

Responsible Care Activities

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.

Social issues

Maintaining a stable supply of products and ensuring the quality and safety of those products, along with providing safe and hygienic working environments and reducing the environmental impact of business activities, are important social responsibilities. These must be fulfilled through our capacity as a company with a chemical business that offers diverse materials, products, and systems to wide-reaching industries with bases both within and outside Japan.

Policies

As we are engaged in the manufacture, sales 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 promoting RC activities, having participated 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 its 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
<https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/environment-safety-principle-policies.pdf>

Kao Group Responsible Care Policy
<https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/responsible-care-policy.pdf>

Strategy

Risks and opportunities

Risks

As all of the Responsible Care Activities are important both for inside and outside our company, neglecting any one of them will produce medium- to long-term risks. Specifically, such neglect will make it difficult to achieve our goal of becoming a company with a global presence, valuable to society by 2030, and will damage the image of our products and our credibility.

Opportunities

Medium- to long-term opportunities are building a strong relationship of trust with stakeholders by promoting Responsible Care Activities, which Kao Group companies autonomously pursue, to get closer to our goal of becoming a company with a global presence, valuable to society by 2030 and to further build trust in our product brand image and the company.

Strategy

For Kao Actions toward 2030 in the Kirei Lifestyle Plan (KLP), that is, decarbonization, zero waste, water conservation, air & water pollution prevention, and employee wellbeing and safety, we set targets for 2030 with annual backcasting goals for these targets to be incorporated into our daily activities.

In addition, all Kao Group companies will promote Responsible Care Activities, namely self-monitoring activities by companies engaged in the chemical industry, by implementing PDCA (Plan, Do, Check, and Act) cycle, and enhance these activities by utilizing the ISO 14001 and ISO 45001 international certification systems, etc.

Responsible Care Activities GRI 3-3

Social impact

We have driven Responsible Care Activities that incorporate an Environmental, Social and Governance (ESG) perspective in our business strategy to autonomously ensure aspects of environment, health and safety in the chemical industry. As such, promotion of these activities is helping to creating a sustainable society while building trust-based relationships with society from an ethical perspective. As a result, consumers and corporate customers are able to use our products with confidence, our employees can work in safety and with a sense of wellbeing, and communities neighboring our plants and worksites are able to live in safety and with peace of mind.

These leave the door open to positive influences such as reduced environmental impact, better hygiene, and returns to local communities in the areas of business activities, which bring a higher QOL to stakeholders, including residents of communities.

Contributions to the SDGs



Business impact

Employees can work safely and securely because we promote Responsible Care Activities. In addition, business activities can take place normally with a stable supply of products while unnecessary costs are

trimmed. In addition, because these activities not only make it possible for stakeholders, including consumers and corporate customers, to use our products with peace of mind but also include legal compliance. By improving our social reputation we can expect a rise in product and brand popularity as well as expansion of our business.

Governance

Framework

The Responsible Care Promotion Committee is positioned as one of the Internal Control Committees chaired by the President, reporting to the (biannual) Internal Control Committee. 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 four divisions, in addition to representatives of the eight promotional divisions within Japan, and the Product Quality Management staff, meeting once per year. The Risk Management & Responsible Care and Product Quality Management serve as the secretariat of the committee.

Each company involved in Chemical in the Kao group, including Kao Corporation, participates in planning at the chemical industry association in their respective countries to promote Responsible Care Activities.

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P265 Corporate Governance

Responsible care activities framework



Responsible Care Activities GRI 3-3, 403-5, 404-2

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 Responsible Care Promotion Committee Secretariat and RC promotion staff from the individual divisions in charge of RC promotion regularly provide education on Responsible Care Activities including environmental conservation, occupational safety and health activities and their policy for Kao employees and the staff of its business partners.

P288 Our initiatives: Standardization of RC activities

Collaboration 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.

Risk management

In the process of assessing risk, the Responsible Care Promotion Committee Secretariat identifies risks in light of the results and actual performance of the activities in the previous year and the first half of the current year with regard to each of the six objectives that form the basic pillars of the Responsible Care Activities, assesses and prioritizes the identified risks, and reflects

them in the following year's RC targets. The Kao Group holds the Responsible Care Promotion Committee meeting around September every year, where each member deliberates on and approves such RC targets and reports them to the Internal Control Committee.

