

Responsibly Sourced Raw Materials GRI 2-23

Source our raw materials in a more sustainable way that protects natural resources, the environment, safety and human rights through supply chain traceability and dialogue with suppliers.

Social issues

Major issues in product raw materials procurement include the destruction of the local environment and loss of biodiversity due to indiscriminate development, protection of the human rights of workers, safety and hygiene management, forced migration of local residents and health hazards in the supply chain.

Policies

To promote ESG procurement activities in accordance with our Policies for Procurement, Kao has developed our Partnership Requirements for Suppliers, ESG Promotion Activities with Suppliers, and High-Risk Supply Chain Management and Sourcing.

The Policies for Procurement include items relating to fairness and equity in trading, adherence to laws and ethics, and social responsibility. We seek to contribute to the establishment of a sustainable world, provide for due consideration for the protection of natural resources, environmental conservation and human rights, and support ESG procurement along with compliance with laws and ethics.

Our Partnership Requirements for Suppliers seek compliance from our supplier in areas such as rules and ethics, human rights and labor, fairness and equity, supply chain management, environmental management, and sustainability. Our standard contract with suppliers clarifies provisions concerning the aforementioned issues, including the environment, human rights and labor.

ESG Promotion Activities with Suppliers encourages the development of a sustainable supply chain, work on a High-Risk Supply Chain, and strengthen collaboration with our business partners. This ensures the traceability of the entire supply chain and contributes to the resolution of social issues such as resource protection, environmental conservation, security and human rights.

Based on the Policies for Procurement and the policies for ESG Promotion Activities with Suppliers, we conduct transactions with approximately 3,000 suppliers*¹ around the world.

*1 Raw material suppliers for direct purchase

Of these suppliers, we have identified key suppliers by assessing their impact on sustainable procurement, prioritizing risks, and considering the importance of the relationship.

High-Risk Supply Chain Management and Sourcing outlines an initiative for sustainable procurement of natural resources, provides the action policy for the procurement of palm oils, paper, and pulp, and describes the approach for solving fundamental issues. Particularly with regard to zero deforestation, we support the NDPE*² and request and confirm that our suppliers and their group companies, as well as their portfolio companies, comply with it.

*2 NDPE
No Deforestation, No Peat and No Exploitation

Additionally, when revising Policies for Procurement, ESG Promotion Activities with Suppliers, and High-Risk Supply Chain Management and Sourcing, we check for inconsistencies with the Partnership Requirements for Suppliers, which describes expectations of specific

activities from suppliers for sustainability-related issues (ESG issues).

P343 Biodiversity



Policies for Procurement
<https://www.kao.com/global/en/sustainability/we/procurement/procurement-policy/>

Our Partnership Requirements for Suppliers
<https://www.kao.com/global/en/sustainability/we/procurement/procurement-partnership/>

ESG Promotion Activities with Suppliers
<https://www.kao.com/global/en/sustainability/we/procurement/procurement-esg/>

"High-Risk" Supply Chain Management and Sourcing
<https://www.kao.com/global/en/sustainability/we/procurement/procurement-supply-chain/>

Basic Policy on Biodiversity
<https://www.kao.com/global/en/sustainability/klp/policy/biodiversity-policy/>

Strategy

Risks and opportunities

Risks

Procurement risks may include, among others, the inability to procure raw materials as planned due to fluctuations in prices caused by various factors, including abnormal weather, natural disasters, geopolitical influences and international conflicts. Procurement risk may also arise when rapid changes in

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demand, or problems originating with suppliers, destabilize procurement and disrupt the supply of products to the market.

In addition, the Kao Group's raw materials are heavily dependent on natural capital such as palm oil, paper and pulp. We must fulfill our corporate social responsibility by achieving sustainable procurement and fully considering environmental issues, including saving natural resources, global warming prevention and biodiversity conservation, as well as social issues such as safety, hygiene, the labor environment and human rights. If, as we make efforts to achieve these goals, our commitment to sustainable and responsible procurement comes to be viewed as insufficient due to an issue or issues originating in the supply chain, our brand image and credibility may be damaged.

Opportunities

ESG procurement of raw materials is important if we are to contribute to a sustainable society.

In terms of environment, we promote procurement of palm oil, pulp and paper based on our High-Risk Supply Chain Management and Sourcing. In terms of society, we conduct human rights due diligence in line with the Kao Human Rights Policy, and supplier risk assessments based on our Partnership Requirements for Suppliers. In addition, the Kirei Lifestyle Plan sets mid- to long-term targets centered on ESG procurement through 2030, and promotes responsible procurement.

