

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 world.


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 CEO Motoki Ozaki signed a declaration of support for the RC Global Charter, and again in 2014 then-President and CEO 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*1, which are 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.

*1 Basic pillars of RC activities: Five objectives of environmental conservation, process safety and disaster prevention, occupational safety and health, chemical and product safety, distribution safety, and communication with society.

 **Basic Principle and Basic Policies on Environment and Safety**
<https://www.kao.com/global/en/sustainability/klp/policy/environment-safety-policy/>

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

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 mid- to long-term risks. Specifically, such neglect will make it difficult to achieve our goal of becoming a company with a global presence that is valuable to society by 2030, and it will damage the image of our products and our credibility.

Opportunities

Mid- 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 a PDCA (Plan, Do, Check, and Act) cycle, and enhance these activities by utilizing the ISO 14001 and ISO 45001 international certification systems, etc.

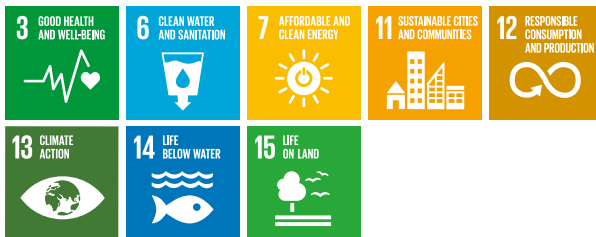
Responsible Care Activities GRI 403-1

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, the promotion of these activities is helping to create a sustainable world 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 with peace of mind 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, 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 and CEO, 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.

Responsible care activities framework



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PDCA to promote the Responsible Care Activities

The eight promotional divisions within Japan and all affiliated companies outside Japan promote the Responsible Care Activities using the following PDCA cycle 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.

The Kao Group RC 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 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.

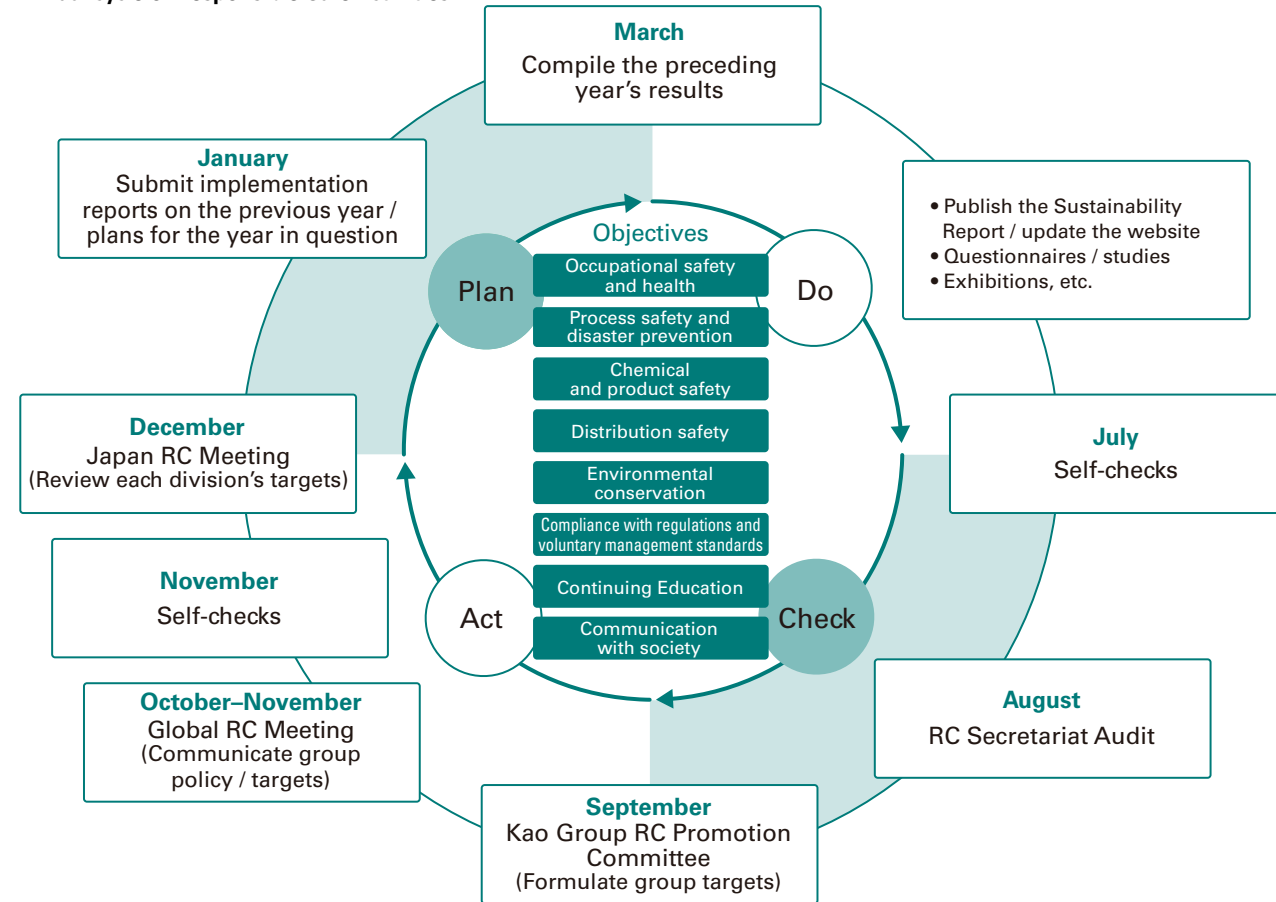
Japan RC Meeting (December)

