

Respecting Human Rights

GRI 2-23

Kao promotes human rights initiatives based on its corporate philosophy, the Kao Way, which upholds the fundamental value of “walking the right path.” By listening to the voices of employees and other stakeholders, Kao promotes human rights initiatives in line with international standards.

Risks	Strategy	Metrics, targets and results			Initiatives	Financial impact
<ul style="list-style-type: none">• Damage to corporate value and loss of business opportunities due to penalties for legal violations and reputational decline• Business continuity difficulties caused by the suspension of raw material procurement or production delays due to human rights violations in the supply chain• Loss of brand and corporate credibility and business losses due to inappropriate advertising expressions• Decline in competitiveness due to a deterioration of employee motivation and workplace culture and turnover of talented employees• Health hazards to workers and deterioration of product quality due to manufacturing under poor working conditions• Health hazards to consumers and environmental pollution due to deficiencies in product quality control	(1) Regular review of the Kao Human Rights Policy					<ul style="list-style-type: none">• Avoiding litigation costs, penalties, and unexpected expenses (such as losses due to reputational damage or supply chain disruptions) by preventing human rights violations• Increasing sales by capturing consumer empathy and demand for ethical consumption• Improving productivity and promoting the retention of human capital through enhanced employee engagement and job satisfaction• Ensuring stable business operations and enhancing mid- to long-term corporate value by maintaining good relationships with suppliers and engaging in constructive dialogue with stakeholders
	(2) Human rights due diligence	Response rate to human rights due diligence (risk assessment internally and for suppliers and contractors) (2)	100% 2030* *Suppliers: 2025	Internal: 100%, suppliers: 90%, contractors: 26%	Defining important human rights themes (2)	
					Conducting human rights risk surveys internally and for suppliers and contractors (2)	
					Conducting digital surveys for human rights due diligence (2) (5)	
					Initiatives targeting high-risk groups: Supporting independent oil palm smallholders and conducting initiatives for foreign workers (2) (5)	
				Disclosure of information in an appropriate manner and in response to social demands (2)		
(3) Remediation	Number of compliance reports and consultations (3)	–	427 reports	Deployment of grievance mechanisms (3)		
	Number of reports through the grievance mechanism (oil palm plantations) (3)	–	271 reports			
	Number of on-site subcontractors at plants that have implemented the grievance mechanism (3)	–	3 companies			
Opportunities <ul style="list-style-type: none">• Strengthening competitiveness by enhancing employee motivation and loyalty, as well as recruiting and retaining talented human capital• Stabilizing procurement and improving competitiveness through the promotion of human rights initiatives among business partners and the establishment of trust-based relationships• Enhancing corporate value by earning recognition from stakeholders• Promoting purchases by gaining consumer trust	(4) Enhancing employee awareness				Initiatives to enhance employee awareness of human rights (4)	Environmental and social impact <ul style="list-style-type: none">• Contributing to the creation of a society where individual human rights are more respected• Establishing an environment where consumers can confidently choose and use products and services made with consideration for human rights, leading to more enriched lifestyles
	(5) Engaging in dialogue and discussions with stakeholders				Improving activities through dialogue with diverse stakeholders (5)	
	(6) Advertising expressions that gain consumer empathy				Establishing a system to review advertisements from a human rights perspective (6)	

* The numbers at the end of the metrics, targets, and initiatives indicate the strategy identifiers.

Walking the Right Path

Effective Corporate
Governance

Full Transparency

> Respecting Human
Rights

Human Capital
Development

Inclusive & Diverse
Workplaces

Employee Wellbeing
& Safety

Responsible
Chemicals
Management

Strategy

Kao supports and respects international norms on human rights and aims for zero human rights violations across all of our corporate activities in accordance with the Kao Human Rights Policy, which is guided by the United Nations Guiding Principles on Business and Human Rights. This policy applies to all business activities, including mergers and acquisitions (M&A) and new projects. To prevent and mitigate adverse human rights impacts and create business opportunities, Kao develops and implements effective strategies.

■ Social issues

To remain a sustainable and competitive company, it is essential for Kao to accurately understand social issues. This not only helps mitigate business risks but also serves as a critical starting point for identifying new business opportunities that drive growth. Kao recognizes the following social issues related to this theme.

