

Responsible care activities 102-12, 102-15, 103-1, 103-2, 103-3

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 a chemical business providing diverse materials, products and systems to wide-reaching industries with bases both within and outside Japan.

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

As all of the RC activities are important activities both for inside and outside our company, neglecting any one of them will damage our credibility and the image of our products.

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.

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. As a result, consumers and corporate customers are able to use our products with peace of mind, our employees are able to work in safety and with peace of mind, and communities neighboring our plants and worksites are able to live in safety and with peace of mind.

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 Group 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 then-President and Chief Executive Officer Michitaka Sawada signed the revised RC Global Charter. To achieve the objective, we have established the Kao Group 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 Group 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 updating the content, 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.



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

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



Kao Group Responsible Care Policy
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.



Our initiatives: Education about RC activities

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Collaboration and engagement with stakeholders

Communication with society is a fundamental aspect of RC activities, and all Kao Group companies proactively disclose their policies in relation to the environment, health and safety, and the status of activity implementation, and proactively engage in

communication with customers, consumers, employees, local communities, etc., striving to secure 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. The 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 Product Quality Management staff, meeting once per year. The Risk Management and 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.



Corporate governance

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Responsible care activities framework



Responsible care activities

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 2021

In 2021, we convened the group RC Promotion Committee on September 27, and the Japan RC Meeting on December 17. 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.

As part of the RC Secretariat Audit, the RC Promotion Committee Secretariat attends annual self-checks conducted by multiple RC promoting divisions to confirm that the RC self-checks are being conducted correctly in line with regulatory and other requirements.

Continuing from last year, this audit was conducted and attended remotely 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 August 2021.

Initially, RC personnel from each company had planned to meet together at the Global RC Meeting in November. However, the meeting was cancelled due to COVID-19. Similar to last year, information was shared online instead.

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→ Our initiatives: Education about RC activities
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Reviews of performance

In the area of environment, we met our targets for energy consumption and greenhouse gas emissions, but did not meet our target for water consumption. We achieved all of our targets for the rate of renewable energy from purchased electricity and the rate of disclosure of wastewater COD and VOC emissions, which were set last year in line with the mid-term targets of the Kirei Lifestyle Plan.

In the area of safety, we did not achieve targets for the lost time accident frequency rate or the total accident frequency rate. However, we did achieve all targets concerning death and serious lost-time accidents, lost work days due to occupational illness and logistics-related leakage accidents, with zero incidents.

While we were again not able to achieve some targets this year, we are not changing our initial target values and will aim to make further improvements.

Responsible care activities 403-1, 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 RC 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 27, 2021. The RC Promotion Committee Secretariat announced the half-year results for our group's 2021 RC targets, and the results of the RC Promotion Committee Secretariat Audit and the high-pressure gas safety audit. The promoting divisions also announced the current status of their promotional activities and finally the group's targets for 2022 were agreed upon for deliberation.

At the Japan RC Meeting, also held online on December 17, RC Promotion Committee members of promotional divisions reported on their 2021 activity results and announced 2022 draft plans for their divisions, with the plans then deliberated and approved. The RC Promotion Committee Secretariat then reported on the group's 2021 environmental and