At the Japan RC Meeting held in December, based on these numerical targets and activity targets for the Kao Group decided at the Kao Group RC 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.

Annual cycle of Responsible Care Activities



P304 Standardization of RC activities

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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 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 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).

P305 Implementation status of the RC Secretariat Audit

Utilization of the environmental and safety database

We have developed the Environmental & Safety Data Management System ("Kanchan" System)*1 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 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 relevant divisions, as part of deliberations on transitions to new systems.

*1 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.

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P288 Corporate Governance

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.

P304 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 eight 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.

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P293 Risk and Crisis Management

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Metrics and targets

Mid- to long-term targets and 2023 results

We are promoting day-to-day RC activities to become a top-level global corporation for safety and environmental conservation 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 the 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.

2023 results

In 2023, we convened the Kao Group RC Promotion Committee on September 11, and the Japan RC Meeting on December 22. In addition, the RC 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.

Although we had conducted and attended many audits remotely until 2022 due to the COVID-19 pandemic, we used a hybrid style in 2023, combining in-person and remote auditing.

However, documents and data were shared in order to achieve a common understanding, similar to 2022, instead of the Global RC Meeting in November, when

RC personnel from each company had initially planned to meet together.

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P305	Implementation status of the RC Secretariat Audit
P306	Education about RC activities

Reviews of 2023 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 targets for the rate of renewable energy from purchased electricity and for the rate of disclosure of wastewater COD emissions, but did not reach the target for the rate of disclosure of wastewater VOC emissions.

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

While we were again unable to achieve some targets in 2024, we are not changing our initial target values and will aim to make further improvements.

Main initiatives

Standardization of RC activities

Kao Group RC Promotion Committee (September)

The Kao Group RC Promotion Committee was held in hybrid style on September 11, 2023. The RC Promotion Committee Secretariat announced the first half-year actual performance for our group's 2023 RC targets, as well as the results of the RC 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 2024 were agreed upon for major topics deliberated.

Global RC Meeting (October to November)

Initially, we had planned to hold the Global RC Meeting in person at the Head Office on November 6 and 7 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 instead, where we confirmed the status of companies' Responsible Care Activities and shared best practices by sharing documents from each plant, aiming to energize and improve the Activities.

Japan RC Meeting (December)

At the Japan RC Meeting, held both online and in person on December 22, RC Promotion Committee members from promotional divisions reported on their 2023 activity results and announced 2024 draft plans for their divisions. The plans were then deliberated on and approved. The RC Promotion Committee Secretariat then reported on the group's 2023 environmental and safety actual performance.