- Risks of forced labor among suppliers in emerging countries, poor working conditions for foreign workers, and issues of forced labor and child labor on oil palm plantations due to the globalization of corporate activities
- Adverse human rights impacts caused by climate change
- Issues of harassment and bullying in recruitment and the workplace
- Discrimination against minorities

 Kao Group risks specified through risk assessments

■ Risks and opportunities

In a business environment that includes the social issues mentioned above, Kao faces various risks and also identifies new business opportunities. Identifying risks and opportunities is a critical process in formulating corporate strategies and initiatives. The key risks and opportunities that Kao recognizes in this theme are as follows.

Risks

- Damage to corporate value and loss of business opportunities due to penalties for legal violations and reputational decline
- Business continuity difficulties caused by the suspension of raw material procurement or production delays due to human rights violations in the supply chain

- Loss of brand and corporate credibility and business losses due to inappropriate advertising expressions
- Decline in competitiveness due to a deterioration of employee motivation and workplace culture and turnover of talented employees
- Health hazards to workers and deterioration of product quality due to manufacturing under poor working conditions
- Health hazards to consumers and environmental pollution due to deficiencies in product quality control

Opportunities

- Strengthening competitiveness by enhancing employee motivation and loyalty, as well as recruiting and retaining talented human capital
- Stabilizing procurement and improving competitiveness through the promotion of human rights initiatives among business partners and the establishment of trust-based relationships
- Enhancing corporate value by earning recognition from stakeholders
- Promoting purchases by gaining consumer trust

■ Strategy

As part of its efforts to aim to achieve zero human rights violations across all of our corporate activities, Kao is conducting inter-divisional discussions to identify human rights risks throughout the entire value chain. We are working to prevent and mitigate adverse impacts on human rights in the value chain by evaluating the severity and likelihood of human rights risks identified in those discussions and defining important human rights themes to advance our initiatives based on priority. This contributes to ensuring business stability and sustainability. Respect for human rights is essential for maximizing employee engagement, key to achieving the Mid-term Plan K27, and for fulfilling Kao's purpose to "To realize a Kirei World in which all life lives in harmony." Guided by the principle of "walking the right path," Kao will promote the following strategies based on a deeply ingrained corporate culture of respect for human rights and in alignment with the Kao Human Rights Policy.

(1) Regular review of the Kao Human Rights Policy

Kao conducts regular reviews of the Kao Human Rights Policy to flexibly respond to changes in the social environment, including expectations from society and international standards.

(2) Human rights due diligence

Through the following processes, Kao identifies and works to prevent and mitigate adverse human rights impacts:

- (1) Conducting assessments such as human rights risk surveys, human rights risk workshops, and audits to identify and evaluate human rights risks across all corporate activities
- (2) Addressing the human rights risks identified through risk assessments to prevent and mitigate adverse human rights impacts
- (3) Regularly monitoring conditions to assess the effectiveness of prevention and mitigation measures
- (4) Disclosing information externally through sustainability reports, statements under the UK Modern Slavery Act, the website, and other channels

Related initiatives: [P191](#) Defining important human rights themes, [P193](#) Conducting human rights risk surveys internally and for suppliers and contractors, [P193](#) Conducting digital surveys for human rights due diligence, [P193](#) Initiatives targeting high-risk groups: Supporting independent oil palm smallholders and initiatives for foreign workers, [P194](#) Disclosure of information in an appropriate manner and in response to social demands

(3) Remediation

Kao takes prompt and appropriate corrective actions against human rights violations based on reports received through compliance reporting and consultation channels, as well as grievance mechanisms*.

* Grievance Mechanism: A system or process that ensures stakeholders can receive appropriate remediation measures for issues arising from corporate activities.

Related initiatives: [P194](#) Deployment of grievance mechanisms, [P168](#) Effective Corporate Governance > Operation of reporting and consultation channels, [P110](#) Responsibly sourced raw materials > Grievance mechanism initiatives

(4) Enhancing employee awareness

Through employee training and awareness-raising activities, Kao promotes a deeper understanding of human rights-related policies, including the Kao Human Rights Policy, and works to enhance awareness for respecting human rights.