By continuing these activities, we aim to become number one in ESG procurement.

Strategy

Our Procurement Division is conducting responsible procurement along the two axes of ESG procurement and stable procurement, in addition to competitiveness-enhancing procurement.

The entire supply chain is considered from an ESG perspective, and we work with suppliers to resolve ESG issues for ESG procurement. Furthermore, to achieve stable procurement, we strive to construct long-term relationships with suppliers and establish stable procurement systems with thorough risk management.

To achieve procurement for improving competitiveness, we will reinforce cooperative relationships with suppliers to attain the above ESG procurement and stable procurement, and make efforts to reduce costs and improve quality.

By promoting these three activities together with suppliers, we will provide products that consumers and customers will be able to use with peace of mind.

Responsible sourcing



Supplier selection

When selecting suppliers, in addition to confirming their business status, we also conduct ESG surveys using Sedex and our own survey forms, and add together the results of these assessments to make an overall judgment.

Among these, decisions on key suppliers are made from these three perspectives:

- A business perspective
 - Suppliers with a large impact on our business: Selection is based on purchase prices
 - Suppliers that are difficult to replace: Packaging material suppliers and manufacturing contractors with characteristic designs and functions
- An area perspective
 - Areas noted for conflict zones, human rights issues, etc.
 - Natural forests and other areas under environmental protection: Forest resources (palm oil, pulp and paper) suppliers
- An ESG perspective
 - Raw materials derived from natural raw materials
 - Suppliers with high human-rights risks: Suppliers that have not responded or have low ratings on Sedex and Kao SAQs
 - Suppliers who have committed inappropriate activities or unfair practices.

ESG risk assessment

To identify human rights risks and other ESG-related risks at suppliers, in addition to Sedex and Kao's own SAQ assessment results, Kao employees also visit suppliers to conduct on-site assessments. From these assessments, we request the implementation of third-

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party audits (SMETA audits) for suppliers that we deem as high-risk so they can work towards improving issues.

Procurement of sustainable raw materials

We recognize risks associated with sustainable development based on resource constraints, loss of biodiversity, global warming and other environmental issues, as well as issues such as human rights, and are working to sustainably procure raw materials.

These initiatives must be managed across the entire supply chain. With regard to climate change, water and forest, we are participating in the CDP Supply Chain Program^{*1} and asking our key suppliers to disclose relevant information.

^{*1} CDP Supply Chain Program

The CDP is a nonprofit organization operated by institutional investors that requests corporations and other organizations to disclose information relating to climate change, water and forests. The CDP Supply Chain Program is an initiative in which participating enterprises ask the firms that make up their supply chain to disclose information relating to climate change, water resource use and forest resource use via the CDP platform.

Procurement of palm oil

For Kao, the most important natural resource is palm, and we are working toward sustainable palm oil procurement. As part of our commitment to identify and eliminate risks in the supply chain, we will work to ensure farm traceability and move to 100% RSPO^{*2} certified oil. We will also implement a support system

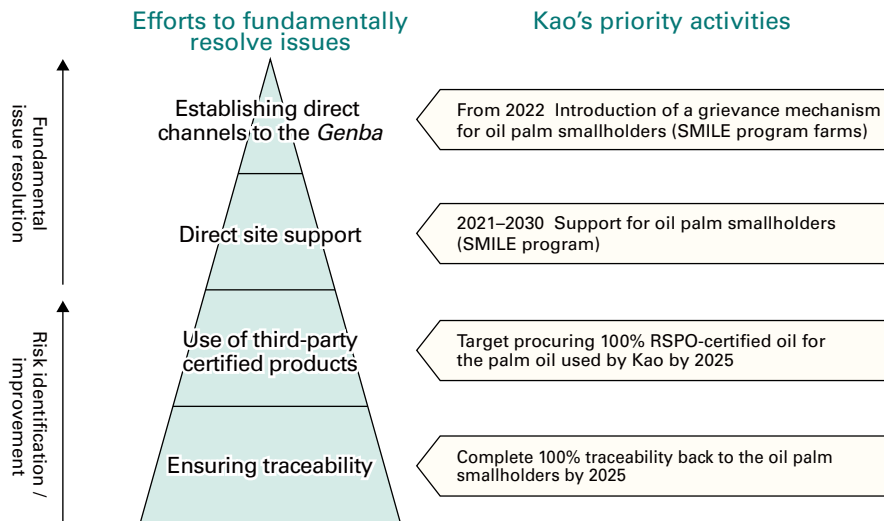
and a grievance mechanism for oil palm smallholders to resolve fundamental issues.

