

Safer Healthier Products

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

Social issues

In recent years, as social media including social networking services and blogs have evolved, a wide range of information is now easily accessible online. As a result, more consumers are expressing an increasing interest in the safety and sustainability of ingredients used in daily products. 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 web, and such misleading information may spread as if it were the truth.

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 and sustainability when developing our products. We disclose our policy based on scientific evidence regarding ingredients of particular interest to society to ensure that our products can be used with peace of mind. We hope to win the approval of many stakeholders and build the bond of trust for future via thorough transparency and responsible communication.

Strategy

Risks and opportunities

Risks

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, there is a risk of seriously undermining our trust if we does not indicate our policies on ingredients that health or environmental concerns are expressed.

Opportunities

We accurately identify possible risks at Kao and proactively disclose our policies to avoid such risks. Appropriate and clear communication with consumers and customers about our ingredient policies based on scientific evidences helps us to enhance Kao's and our products' credibility. Moreover, communication based on shared information between consumers and customers and the company will become a foundation for increasing trust in the company and an opportunity to contribute to *Yoki-Monozukuri* in plan and action, which includes innovation and value creation.

Strategy

We actively disclose our policies to the ingredients used in our products based on our assessment of risks and opportunities. Disclosure of ingredient policies and communication will contribute to maintain and enhance the trust from consumers and customers as well as contribute to the sustainable growth of Kao.

1. Identification of high priority ingredients for our policy disclosure

We identify the high-priority ingredients to disclose our policy on the safety and sustainability of ingredients used in our products, based on consumers, customers and social interests around the world.

2. Disclosure of our policies based on scientific evidence

We will proactively disclose our policies about ingredients of particular interest to society based on scientifically verified information. By sharing common information and communicating with consumers and customers through these disclosures, we will ensure their correct understanding and build a relationship of trust.

Social impact

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 policies based on scientifically verified information. By sharing our policies, customers and consumers can enhance their understanding of our products and choose a product with greater confidence. As that trust spreads from the individual to communities and society as a whole, we can build greater trust socially.

Safer Healthier Products

GRI 3-3, 404-2, 416-1

Contributions to the SDGs



Business impact

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

Governance

Framework

We promote activities under the Chemical Stewardship Steering Committee, which has been set up under the ESG Managing Committee. A working group consisting of global members related divisions, assesses risks, identifies ingredients that should be disclosed, and develop a draft policy. The draft policy is consulted with the leaders of relevant Business divisions and R&D divisions before disclosure.

P18 Our ESG Vision and Strategy > Governance

Education and promotion

To promote the development of safer healthier products, we collect human and environmental safety information related to our ingredients and products, and share the information 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.

Collaboration with stakeholders

We disclose our policies on ingredients of particular interest to society based on scientifically validated information. Through these initiatives, we maintain and improve the trust of consumers and customers, and support their safe use of our products and selection of suitable ones.

Communication with consumers and customers to promote their understanding

When we receive inquiries from consumers and customers regarding the safety of ingredients, we analyze them from various perspectives to gain insight from a broader perspective. Based on these analyses, we strive to develop easy-to-understand content and wording for ingredients.

Collaboration with Relevant Internal Divisions

We continuously collect human health and environmental safety information from all over the world. We utilize it for choosing ingredients and safety evaluation, and for the development of our products which can be used by consumers with peace of mind.

Collaboration with Industry Associations and Government

We closely review safety information through industry association activities in various countries and regions and communication with government agencies.

Risk management

We use the following risk management practices when selecting ingredients for policy disclosure, as well as after policy disclosure.

1. Selecting ingredients to disclose

The working group assesses the possible risks of the ingredients to be disclosed based on global social trends and scientifically verified information. We then determine at a meeting within the Chemical Stewardship Steering Committee whether the ingredient is important enough to disclose our policy. For those ingredients that we determine to disclose, we take necessary actions quickly.

2. Post disclosure follow-up

Even after the disclosure, the working group actively conduct multifaceted investigations and continuously monitor whether new risks have arisen. When new issues are identified, such as updates to regulations or scientific findings, we will promptly take appropriate

Safer Healthier Products GRI 3-3, 416-1

action to improve public trust, such as revising information or disclosing additional information.

P33 Our ESG Vision and Strategy > Risk Management

Targets and metrics

Mid- to long-term targets and 2022 results 2030 long-term targets

We establish policies on ingredients of particular interest to society based on our research into safety information related to human health and the environment, and our evaluation of their validity. As of the end of 2021, we have disclosed our policies on ten ingredients. This means our mid-term goal of announcing our policies for eight ingredients by 2022 has been achieved ahead of schedule. Since we had reached the mid-term target earlier than planned, the long-term target was changed from 16 to 18 ingredients.

2022 results

We published our policies for three ingredients (aluminum salt, PEG [polyethylene glycol], and mineral oil) in April 2022 and five ingredients (phenoxyethanol, fluoride, BHT [dibutyl hydroxytoluene], oxybenzone, and octinoxate) in December 2022 on our sustainability website.



About Ingredients Contained in Kao's Products
<https://www.kao.com/global/en/innovation/safety-quality/ingredients-contained/>

Reviews of 2022 results

The working group held regular meetings in order to thoroughly discuss the contents of each of the eight 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 have continuously promoted our activities and disclosed our policies on a total of 18 ingredients, achieving our long-term target of 18 ingredients for 2030 ahead of schedule. We will continue to research from various perspectives, and disclose appropriate information on ingredients of social interest.

Safer Healthier Products

GRI 2-28, 416-1, 417-1

Main initiatives

Safe and secure 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 had disclosed our policies relating to ten ingredients (alkyl sulfates, 1,4-dioxane, formaldehyde-releasing preservatives, parabens, plastic microbeads, preservatives, silicones, talc, UV absorbers, and fragrance) so far. In 2022, we disclosed our policies for another eight ingredients of high social interest (aluminum salt, PEG [polyethylene glycol], mineral oil, phenoxyethanol, fluoride, BHT [dibutyl hydroxytoluene], oxybenzone, and octinoxate). We have been continuously promoting our activities and have achieved disclosing 18 ingredients in total in this year.

We have the management system for ingredient information including health impact, environmental impact, as well as fundamental information to promote disclosing our policies on ingredients.



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Industry association activities / communication

We actively participate in the Japan Cosmetic Industry Association's activities to grasp global regulatory trends related to health and environmental impacts and to examine measures against them. We have played a central role in compiling scientific research, usage surveys in Japan, and submitting opinions for public consultation by the governments, while we work to align with industry associations around the world. Furthermore, we actively participate in the activities of

the Japan Soap and Detergent Association and the Japan Chemical Industry Association. We also participate in industry association activities in major regions of the world to research local information, and contribute to the exchange of information with governments especially in Asia including ASEAN countries.

Moreover, we strive for satisfactory communication with consumers and customers, business partners, etc. For example, when we receive inquiries regarding our use of ingredients or their safety, we provide sufficient information quickly. At the same time, we examine social interest from the inquiries we received and utilize them in our product development.