Related initiative: [P195](#) Initiatives to enhance employee awareness of human rights

(5) Engaging in dialogue and discussions with stakeholders

By engaging in dialogue and discussions with stakeholders, Kao builds trust-based relationships, identifies human rights risks and adverse human rights impacts, and implements appropriate countermeasures.

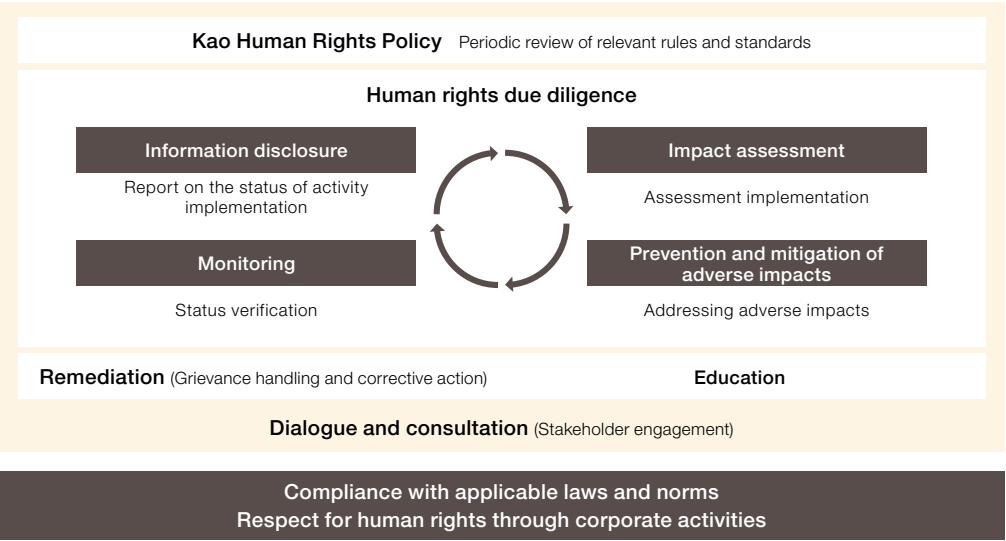
Related initiatives: [P193](#) Conducting digital surveys for human rights due diligence, [P193](#) Initiatives targeting high-risk groups: Supporting independent oil palm smallholders and initiatives for foreign workers, [P195](#) Improving activities through dialogue with diverse stakeholders

(6) Advertising expressions that gain consumer empathy

Kao operates a system to have multiple people check advertising expressions to ensure that they are human rights-friendly.

Related initiative: [P196](#) Establishing a system to review advertisements from a human rights perspective

Overall picture of the initiatives outlined in the Human Rights Policy



Impact generated by implementing the strategies

Through the aforementioned strategies, Kao expects to generate the following financial impact and environmental and social impact.

Financial impact

- Avoiding litigation costs, penalties, and unexpected expenses (such as losses due to reputational damage or supply chain disruptions) by preventing human rights violations
- Increasing sales by capturing consumer empathy and demand for ethical consumption
- Improving productivity and promoting the retention of human capital through enhanced employee engagement and job satisfaction
- Ensuring stable business operations and enhancing mid- to long-term corporate value by maintaining good relationships with suppliers and engaging in constructive dialogue with stakeholders

Environmental and social impact

- Contributing to the creation of a society where individual human rights are more respected
- Establishing an environment where consumers can confidently choose and use products and services made with consideration for human rights, leading to more enriched lifestyles

Strategic resilience

By implementing human rights initiatives across the entire supply chain, Kao prevents legal violations, mitigates the risk of reputational damage, and ensures a foundation for business continuity. Additionally, by creating a workplace environment where the human rights of employees and stakeholders are respected, Kao maintains organizational vitality and enhances competitiveness. This enables us to respond flexibly to various issues and build resilience for sustainable growth.