^{*2} RSPO: Roundtable on Sustainable Palm Oil

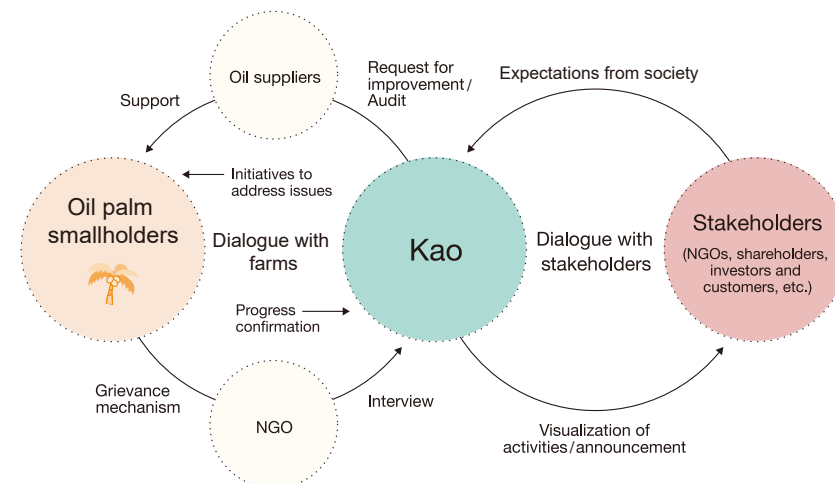
Social impact

Major social issues in product raw materials procurement include the destruction of the local environment and loss of biodiversity due to indiscriminate development, protection of the human rights of workers, safety and hygiene management, forced migration of local residents and health hazards in the supply chain. Addressing these issues is expected to have the following effects:

Activities for sustainable palm oil procurement



Operation of a grievance mechanism for oil palm smallholders



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- Environmental protection: Preventing environmental destruction and loss of biodiversity caused by local overexploitation protects the planet's environment during product raw material procurement.
- Human rights protection: Protecting workers' rights in the supply chain fulfills social responsibilities and prevents violations of human rights.
- Protection of local residents: Preventing forced migration of local residents protects their rights.
- Prevention of health hazards: Preventing health hazards of local residents is possible with thorough safety and hygiene management.

When considering these effects, addressing social issues in the procurement of raw materials for products can be expected to be a positive activity for both the company and society.

Contributions to the SDGs



Business impact

ESG procurement has many benefits for businesses, such as reducing environmental and social risks, suppressing costs, and improving brand image and social credibility. It also enables the implementation of stable business operations and avoidance of reputational risks.

Specifically, ESG procurement provides the following benefits for businesses.

- From an environmental perspective, the introduction of renewable energy and recycling of waste can reduce environmental impact.
- From a social perspective, addressing human rights issues and labor issues can improve social credibility.
- We can avoid reputational risks while maintaining the stability of business operations by ensuring sustainable raw materials.
- We can improve the image of our brands and gain the trust of customers.

Governance

Framework

Risk management in relation to responsibly sourced raw materials is carried out by the Internal Control Committee, and opportunity management is carried out by the ESG Managing Committee, under the supervision of the Board of Directors. These committees are both headed by the Representative Director, President and Chief Executive Officer.

Risk management related to responsibly sourced raw materials is conducted by the Internal Control Committee (which meets twice a year) and its subordinate unit, the Risk & Crisis Management Committee (meeting four times a year). These committees are headed by the Executive Officer Responsible for Corporate Strategy.

The ESG Managing Committee (which meets six times a year) is responsible for managing opportunities related to responsibly sourced raw materials. Comprising outside experts, the ESG External Advisory Board provides advice and suggestions on issues raised by the ESG Managing Committee and offers outside

viewpoints to be reflected into management strategy, and the ESG Promotion Meeting executes the ESG Strategy.

In addition, the Human Rights and DE&I Steering Committee, under board-level ownership, has also undertaken strategy formulation and implementation planning and is working to ensure reliable and rapid execution.