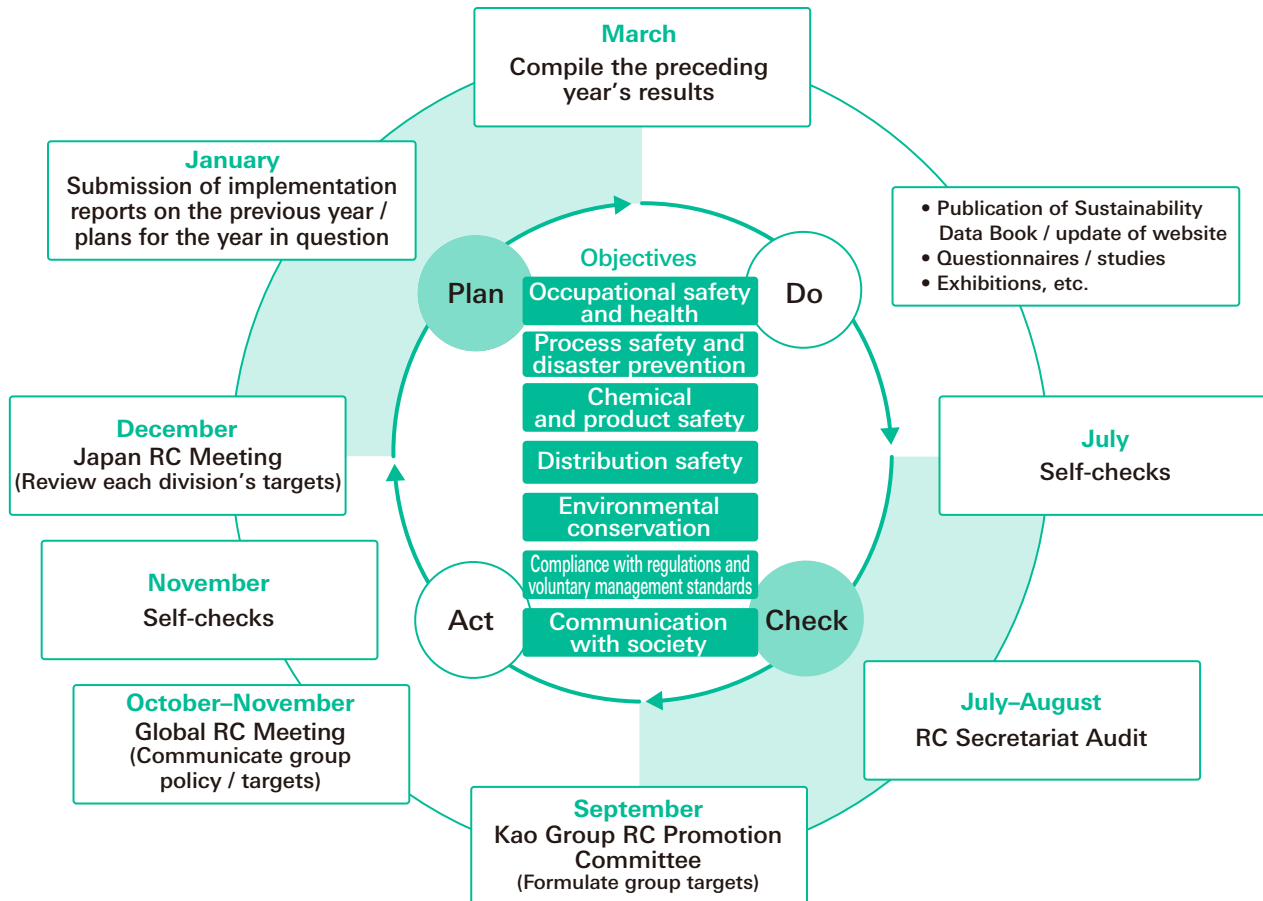
safety record.

Initially we had planned to hold the Global RC Meeting at the Head Office on November 8 and 9 with the participation of RC promotion staff from each country, but this was canceled for the second year due to COVID-19. The meeting was held online instead, where we furthered understanding of the Kao Group RC Policy and confirmed the 2022 targets. In addition, we confirmed the status of companies' RC activities and shared best practices, aiming to activate and improve the RC activities.

As we have not been able to hold direct opinion exchanges with RC promotion staff in countries outside Japan since last year due to COVID-19, we held information exchanges remotely with individual areas a total of eight times from April to June 2021. At these information exchanges, the secretariat provided a summary of 2020 and reports on activity topics as well as information on 2021 targets and activities, while RC promotion staff in each country reported on their 2020 activities and topics. Participants also exchanged general opinions about RC.

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 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 2021, the RC Promotion Committee Secretariat Audit was conducted by using the checklist sheet at 8 promoting divisions in Japan and 19 group companies* with plants outside Japan, with consideration to the degree of safety and environmental impact. This year, we revised portions of the checklist to reflect requirements in ISO 14001 and ISO 45001 as well as the self-assessment tool items of the International Council of Chemical Associations, and also made improvements to the evaluation content concerning RC activities performance.