Metrics and targets

We aim to achieve zero human rights violations across all of our corporate activities, and to solve problems promptly when they unintentionally occur. To enhance the effectiveness of our strategies, we have established performance metrics related to risks and opportunities and regularly monitor our progress. For metrics associated with significant risks and opportunities, we set specific targets and track progress to ensure steady implementation through the PDCA (Plan, Do, Check, and Act) cycle.

Targets and progress

Strategy	Metrics	Results					Mid- to long-term targets	
		2020	2021	2022	2023	2024	Target value	Year
(2)	Response rate to human rights due diligence (risk assessment across internal, suppliers, and contractors respectively)	Internal: 100%, suppliers: 55%, contractors: 0%	Internal: 100%, suppliers: 60%, contractors: 3%	Internal: 100%, suppliers: 62%, contractors: 15%	Internal: 100%, suppliers: 81%, contractors: 19%	Internal: 100%, suppliers: 90%, contractors: 26%	100%	2030*

* For suppliers, the target year is 2025.


Governance

Given that human rights initiatives are carried out across various departments, strategic decision-making and the overall direction of activities related to human rights are discussed by the Human Rights and DE&I Steering Committee, which is headed by the Executive Officer (Senior Vice President) in charge of Human Capital Strategy. This committee meets once a

month to discuss the promotion of both human rights initiatives and DE&I. For example, we conduct cross-divisional discussions, known as Human Rights Risk Workshops, aimed at identifying human rights risks across the entire value chain. Based on these discussions, we assess the severity and likelihood of discussed risks, establish important human rights themes, and prioritize our initiatives accordingly. Through these efforts, we strive to prevent and mitigate adverse human rights impacts throughout the value chain. Individual themes, such as living wages, are also addressed.

Kao recognizes the existence of human rights risks among people who we work with, including long working hours, poor working conditions, and inadequate wages. Among these issues, wages have a significant impact on living conditions. As such, Kao recognizes that unpaid wages, low wages below living wage standards, wage disparities, and unequal pay for equal work are critical issues that need to be addressed. The Human Rights and DE&I Steering Committee discusses living wages for Kao Group members, as well as for vulnerable workers, such as oil palm plantation laborers and foreign workers in plants, who are often in precarious positions. Regarding employee treatment, the Kao Group invests in human capital to ensure equity in roles and compensation for employees. Moving forward, based on the circumstances of each group company, the Kao Group will work continuously, reliably, and steadily to ensure payments above the living wage. Furthermore, in our relationships with business partners, we include provisions on living wages in our Partnership Requirements for Suppliers. Moving forward, Kao will continue to promote initiatives in collaboration with business partners.


Initiatives to uphold human rights are led by the Executive Officer (Senior Vice President) in charge of ESG. The ESG division consolidates all related efforts and reports annually to the ESG Managing Committee, which operates under the supervision of the Board of Directors.

 Our ESG Vision and Strategy > Governance

Risk and opportunity management

Policies

Kao has established the following policies and guidelines in relation to respecting human rights. For more details, please refer to our website.

-  • Kao Human Rights Policy
<https://www.kao.com/global/en/sustainability/walking-the-right-path/humanrights/humanrights-policy/>
- Kao Business Conduct Guidelines
<https://www.kao.com/global/en/corporate/policies/compliance/business-conduct-guideline/>
- Policies for Procurement
<https://www.kao.com/global/en/sustainability/we/procurement/procurement-policy/>
- 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/>
- Diversity, Equity and Inclusion (DE&I) Policy
<https://www.kao.com/global/en/sustainability/walking-the-right-path/inclusive-diverse/dei/policy/>
- Support for the CGF* Social Resolution on Forced Labour and Priority Industry Principles
<https://www.kao.com/global/en/sustainability/walking-the-right-path/humanrights/>

* CGF: The Consumer Goods Forum: An international consumer goods industry association with members from around the world, including retailers and manufacturers of consumer goods.

Management process

The status of Kao’s initiatives on respecting human rights is as follows. These initiatives are subject to ongoing review and steady improvements.