By strategically coordinating three policies: ESG procurement, stable procurement and strategic procurement for enhancing competitiveness, Procurement will achieve competitiveness and promote responsible procurement to all stakeholders. To practice responsible procurement, Procurement's organizational structure is organized into a Strategic Sourcing Department and an Operational Excellence Department.

The principal mission of the Strategic Sourcing Department is to formulate and implement mid- to long-term procurement strategies based on the three procurement policies, while the principal mission of the Operational Excellence Department is to innovate in terms of efficiency and timely information sharing along the supply chain.

P25 Our ESG Vision and Strategy > Governance

Education and promotion

To carry out responsible procurement, each of our Procurement employees must acquire the necessary knowledge, and ensure that they understand and adhere to the Policies for Procurement and related guidelines. To this end, we conduct various training and awareness-raising activities. We use new employee

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training for recent graduates and mid-career hires, training for young employees and other training programs, for example, to deepen understanding of ESG procurement, stable procurement and strategic procurement.

Collaboration with stakeholders

We are promoting opinion exchanges with suppliers within and outside Japan through vendor summits, quality improvement meetings and other initiatives.

Vendor summits have a yearly theme under which participants communicate.

The award system implemented at these vendor summits honors business partners from the perspective of strategic partners, ESG, and stable supplies.

Furthermore, at these awards, we share the efforts of outstanding business partners as benchmarks and cooperate with participating companies to improve their capabilities for ESG procurement and stable supply.

We utilize Sedex for supplier monitoring, and by requesting suppliers to obtain Sedex membership and response, we are undertaking to assess risk for our entire supply chain. We are strengthening collaboration with our suppliers through various initiatives including the CDP Supply Chain Program, and developing our global procurement activities. We are also working with our international business partners to provide essential solutions to social issues.

We also continue to engage NGOs in dialogue and actively exchange opinions with other companies and external organizations.

Risk management

Furthermore, the Procurement Division reinforces risk management processes and takes measures such as securing alternative suppliers to prepare for the possibility of being unable to procure raw materials as planned due to fluctuations in prices caused by various factors, including abnormal weather, natural disasters, geopolitical influences, and international conflicts. We also implement measures, including cooperation with manufacturing divisions to improve demand forecast accuracy and enhance risk management in the supply chain to address the risk of disrupted supply of products to the market due to stable procurement being compromised by rapid changes in demand or supplier issues.

P40 Our ESG Vision and Strategy > Risk management

Metrics and targets

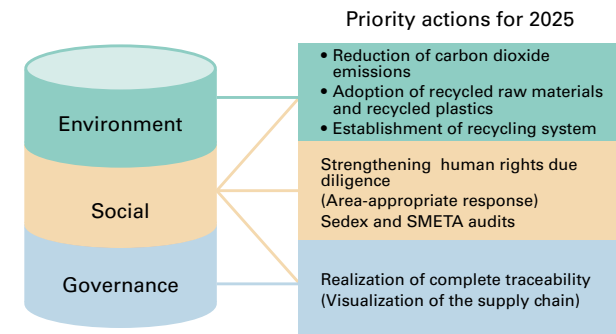
Mid- to long-term targets and 2023 results

Mid- to long-term targets

On the environmental side of ESG procurement, we will work to reduce carbon dioxide gas emissions from raw materials, use recycled raw materials and recycled plastics, and establish a recycling system for containers.

In social terms, we will strive to strengthen human rights due diligence on the part of suppliers by promoting Sedex and SMETA audits.

In governance terms, we aim to ensure traceability of raw materials back to their origin and make the supply chain visible.



In particular, in relation to procuring palm oil and palm kernel oil, we are expanding our initiatives to solve essential issues in the supply chain, ranging from ensuring traceability and promoting the purchase of RSPO-certified oil to supporting oil palm smallholders, establishing a grievance mechanism, and disclosing forest footprints to the public.

1. Ensuring traceability

We take into consideration the preservation of biodiversity and pursue zero deforestation in our procurement of palm oil and palm kernel oil. In addition, the Kao Group aims to procure only RSPO-certified palm oil by 2025 and to complete the traceability confirmation back to oil palm landholders, also by 2025.

With regard to paper and pulp procurement, we take into consideration the preservation of biodiversity, pursue zero deforestation, and are working toward 100% procurement of certified paper products and pulp used in consumer products by 2025. We will also continue to confirm traceability to the origin.