In Japan, the status of various items was confirmed in remote meetings with RC promoting divisions, such as the current status of compliance with regulatory

requirements and standards, the progress of planning and achievement of numerical targets. Outside Japan, we conducted a paper audit using the same checklist. It has also been confirmed that all findings from the 2020 audit had been addressed.

In the results of the 2021 RC Promotion Committee Secretariat Audit, many divisions and companies earned lower scores than last year due to the wide-ranging revision of the checklist. As there were a large number of findings on occupational safety and environmental conservation, which are areas where ongoing monitoring is necessary, we have requested further improvements (see table below).

* Kao Corporation Shanghai, Kao (Hefei) Co., Ltd., 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 (FY2021)

	SCM Division	R&D Division	Business divisions	Corporate divisions	Group companies in Japan*1	Group companies outside Japan*2
No. of evaluation responses	250	161	249	452	741	6,300
Average evaluation score (5-point scale)*3	4.26 (4.91)	4.70 (4.98)	4.84 (4.90)	4.49 (4.86)	4.62 (4.82)	4.52 (4.52)
No. of items requiring further monitoring	4	1	0	6	7	—

*1 Group companies in Japan
Kao Professional Services Co., Ltd., Kao Group Customer Marketing Co., Ltd., Kao Logistics Co., Ltd.

*2 Group companies outside Japan
19 companies (11 in Asia, 8 in Europe and the Americas)

*3 () indicates 2020 results.

Responsible care activities 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 certification, which is 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 (on total production volume weighted basis).

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 is being prioritized for plants outside Japan where enhancement of labor management is needed. The ratio of certified plants is 35% (on a total production volume weighted basis).

Certifications obtained at five individual plants in Asia have been integrated to standardize and upgrade operations. We will examine expanding the scope of certified plants, including by increasing the number of integrated plants, while also considering the inclusion of our Japanese plants in 2023.

Product quality certifications (ISO 9001, etc.)

95% of our plants have received external certification (on total production volume weighted basis). 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/

Education about RC activities

The RC Promotion Committee Secretariat and RC promotion staff in individual divisions in charge of RC promotion regularly provide education on RC activities including on the environment, occupational safety and health, and process safety and disaster prevention for Kao employees and staff at business partners. In 2021 as well, in response to the increased number of employees working from home due to

COVID-19, we conducted education by effectively deploying an online learning (e-learning) format instead of in-person instruction.

Also in 2021, we conducted online training covering (1) basic knowledge on disaster prevention continuing from last year and (2) the Kao Group RC Policy, which was revised last December, as well as a verification survey for all group employees in Japan. The average attendance rate for these training sessions was above 80%. In 2021, the RC Promotion Committee Secretariat carried out RC trainings for employees 19 times, reaching a total of more than 51,000 employees.

Going forward, we will continue to actively use e-learning to carry out RC-related education.

Responsible care activities

Collaboration with stakeholders

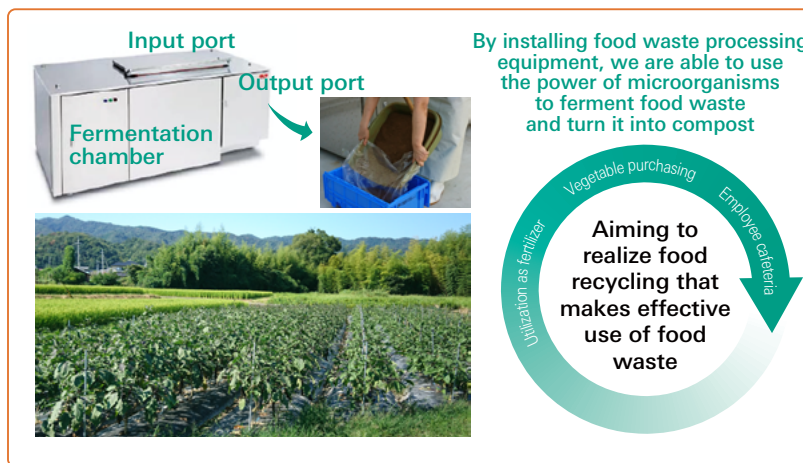
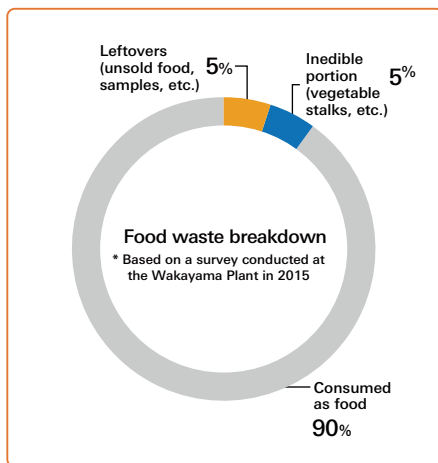
Food recycling together with the community (Wakayama Office)