Policy formulation and updates

Regularly review and update as necessary

Human rights due diligence

Impact assessment

- Based on the human rights risks raised by participants of the human rights risk workshop led by the Human Rights and DE&I Steering Committee, the “Kao Group risks specified through risk assessments” are updated periodically. Each human rights risk is evaluated based on severity and likelihood to determine important risks
- Conducting human rights risk surveys internally and for suppliers*¹ and contractors using Sedex*²
- Defining important human rights themes based on the results of human rights risk workshops, human rights risk assessments, and advice from third parties
- Audits (social responsibility audits): Conducting SMETA audits*³ for high-risk suppliers identified through risk survey results etc.

*¹ Human rights risk assessments for suppliers include alternative programs and the Kao SAQ.

*² Sedex: Supplier Ethical Data Exchange. A large-scale global platform for the sharing and verification of information relating to labor standards, health and safety, environmental protection, and business practices, aimed at promoting the adoption and maintenance of ethical business practices in global supply chains

*³ SMETA audits: Sedex Members Ethical Trade Audit. Third-party social responsibility audits in areas such as labor, health and safety, and other areas

 Our Progress > Responsibly Sourced Raw Materials

Prevention and mitigation of adverse impacts

- Providing feedback on the outcomes of the Human Rights Risk Workshops and human rights risk surveys to relevant parties

- Designing systems and upgrading facilities to mitigate adverse human rights impacts
- Aiming to raise awareness among employees and other stakeholders
- Including environmental and human rights-related clauses in the basic transaction agreements signed between Kao and suppliers, with the principle of applying this agreement for new contracts and contract renewals
- Incorporating human rights-related provisions into our Partnership Requirements for Suppliers and prioritizing purchases from business partners that comply with these requirements

Monitoring

Continuously checking conditions that could lead to human rights violations through human rights risk workshops, human rights risk surveys, audits, and other evaluations

Information disclosure

Report on the implementation status of initiatives to respect human rights

Remediation

- Establishing a compliance reporting and consultation channel for Kao Group members to handle reports and inquiries. This channel is also available to external individuals, including employees of business partners
- Operating the Kao Grievance Mechanism to directly receive and respond to inquiries from independent oil palm smallholders in Indonesia regarding complaints (human rights violations, land disputes, etc.) and plantation management
- Promoting the implementation of grievance mechanisms for foreign workers employed by subcontractors working at Kao plants in Japan

Education

Internal

- Publishing the Kao Human Rights Policy on the intranet in 17 languages
- Sharing human rights-related information in meetings
- Conducting awareness-raising activities for human rights risk survey personnel and advertising creators
- Human Rights section of the Kirei Lifestyle Plan Lecture*
- Providing human rights-related information tailored to the work of each department

* Kirei Lifestyle Plan Lecture: An e-learning program designed to teach essential knowledge for promoting the KLP.

Suppliers

Communicating the importance of human rights initiatives and Kao’s stance through vendor summits and other events