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2. Human rights initiatives

We established the Kao Human Rights Policy in 2015 to address various risks associated with human rights issues. In addition to our own activities, we also request that the activities of our suppliers embody respect for human rights based on our Partnership Requirements for Suppliers, and we conduct human rights due diligence accordingly.

To conduct this risk assessment, in 2014, we joined Sedex, a platform for global companies to share information on ethical practices. We have also been encouraging our suppliers to join Sedex. We aim to achieve 100% implementation of due diligence by suppliers by 2025. In addition, we will request that suppliers that are rated as being high-risk conduct SMETA audits and act on them to address issues.

2023 results


1. Ensuring traceability

- Palm oil and palm kernel oil procurement Confirmation of traceability to the farms owned by suppliers: 87%

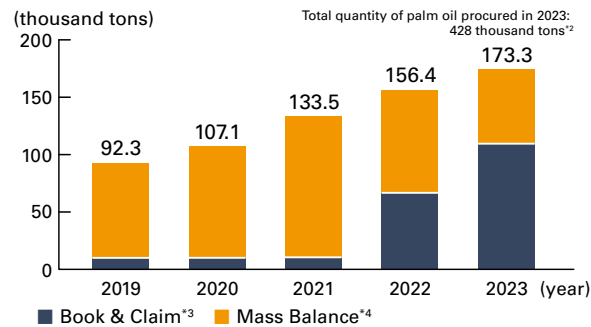
Procurement of certified palm oil: Ratio of RSPO-certified oil to total palm oil: 40%

Support for oil palm smallholders: 839 farms received RSPO certification.

Introduction of the grievance mechanism: Operation started in September 2022.

 Palm Oil Dashboard
<https://www.kao.com/global/en/sustainability/we/procurement/palm-dashboard/>

Certified palm oil purchases*¹ (Kao Group)



*1 Total of certified palm oil, certified palm kernel oil, and certified palm-derived raw materials

*2 Total of palm oil, palm kernel oil, and raw materials derived from palm

*3 Book & Claim

A certification model in which RSPO-certified credits are traded online between producers and end-product manufacturers/sellers

*4 Mass Balance

A certification model in which certified oil is mixed with non-certified oil during the distribution process, but the quantity of certified oil is guaranteed.

- Paper and pulp procurement*⁵ Confirmation of traceability: 100% Of this, 98% is certified paper and pulp*⁶ (as of December 2023)

*5 Covers paper and pulp used in Kao products (excluding some products).

*6 The ratio of certified materials among paper / pulp materials is tabulated based on the ratio by weight of certified materials for each procured item.

2. Human rights initiatives

We have been conducting assessments based on Sedex since 2017. We expanded these assessments in 2018 to cover all of our global business*⁷.

Overall evaluation of supplier risk assessment based on Sedex (as of December 2023)

Overall evaluation	SAQ response rate* ⁸	Sedex risk assessment* ⁹	Percentage
S	80% or more	3.0 or more	25%
A	80% or more	2.0 to less than 3.0	38%
B	80% or more	Less than 2.0	29%
C	Less than 80%	—	8%

*7 The scope of assessment is 1,339 sites that responded to the Sedex Self-Assessment Questionnaire (SAQ)

*8 Sedex new SAQ response rate

*9 Management control score values using Sedex assessment tools (Ranging from 0 to 5; the higher the score, the better the management)

In addition, SMETA audits were initiated for high-risk suppliers in 2021. In 2023, SMETA audits were conducted for 30 high-risk suppliers. No company was identified with serious risks in this audit, but there were minor issues identified for all suppliers. With this, corrective plans have been submitted, and corrective actions are currently being implemented.

SMETA audit results

Number of SMETA audits	30
Percentage of companies with serious issues	0%
Percentage of companies with minor issues	100%
Percentage of companies with minor issues that have submitted corrective plans	100%

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Number of suppliers and actual number of key suppliers % of suppliers per country

Region	Percentage (%)
Japan	32
Asia	38
the Americas	11
EMEA	19

% of suppliers by category

Category	Percentage (%)
Raw materials	67
Packaging	18
Outsourced production	15

Number of key suppliers

Category	
Tier 1 Total number of key suppliers	187 companies
Tier 1 Percentage of key supplier spending	20%
Non-tier 1 Total number of key suppliers	80 companies

Actual performance of the CDP supply chain program

	Response rate
Climate change	85%
Water	94%
Forest	98%

Reviews of 2023 results

We have completed 87% of traceability checks of palm oil production regions (palm farms). We will continue to pursue traceability in collaboration with various stakeholders such as suppliers, farmers, and NGOs. Regarding support for oil palm smallholders, a total of 839 farms received the Roundtable on Sustainable Palm

Oil (RSPO) certifications. Currently, the grievance mechanism has been expanded to 212 farms.