The Wakayama Office is conducting a project aiming to realize food recycling by composting food waste. Daily food waste from the employee cafeteria at Wakayama Plant reaches between 100 and 130g per person per day, equivalent to about 10% of the total amount of food used by the cafeteria. To reduce this food waste, it is conducting a project that includes (1) eliminating sample food displays and using photos instead, (2) removing excess water content from food waste, and (3) reducing the amount of food used in the cafeteria by predicting the number of people who

will use the cafeteria based on the number of people working at the plant and the menu. The plant began a project in June 2021 to have the food that still becomes waste even after taking these steps get used, by installing equipment to treat food waste, fermenting it using the power of microorganisms, turning it into compost, and then having that compost used to grow vegetables.

Of the waste that was previously treated, approximately 20kg/day is currently being used in this project. We are aiming to create a food recycling loop, where food scraps and food left over in our cafeteria is turned into compost, used to grow vegetables, and then those vegetables get sent back to our cafeteria and turned into delicious lunches.

Aiming to realize food recycling that makes effective use of food waste



Topic External evaluation

SCM Division receives Jury's Special Award in the Responsible Care Awards

The SCM Division received the Jury's Special Award in the 15th Annual Responsible Care Awards sponsored by the Japan Chemical Industry Association for its initiative to develop an efficient assessment method and establish a framework for chemical substance risk assessments.

As a company that handles a wide variety of diverse chemical substances, we were recognized for developing a new accurate, fast and efficient chemical substance risk assessment tool to ensure that our employees are protected from the hazards and toxicity of chemical substances, and for building a framework at our company to ensure that the tool is used.




Responsible care activities


RC activity data links

Also see the following for the structure of RC activities, details of the major activities and 2021 results.


Occupational safety and health

 Walking the right path > Employee wellbeing & safety
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Process safety and disaster prevention

 Process safety and disaster prevention
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Chemical and product safety

 Our Approach to the Kirei Lifestyle Plan > For Safer Use of Chemicals (SAICM Promotion Activities)
Web www.kao.com/global/en/sustainability/our-approach-to-klp/saicm/


Our Approach to the Kirei Lifestyle Plan > 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

Topics You Care About > Product Quality Management

www.kao.com/global/en/sustainability/topics-you-care-about/safety-quality/

 Walking the right path > Responsible chemicals management
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Environmental conservation

 Basic Principle and Basic Policies on Environment and Safety
Web www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/environment-safety-principle-policies.pdf

Our Approach to the Kirei Lifestyle Plan > Kao Environmental Statement

www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/environmental-statement.pdf

Our Approach to the Kirei Lifestyle Plan > Environmental Activities and Data


www.kao.com/global/en/sustainability/our-approach-to-klp/environment-activity-data

Topics You Care About > Responsibly Sourced Raw Materials


www.kao.com/global/en/sustainability/topics-you-care-about/procurement/

Making the World Healthier & Cleaner


www.kao.com/global/en/sustainability/planet/

 Fundamental section > Biodiversity
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Compliance with regulations and voluntary management standards

 Walking the right path > Effective corporate governance
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Communication with society

 Corporate Citizenship Activities
Web www.kao.com/global/en/sustainability/society/