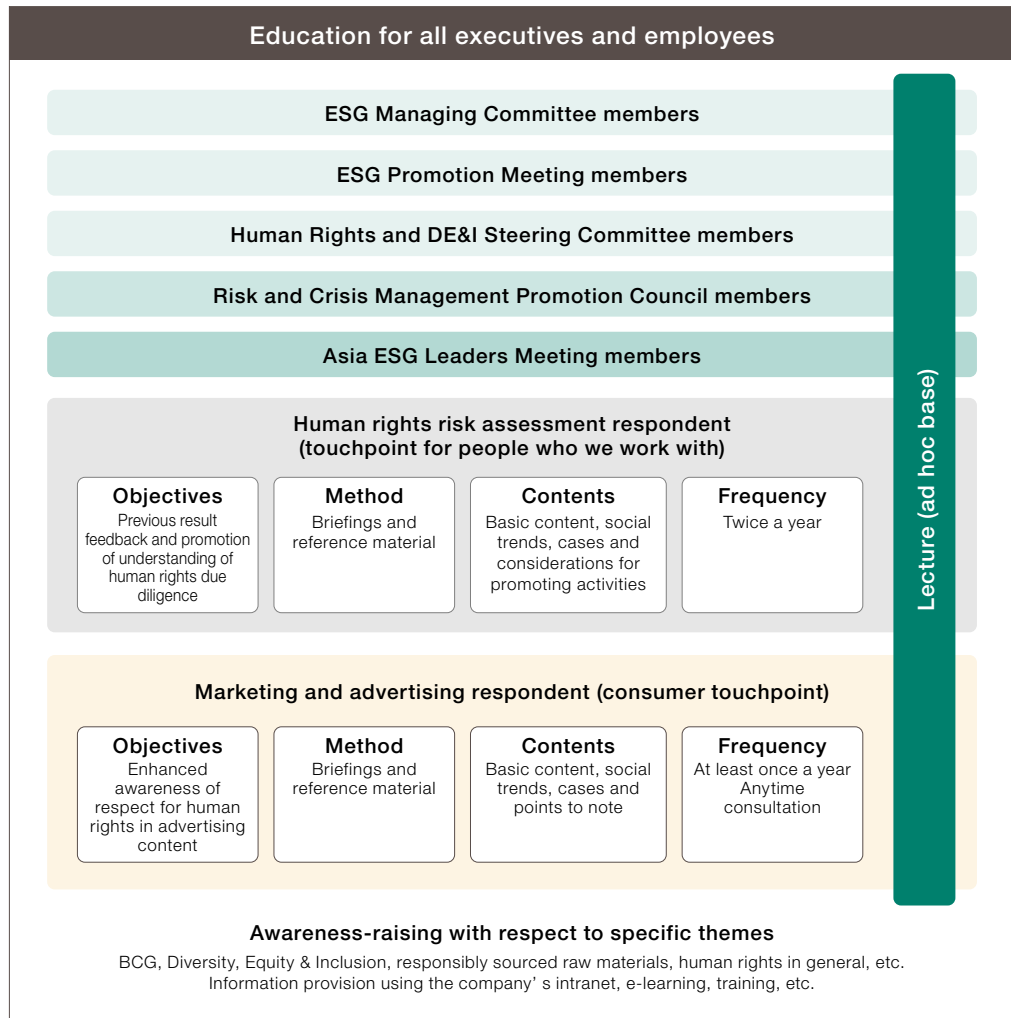
Contractors

Explaining and providing documents on the importance of human rights initiatives and Kao's stance

Dialogue and consultation

Engaging in dialogue and consultation with stakeholders and experts

Overview of the internal education and awareness-raising initiatives



Initiatives

Kao implements various initiatives aimed at respecting human rights. These initiatives are based on the previously mentioned strategies and are promoted in collaboration with each other to achieve their targets. Below are some of the key initiatives among them.

Strategy	Initiative				
(1) Regular review of the Kao Human Rights Policy					
(2) Human rights due diligence	Defining important human rights themes	Conducting human rights risk surveys internally and for suppliers and contractors	Conducting digital surveys for human rights due diligence	Initiatives targeting high-risk groups: Supporting independent oil palm smallholders and conducting initiatives for foreign workers	Disclosure of information in an appropriate manner and in response to social demands
(3) Remediation	Deployment of grievance mechanisms				
(4) Enhancing employee awareness	Initiatives to enhance employee awareness of human rights				
(5) Engaging in dialogue and discussions with stakeholders	Conducting digital surveys for human rights due diligence	Initiatives targeting high-risk groups: Supporting independent oil palm smallholders and conducting initiatives for foreign workers	Improving activities through dialogue with diverse stakeholders		
(6) Advertising expressions that gain the empathy of consumers	Establishing a system to review advertisements from a human rights perspective				

Defining important human rights themes

Region: Global

Corresponding strategy: (2)

Kao periodically conducts the human rights risk workshop led by the Human Rights and DE&I Steering Committee to identify human rights risks within the Kao Group through cross-divisional discussions and to consider issues to be addressed. Based on the discussions in the workshop and subsequent risk assessment based on severity and likelihood of occurrence, human rights risk surveys, and third-party advice, Kao has identified the following two important human rights themes for FY2024:

Important human rights theme for Kao

(1) The working environment for people who we work with (continuation from FY2023)

Kao has identified “the working environment for the people who we work with” as a important human rights theme. In particular, we have recognized “producers and farmers from whom Kao procures raw materials” and “foreign workers in the supply chain including Kao group companies” as high-risk areas and are prioritizing initiatives to address these issues.