We once again achieved nearly 100% traceability for paper and pulp-producing areas, maintaining the results from 2022, and the certified product ratio was 98%. We will continue to introduce certified products for small-scale suppliers and encourage confirmation of sustainability with the aim of achieving 100% by 2024, even earlier than our original target of 2025.

To address human rights, we request that all direct materials suppliers worldwide join Sedex, respond to Sedex questionnaires and set up data access rights. By the end of 2023, 97% of global transactions (by value) were conducted with Sedex member companies (including alternative programs and Kao SAQ). In the future, besides continuing to encourage suppliers to join Sedex, we will also clearly request that suppliers whose ESG assessment results from the Sedex assessment tool are low (Scores of B or C) set targets for an overall assessment of A or better and review items that need improvement.

SMETA audits for high-risk suppliers in 2023 were conducted at 30 companies, as a result of sufficient dialogue with target companies to gain understanding, and the goals were almost achieved. We plan to continue to complete audits of suppliers in Japan considered to be high-risk suppliers as of this moment in 2024.

P120 Decarbonization > Efforts in raw materials procurement

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Main initiatives

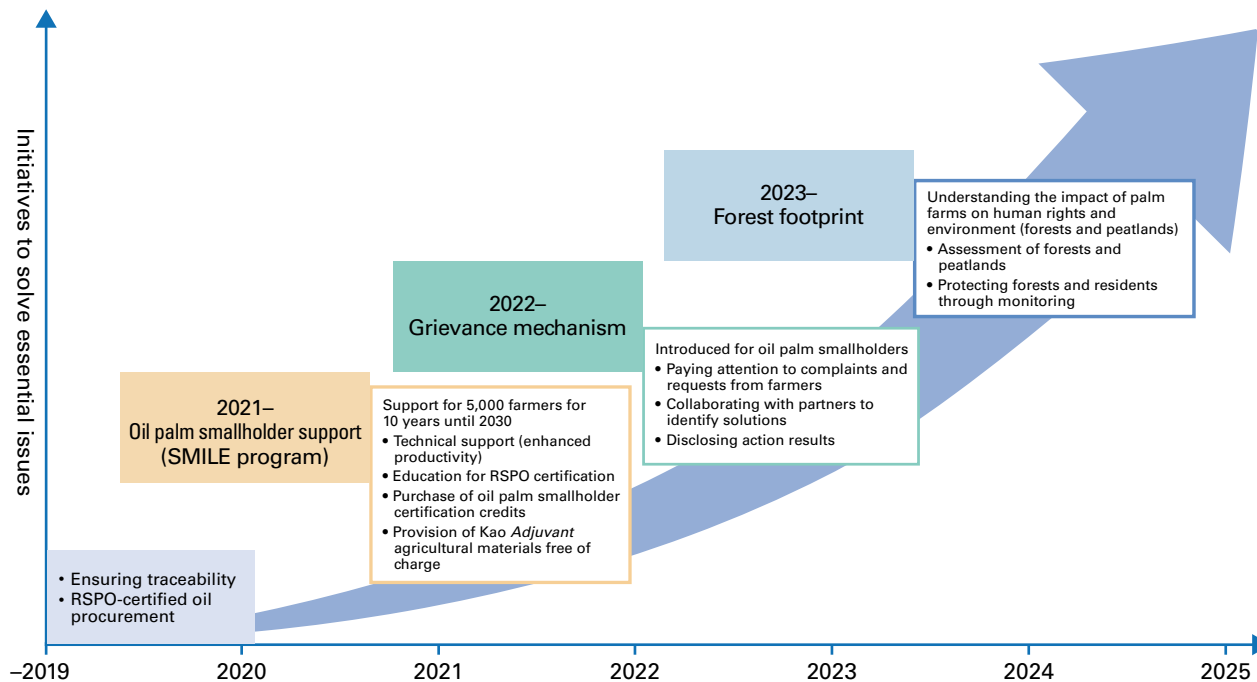
Palm, the most precious natural resource for Kao

For Kao, the most important natural resource is palm, and we are working toward sustainable palm oil procurement.

