


Independent Assurance Report GRI 2-5

Independent Assurance Report

To the Representative Director, President and Chief Executive Officer of Kao Corporation

We were engaged by Kao Corporation (the “Company”) to undertake a limited assurance engagement of the environmental and social performance indicators marked with  (the “Indicators”) for the period from January 1, 2022 to December 31, 2022 included in its Kao Sustainability Report 2023 (the “Sustainability Report”) for the fiscal year ended December 31, 2022.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Sustainability Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Sustainability Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Sustainability Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting the Company’s Sakata Plant and making inquiries and reviewing materials including documented evidence of Kao (Shanghai) Chemical Industries Co., Ltd. as alternative procedures to a site visit, selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Sustainability Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Sustainability Report.


Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

/s/ Kazuhiko Saito

Kazuhiko Saito, Partner, Representative Director
KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
May 23, 2023

Notes to Readers of the Independent Assurance Report: This is a copy of the Independent Assurance Report. The original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.

To ensure greater transparency of data disclosure relating to environmental and social performance indicators, independent assurance for the Kao Sustainability Report 2023 has been provided by KPMG AZSA Sustainability Co., Ltd. Indicators on which assurance is provided are marked with a check  mark.

Assured data

Category	Data	Pages
Responsibly sourced raw materials	Certified palm oil purchases (Kao Group)	P 95
	Ratio of certified paper/pulp materials (paper/pulp used in Kao products [excludes some products])	P 95
Decarbonization	Energy consumption (all sites)	P 108
	CO ₂ emissions across the entire product lifecycle (Kao Group)	P 108
	GHG emissions (all sites)	P 108
	Scope 1 CO ₂ emissions	P 109
	Scope 2 CO ₂ emissions	P 109
	Scope 3 CO ₂ emissions *Category 1, 4, 11, 12	P 110
Zero waste	CO ₂ emissions during distribution (Japan)	P 115
	Amount of generated waste and other unwanted materials (all sites)	P 127
	Amount of waste reused or recycled (all sites)	P 128
Water conservation	Changes in amount of food waste	P 128
	Water consumption across the entire product lifecycle (Kao Group)	P 140
	Water consumption (withdrawal) (all sites)	P 140
	Water withdrawal amount by source (all sites)	P 141
Air & water pollution prevention	Wastewater discharge by destination (all sites)	P 141
	NO _x emissions (all production sites)	P 150
	Volatile organic compound (VOC) emissions (Kao Group in Japan)	P 150
Product lifecycle and environmental impact	COD pollution load (all production sites)	P 150
	Output: Material procurement: CO ₂ emissions	P 156
	Output: Development/Manufacturing: GHG emissions	
	Output: Distribution/Sales (facilities and company cars): GHG emissions	
	Output: Distribution (transportation): CO ₂ emissions	
Output: Use: CO ₂ emissions		
Inclusive & diverse workplaces	Output: Disposal/Recycling: CO ₂ emissions	P 228
	Base salary + other cash incentives: Average annual salary (Kao Group)	
Employee wellbeing and safety	Base salary Average annual salary (Kao Group)	P 228
	Death and serious lost-time accidents: Including both regular employees and temporary workers (Kao Group)	P 249
	Death and serious lost-time accidents: Affiliates (Kao Group)	P 249
	Lost-time accidents frequency rate: Including both regular employees and temporary workers (Kao Group)	P 249
	Lost-time accidents frequency rate: Subcontractors (Kao Group)	P 249
	Number of employees who experienced lost work days due to occupational diseases: Including both regular employees and temporary workers (Kao Group)	P 250

Scope of assurance

In general, we report the activities of the Kao Group (Kao Corporation, its subsidiaries and NIVEA Kao). Receptive and diverse workplaces data covers Kao Corporation and its subsidiaries. Exceptions to this scope have been clearly stated as annotations to graph and in the text.