(2) Handling of personal information

The improper handling or leakage of personal information can result in serious human rights violations with significant adverse impacts. Additionally, considering the increasing number of cases involving the misuse of personal information due to the widespread use of social media and the Internet, Kao has newly designated the handling of personal information as a important human rights theme.

Also, based on the human rights risks raised by participants in the workshops, Kao conducted a review of the table “Kao Group risks specified through risk assessments” (see next page). As a result, new risk items such as “customer harassment” and “lack of access to remediation” have been added.

Kao Group risks specified through risk assessments

	Research and Development	Procurement	Manufacturing / Sales	Marketing	Logistics	Disposal
Impacted stakeholders	All people	<ul style="list-style-type: none">• Human rights violations caused by climate change (threats to lives, destruction of living environment, loss of livelihood, involuntary migration, loss of employment, deterioration of working environment, etc. due to disasters caused by extreme weather events)• “Just Transition”^{*1} is not being conducted• Adverse human rights impacts of business practices that do not meet internationally recognized human rights standards				
	People who we work with (Kao regular and contracted employees, temporary workers, subcontracted employees, affiliate employees and supplier employees) (includes women and migrant workers)	<ul style="list-style-type: none">• Forced or compulsory labor• Long working hours• Human trafficking• Child labor• Poor working conditions• Restriction of freedom of association and collective bargaining• Inadequate wages (non-payment, wages below the living wage, wage disparity and unequal remuneration for equal work.)• Discrimination (age, origin, nationality, foreign and migrant workers (including technical intern trainees), race, discrimination against women, gender, members of the LGBTQ+ community, disability and illness, pregnancy / nursing)• Any form of harassment• Lack of DE&I consideration• Invasion of privacy^{*2}• Deterioration of working environment due to abuse of a superior position• Complicity in or facilitation of human rights abuses by business partners• Customer harassment^{*3}• Lack of access to remediation• Adverse human rights impacts caused by the digital divide^{*2}				
		<ul style="list-style-type: none">• Poor working environment or living environment, forced or compulsory labor or child labor on oil palm farms and in palm mills	<ul style="list-style-type: none">• Damage to physical and mental health caused by being in a poor living environment		<ul style="list-style-type: none">• Long working hours and overwork due to labor shortages and the resulting health hazards and inadequate safety management in short-term employment	
	Job applicant	Discrimination in recruitment ^{*2}				
	Consumers and customers (including women, children, and the elderly)	<ul style="list-style-type: none">• Adverse impact on health or safety due to product design issues• Lack of research ethics in product design^{*2}		<ul style="list-style-type: none">• Invasion of customers' privacy^{*2}• Adverse impact on consumers due to misperception caused by inappropriate advertising, promotion, packaging and labeling (children, senior citizens or women)• Unintentional discrimination through the use of digital and AI technologies• Misunderstanding due to misrepresentations• Health hazards and adverse impacts on daily life caused by the misuse of products• Adverse human rights impacts caused by the digital divide^{*2}		
Local communities and indigenous people	<ul style="list-style-type: none">• Health hazards due to leakage of hazardous substances (including those caused by natural disasters of unexpected magnitude)					
		<ul style="list-style-type: none">• Harm caused to indigenous inhabitants' culture, traditions, or livelihoods due to construction of plants, etc.• Damage caused to ecological systems or local communities due to the construction and/or operation of plants, etc. (including damage to health resulting from plant construction, impact on the water supply, wastewater discharge, and waste gas discharge)• Persecution of human rights defenders and environmental activists				

^{*1} A concept that aims for a transition to a sustainable society in a fair and equitable manner without leaving behind workers in related industrial sectors or regions where industries are located, when solving environmental problems or implementing measures

^{*2} Including discrimination due to the utilization of digital and AI technologies

^{*3} Occurs in various business relationships, including procurement, manufacturing, marketing/sales, logistics, and interactions with consumers/customers

Conducting human rights risk surveys internally and for suppliers and contractors

Region: Global

Corresponding strategy: (2)

Kao conducts risk surveys using Sedex to identify and assess human rights risks within the value chain and work towards their prevention and mitigation. Kao also explains its commitment to respecting human rights to internal survey personnel, suppliers, and subcontractors at our plants to promote understanding.