Regarding cross-organizational risks and common risks, we address them as corporate risk themes if necessary.

P33 Our ESG Vision and Strategy > Risk Management

P276 Risk and Crisis Management

Targets and metrics

Mid- to long-term targets and 2022 results

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.

2022 results

In 2022, we convened the Kao Group Responsible Care Promotion Committee on September 29, and the Japan RC Meeting on December 26. In addition, the RC Promotion Committee Secretariat Audit was conducted between July and August at each group company within and outside Japan and in individual divisions in charge of promoting RC.

As part of the RC Secretariat Audit, the Responsible Care 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.

In 2022, many audits were conducted and attended remotely due to the COVID-19 pandemic, but some were performed and attended in person.

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.

P265 Corporate Governance

P290 Our initiatives: Implementation status of the RC Promotion Committee Secretariat Audit

P291 Our initiatives: Education about RC activities

Responsible Care Activities

Reviews of 2022 results

In the area of environment, we met our targets for energy consumption, greenhouse gas emissions, combined landfill disposal and incineration rate, and water use. For the targets set in line with the mid-term targets of the Kirei Lifestyle Plan (KLP), we achieved our target for the rate of renewable energy from purchased electricity but did not reach the target for the rate of disclosure of wastewater COD and VOC emissions.

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

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

Responsible Care Activities GRI 403-1, 403-5

Main initiatives

Standardization of RC activities

The eight promotional divisions within Japan and all affiliated companies outside Japan promote the Responsible Care Activities as shown below based on our RC targets set by the Kao Group Responsible Care Promotion Committee, through drafting activity plans aligned with various operational requirements, industries and business categories.

The Kao Group Responsible Care Promotion Committee (September)

At the Kao Group Responsible Care Promotion Committee meeting held in September of each year, members discuss initiatives to clarify courses of action and strengthen the management system, and deliberate on the following year's numerical targets and activity targets based on the group's mid-term targets and on the results of the RC Secretariat Audit conducted in August.

Global RC Meeting (October to November)

At the Global RC Meeting held from October to November, the Responsible Care Promotion Committee Secretariat explains the group's mid-term targets and targets for the upcoming year, as decided by the Kao Group Responsible Care 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 Kao group decided at the Kao Group Responsible Care

Promotion Committee, Responsible Care Promotion Committee members of promotional divisions announced their respective division's plans for the upcoming year, which are 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 Responsible Care Promotion Committee meeting was held online on September 29, 2022. The RC Promotion Committee Secretariat announced the first half-year results for our group's 2022 RC targets, as well as the results of the RC Promotion Committee Secretariat Audit and the high-pressure gas safety audit. In addition, the promotion divisions also announced the current status of their promotional activities, and finally the group's targets for 2023 were agreed upon for deliberation.