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Information exchanges with overseas

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 thirteen information exchanges remotely with individual areas from April to July 2023. At these information exchanges, the secretariat provided a summary of 2022 and reports on activity topics as well as information on 2023 targets and activities, while RC promotion staff in each country reported on their 2022 activities and topics. Participants also exchanged general opinions about RC.

Implementation status of the RC Secretariat Audit

From July through August 2023, the RC secretariat audit was conducted by using the checklist sheet at eight promoting divisions in Japan and 20 group companies*1 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 the performance of Responsible Care Activities.

In Japan, the status of various items was confirmed at 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 2022 audit have been addressed.

Overall, the results of the 2023 RC secretariat audit produced almost the same scores as in 2022. 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).

*1 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, SOCIEDAD LIMITADA, Kao Chimigraf, S.L., Kao Collins Inc.

Actual Performance of the RC Secretariat Audit (FY2023)

	Supply Chain Management	R&D	Business divisions	Corporate divisions	Group companies in Japan*2	Group companies outside Japan*3
No. of evaluation responses	246	211	282	510	744	6,537
Average evaluation score [out of 5]*4	4.25(4.21)	4.75(4.53)	4.84(4.83)	4.33(4.52)	4.40(4.49)	4.51(4.54)
No. of items requiring further monitoring	2(1)	0(0)	0(0)	4(5)	5(6)	—

*2 Group companies in Japan

Kao Professional Services Co., Ltd., Kao Group Customer Marketing Co., Ltd., Kao Logistics Co., Ltd.

*3 Group companies outside Japan

20 companies (11 in Asia, 9 in AEMEA (the Americas, Europe, the Middle East and Africa))

*4 () indicates 2022 results.

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 safety and health, in addition to other certifications in individual countries.

Environmental certifications (ISO 14001, etc.)

Ninety-five percent of our plants have received ISO external certification, and 4.5% 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 safety and health certifications (ISO 45001, etc.)

Obtaining the occupational safety and health management standard is being prioritized for plants outside Japan where enhancement of labor management is needed. The ratio of externally certified plants is 62% (on a total production volume-weighted basis).

Certifications obtained at eleven individual plants in Japan and Asia have been integrated to standardize and upgrade operations. We will expand the scope of certified plants by increasing the number of integrated plants and taking other measures.

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Product quality certifications (ISO 9001, etc.)

Ninety-nine 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 externally 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 the environment, occupational safety and health, and process safety and disaster prevention for Kao employees and staff at business partners. In 2023, we also provided education by effectively deploying an online learning (e-learning) format so that employees can learn easily, for example, when working from home.

In 2023, the Responsible Care Promotion Committee Secretariat carried out RC training for employees 12 times, reaching a total of more than 600 employees.

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

Responsible Care (RC) activity data links

Also see the following for the framework of RC activities, details of the major activities, and 2023 actual performance.

Occupational Safety and Health

P246 Employee Wellbeing & Safety

Process safety and disaster prevention

P369 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/global/en/sustainability/klp/policy/environment-safety-policy/>

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

P275 Responsible Chemicals Management

Environmental conservation



Basic Principle and Basic Policies on Environment and Safety
<https://www.kao.com/global/en/sustainability/klp/policy/environment-safety-policy/>

Kao Environmental Statement
<https://www.kao.com/global/en/sustainability/klp/policy/environmental-statement/>

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/>

P343 Biodiversity

Compliance with regulations and voluntary management standards

P168 Effective Corporate Governance

Communication with society



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

Responsible Care Activities

TOPIC External evaluation

Supply Chain Management receives the Jury's Special Award in the Responsible Care Awards

Supply Chain Management (SCM) received the RC Jury's Special Award in the 17th Annual Responsible Care Awards, sponsored by the Japan Chemical Industry Association, for its development of leaders who support Kao manufacturing divisions (Kao Techno School).

Some of the aspects that were highly appreciated include the unique curriculum, such as the qualification and education course and seminars that the Techno School has continued for a long time; the human capital development based on career plans and the responses to its issues; and the global success of human capital development with over 1,000 attendees making their mark within and outside Japan.