P102 Activities for sustainable palm oil procurement

Palm oil sustainability activities

Contribute in our own way in this field and become global number one in this area



Support for oil palm smallholders

Kao, Apical Group (a company that manufactures and sells oleo chemicals) and Asian Agri (a plantation company) are implementing Smallholder Inclusion for Better Livelihood & Empowerment (SMILE program) to help oil palm smallholders in Indonesia improve productivity and obtain certification for sustainable palm oil, with the aim of establishing a sustainable palm oil supply chain.

These activities will cover approximately 5,000 farms by 2030, with technical guidance related to production such as farmland management, labor safety, and fire management by special education teams of the plantation company, along with education and support to obtain RSPO certification. All certification credits after plantations are certified will be purchased by Kao. Oil palm smallholder certification credits enable smallholders to directly receive certification premiums, thereby providing steady income for the farmers.

Phase 1, which began in 2020, and Phase 2, which began in 2022, provided support to 3,083 farms in Sumatra. By 2023, 839 farms obtained RSPO certification and 9,996 tons of independent oil palm smallholder certification credits have been purchased.

In addition, Kao's pesticide spreading agent *Adjuvant**¹ is being provided free of charge. This free provision of *Adjuvant* has been implemented for a total of 628 farms in 2023.

*1 A high-performance agrochemical spreader developed by Kao that is derived from bio-based materials. Spread the chemical on the plant surface so that it is wetted and spread during agrochemical application.

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Introduction of a grievance mechanism

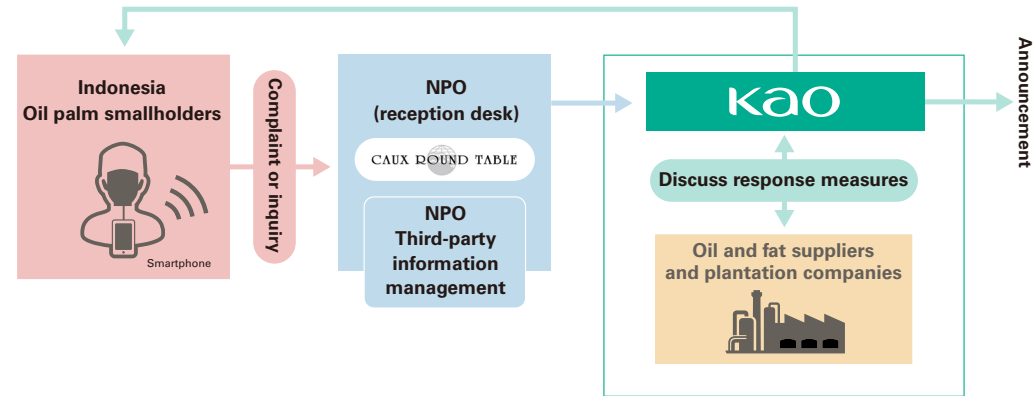
We have initiated the grievance mechanism as a way to rapidly address human rights issues in oil palm smallholders in Indonesia, which we will support with the SMILE program. In Kao's grievance mechanism, Kao and NPOs that use palm oils, together with oil suppliers/plantation companies, directly receive complaints (such as human rights violations and land disputes) from independent oil smallholders (farms), along with inquiries related to farm operation (including obtaining RSPO certification, labor safety on farms, replanting oil palms for increased productivity, and the purchase of seedlings and fertilizers). With this, investigations, response, resolution, and follow-ups are conducted before periodic reports are disclosed on a grievance list.

This mechanism covered 212 farms in North Sumatra, Indonesia, in 2023. 213 inquiries were received, and are being addressed.

In September 2023, Japanese and local employees (seven executive officers, including the Senior Vice President of Procurement from Kao, and six members, including the persons in charge of sustainability from fat and oil / plantation companies) visited Sidorukun Village, Labuhan Batu Regency, North Sumatera State to have a direct dialogue. Dialogues with 50 oil palm smallholder

Kao grievance mechanism for oil palm smallholders

- Direct dialogue with owners of oil palm smallholders
- Confirmation, investigation and response to complaints and inquiries
- Follow-up in collaboration with NPOs and suppliers



farmers were held with this visit, and participants raised many questions and proposals, including those related to sustainability. This exchange of opinions proved to be a valuable opportunity for both sides in deepening understanding and constructing better relationships.

Purchased electricity initiatives

The Procurement Division engages in procurement to provide stable and low-cost use of environmentally-friendly energy for all Kao Group activities.