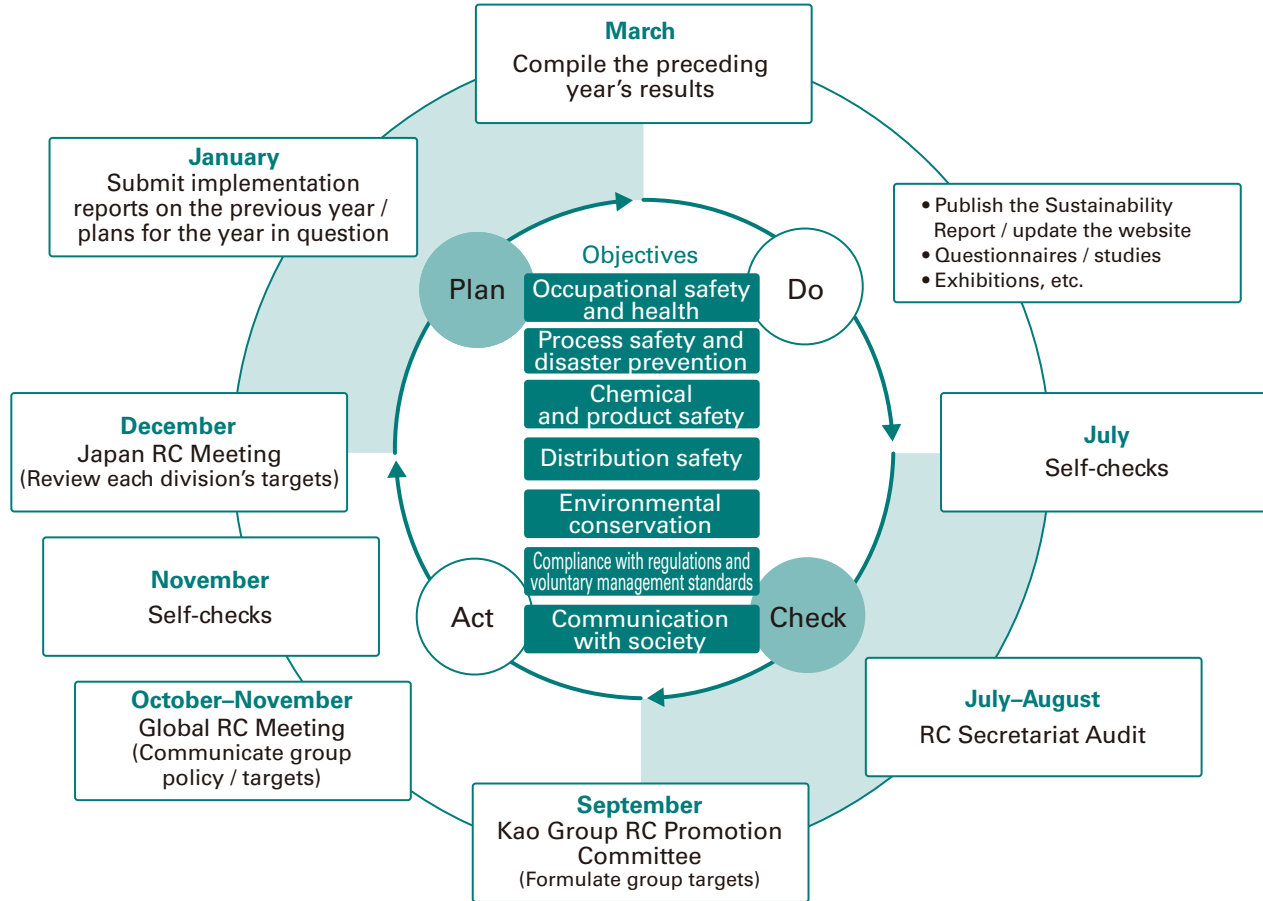
At the Japan RC Meeting, held both online and in person on December 26, RC Promotion Committee members from promotional divisions reported on their 2022 activity results and announced 2023 draft plans for their divisions. The plans were then deliberated on and approved. The RC Promotion Committee Secretariat then reported on the group's 2022 environmental and safety record.

Initially we had planned to hold the Global RC Meeting at the Head Office on November 7 and 8 with the participation of RC promotion staff from each country, but this was canceled again due to the COVID-19 pandemic. The meeting took place online instead, where we confirmed the status of companies' Responsible Care Activities and shared best practices, aiming to energize and improve the Activities.

As we have not been able to hold direct opinion exchanges with RC promotion staff in countries outside Japan due to the COVID-19 pandemic, we held eight information exchanges remotely with individual areas from April to July 2022. At these information exchanges, the secretariat provided a summary of 2021 and reports on activity topics as well as information on 2022 targets and activities, while RC promotion staff in each country reported on their 2021 activities and topics. Participants also exchanged general opinions about RC.

Responsible Care Activities GRI 403-1

Annual cycle of Responsible Care Activities



Utilization of the 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 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, greenhouse gas (GHG) emissions, soot and dust emissions, water use, wastewater discharged, wastewater concentration measurements, soil and groundwater measurements, amounts of handling, release and transfer of chemical substances subject to PRTR, waste generated and discharged, and final disposal of waste, occupational accident statistics, and traffic accident statistics.

Responsible Care Activities GRI 403-2

Implementation status of the RC Secretariat Audit

At Kao, individual divisions in charge of RC promotion conduct self-checks in July, and the audit team selected by the Responsible Care Promotion Committee Secretariat implements an audit of individual divisions in Japan in charge of RC promotion and affiliated companies outside Japan in August, to determine the progress of Responsible Care Activities and challenges to be addressed.

These results are reported at the Kao Group Responsible Care 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 conducted by scoring the implementation status (implemented / not implemented; implementation rate) by survey item on the checklist used for the audit, as it is carried out

based on company-wide regulations (B-02-00 Rules for RC Secretariat Audit).

