries regarding our use of ingredients or their safety, we provide adequate information quickly. At the same time, we utilize inquiries to examine areas of high social interest, and these surveys are useful for product development.