Kao has been procuring all of its purchased electricity from renewable energy, and attained 100% renewable energy for all business sites in Japan in 2023.

Furthermore, Virtual PPA (Virtual Power Purchase Agreement), which purchases all environmental value created from a total of 15.6 MW generated by the largest photovoltaic power generators in Japan, was

introduced for the first time in the Kao Group. By February 2024, approximately 7.7 MW (49.5% of the total amount) was in operation, and we are moving forward with plans to have all power generators operating by June 2024.

Virtual PPA is a contract in which only the environmental value that corresponds to the quantity of energy from the newly installed photovoltaic power generation is directly purchased. The actual electricity used will be provided through the electricity supply and demand contract with power companies. This contract also has "Additionality" that increases the overall quantity of renewable energy in society as a whole, as it results in direct investment in renewable energy generation facilities.

Virtual PPAs contribute toward Kao's advanced and sustainable business operations, while also contributing toward the spread of renewable energy and reducing environmental impact.

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GRI 308-2, 404-2, 414-1, 414-2

Collaboration with suppliers

Supplier monitoring

We use Sedex in confirming compliance with our Partnership Requirements for Suppliers, which define initiatives in such areas as the environment, safety, conformance with laws and social norms, and human rights and labor problems, and in risk assessments. After joining in 2014, we began full-scale use of Sedex in 2016, and we request that all direct materials suppliers worldwide join Sedex and set up data access rights.

For suppliers that find it difficult to join Sedex, we also use an original survey form (Kao SAQ) as an evaluation tool to supplement Sedex. Kao SAQ comprises such social responsibility items as compliance, human rights and business practices, and such environmental conservation items as environmental policies, environmental objectives and various categories of environmental management, including pollution prevention (air, water, etc.).

We are also performing this assessment when onboarding new suppliers.

Kao vendor summits

As with 2022, the 2023 vendor summit was held remotely (within and outside of Japan). At the 2023 vendor summit, we and our suppliers presented our initiatives and activities, and called for collaboration to strengthen ESG procurement for responsible procurement (including joining Sedex, conducting SMETA audits, participating in the CDP Supply Chain Program and LC-CO₂ initiative), and stable procurement (including raw material traceability and information security).

Number of companies that participated in the vendor summits (Unit: firms)

	Held inside Japan	Held outside Japan	Total
2019	239	267	506
2020	Suspended	Suspended	—
2021	246	108	354
2022	273	29	302
2023	292	82	374



Supplier satisfaction survey

Kao conducts a supplier satisfaction survey once approximately every three years to confirm whether we are conducting procurement activities in a fair and equitable manner.

The survey was conducted in 2023, and we were able to receive valuable feedback from our 244 business partners on factors such as supplier selection, quality, ordering, customer service, and communication.

We received high marks for our attitude toward customers and quality requirements. Meanwhile, we uncovered issues concerning disclosure on changes and rejections after orders are made, along with quotation formats. Regarding changes after orders are made, we will continue to share information with relevant divisions for improvement. Furthermore, we will strive to provide thorough explanations that will satisfy business partners regarding the disclosure of rejection details. We will also move forward with improving the system regarding quotation forms.

Number of companies responding to the satisfaction survey (Unit: companies)

	Raw material suppliers	Wrapping/ packaging material suppliers	Equipment/indirect material suppliers	Total
2010	55	68	44	167
2013	71	59	45	175
2016	78	69	52	199
2020*1	105	69	36	210
2023	111	80	53	244

*1 Although the survey was initially planned for 2019, due to changes in the Procurement Division structure, the survey was postponed until 2020.

Education and promotion

Employee training and awareness-raising (Japan)

We educate new Procurement employees in our basic approach to procurement, which includes fairness and equity, adherence to laws and ethics and social responsibility. Through this training, we strive to encourage our employees to understand global social issues, such as human rights and labor, which are fundamental to the United Nations Global Compact and ISO 26000 principles. In 2023, we conducted education on our basic approach to procurement for five employees newly assigned to the Procurement Division.

Promoting certification testing (Japan)

So that all Procurement employees understand the relationship between society and the environment, and as education to modify their behavior accordingly, we encourage them to take certification examinations. In 2023, we encouraged employees to take the Certification Test for Environmental Specialists® (Eco Test®*2), and the cumulative number of employees who have passed the test accounted for 90% of division employees in 2023.

*2 Eco Test®: This test promotes an environmentally and economically sustainable world.