From July through August 2022, the RC Secretariat Audit was conducted by using the checklist sheet at eight promoting divisions in Japan and 19 group companies* with plants outside Japan, with consideration to the degree of safety and environmental impact. In 2021, 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 performance of Responsible Care Activities.

In Japan, the status of various items was confirmed in remote and in-person 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 2021 audit had been addressed.

Overall, the results of the 2022 RC secretariat audit produced almost the same scores as in 2021. As there was a large number of findings on the management system and occupational safety, which are areas where ongoing monitoring is necessary, we have requested further improvements (see the 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 the RC Secretariat Audit (FY2022)

	Supply Chain Management	R&D	Business divisions	Corporate divisions	Group companies in Japan ^{*1}	Group companies outside Japan ^{*2}
No. of evaluation responses	247	193	235	500	768	6,362
Average evaluation score [out of 5] ^{*3}	4.21 (4.26)	4.53 (4.70)	4.83 (4.84)	4.52 (4.49)	4.49 (4.62)	4.54 (4.52)
No. of items requiring further monitoring	1 (4)	0 (1)	0 (0)	5 (6)	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 2021 results.

Responsible Care Activities GRI 403-2, 403-4, 403-5

Status of international management system certification

Kao has put an RC management system in place throughout the group. We have 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 individual countries.

Environmental certifications (ISO 14001, etc.)

Ninety-six percent of our plants have received ISO external certification, and 2.5% have received external certification from the government and other authorities (on a 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.)

Ninety-five percent of our plants have received external certification (on a 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
<https://www.kao.com/global/en/sustainability/pdf/environment-activity-data/certification/>

Education about RC activities

The Responsible Care Promotion Committee Secretariat and RC promotion staff in individual divisions in charge of RC promotion regularly provide education on Responsible Care Activities including environment, occupational safety and health, and process safety and disaster prevention for Kao employees and staff at business partners. In 2022 as well, in response to the number of employees who continue to work from home due to the COVID-19 pandemic, we conducted education by effectively deploying an online learning (e-learning) format instead of in-person instruction.

Also in 2022, we ran online training covering disaster prevention in case of a Nankai Trough earthquake as well as a verification survey for all group employees in Japan, mainly targeting the Wakayama Office, where many employees work. The average attendance rate for these training sessions exceeded 80%. In 2022, the Responsible Care Promotion Committee Secretariat carried out RC training for employees 14 times, reaching a total of more than 2,000 employees.

We will continue to actively use e-learning and other means to provide RC-related education.

TOPIC External evaluation

The SCM Division receives the Grand Prize in the Responsible Care Awards

Supply Chain Management (SCM) received the RC Grand Prize in the 16th Annual Responsible Care Awards, sponsored by the Japan Chemical Industry Association, for its advanced AI that detects signs of abnormalities in batch processes.

Manufacturing sites for many different products must address challenges such as aged equipment, aging and shortage of human capital, how to pass on technologies, and environmental changes. We were highly commended not only for significantly reducing workloads by implementing a system that uses the AI technology to automate operation monitoring and detect signs of abnormalities, but also for improving productivity, passing on manufacturing technologies, enhancing on-site capabilities, and achieving independence from individual skills by standardizing task monitoring.



Responsible Care Activities

Responsible Care (RC) activity data links

Also see the following for the framework of RC activities, details of the major activities, and 2022 results.


Occupational Safety and Health

P229 Employee Wellbeing & Safety

Process safety and disaster prevention

P352 Process Safety and Disaster Prevention

Chemical and product safety


 For Safer Use of Chemicals
<https://www.kao.com/global/en/innovation/safety-quality/saicm/>

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

Product Quality Management
<https://www.kao.com/global/en/innovation/safety-quality/>

P253 Responsible Chemicals Management

Environmental conservation

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

Kao Environmental Statement
<https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/environmental-statement.pdf>

Environmental Activities and Data
<https://www.kao.com/global/en/sustainability/pdf/environment-activity-data/>

Responsibly Sourced Raw Materials
<https://www.kao.com/global/en/sustainability/we/procurement/>


Making the world healthier & cleaner
<https://www.kao.com/global/en/sustainability/planet/>

P327 Biodiversity

Compliance with regulations and voluntary management standards

P161 Effective Corporate Governance

Communication with society

 Corporate Citizenship Activities
<https://www.kao.com/global/en/sustainability/society/>