In FY2024, 39 plants and 51 group companies within the Kao Group participated in the survey, achieving a 100% response rate. For suppliers, Kao provided explanations on Sedex and requested membership, survey participation, and data access permissions. As a result, 90% of direct material global transactions (98% by value)*1 were covered by responding suppliers. Additionally, the human rights risk surveys implementation rate for contractors was 26%.

The survey results did not identify any risks leading to serious human rights violations, such as forced labor or child labor, across any of the assessed targets. Therefore, in the Kao Group, there are no cases of sites making improvements or conducting remediation procedures. Moreover, Kao will provide feedback on survey results to relevant parties and support improvements. We will continue working to prevent and mitigate adverse human rights impacts across the entire value chain.

*1 Including alternative programs and Kao SAQ.

Conducting Human Rights Due Diligence Digital Survey

Region: Japan

Corresponding strategies: (2) (5)

Kao aims to share values and build trust with all business partners involved in *Yoki-Monozukuri*. To better understand the working conditions of subcontracted employees at its domestic plants, Kao conducted a human rights due diligence digital survey at the Sakata Plant, targeting employees from two on-site subcontractors*2.

The analysis revealed that employees generally have access to remedy, and that it is necessary for Kao and its subcontractors to work together to ensure psychological safety in the organization and eliminate unconscious bias. To address these issues, Kao will conduct further analysis of the survey data to develop countermeasures and continue ongoing dialogue with subcontractors.

*2 On-site subcontractors: External companies that carry out manufacturing operations alongside Kao employees within Kao plants.

Initiatives targeting high-risk groups: Supporting independent oil palm smallholders and initiatives for foreign workers

Region: Global

Corresponding strategies: (2) (5)

Through risk assessments, Kao has identified “the working environment for the people who we work with” as a important human rights theme. In particular, we have recognized “producers and farmers from whom Kao procures raw materials” and “foreign workers in the supply chain including Kao group companies” as high-risk areas and are prioritizing initiatives to address these issues.

(1) Supporting oil palm plantation workers (SMILE program)

Human rights violations against indigenous peoples in the development of new palm plantations, working conditions for palm plantation workers, and child labor have become major social issues. To improve the livelihoods of oil palm plantation workers and promote sustainable plantation management, we have launched the SMILE program. This program supports independent oil palm smallholders by providing process engineering guidance and assistance in obtaining RSPO certification. Our goal is to support approximately 5,000 plantations by 2030. To enhance the sustainability of plantation operations, we purchase all certification credits from these plantations after they obtain certification.

As of 2024, we have supported a total of 3,489 plantations in Sumatra, with 1,496 of them achieving RSPO certification. We have purchased 23,152 tons of certification credits from these plantations, promoting the sustainable production of palm oil.

[P104](#) Our Progress > Responsibly Sourced Raw Materials

(2) Conducting interviews with foreign workers

In 2024, we explained our commitment to respecting human rights to three subcontractors at the Kawasaki Plant and Odawara Plant and requested their understanding. With their support, we conducted direct interviews with 23 foreign workers employed by these companies, facilitated by Caux Round Table (CRT) Japan. At the same time, we interviewed management personnel at the employing companies and employees in charge of human capital and general affairs at Kao who manage interactions with on-site subcontractors to assess the working conditions.

Although no serious human rights violations were identified, the findings indicated a need to further enhance opportunities for information and opinion exchange with subcontractors. We have provided feedback to each company. We will continue to work on improving the issues by communicating and cooperating with our subcontractors.

(3) Assessing living conditions for foreign workers

In the past, audits have pointed out the need to improve the living conditions (dormitories) of foreign workers. Based on this feedback, we conducted on-site visits to assess the situation. We confirmed that the living conditions for foreign workers employed by the Kao Group plants in Malaysia and on-site subcontractors have been improved.

Disclosure of information in an appropriate manner and in response to social demands

Region: Global

Corresponding strategy: (2)

Kao actively discloses information on its human rights initiatives, both to comply with legal disclosure requirements and to meet societal expectations.

We ensure appropriate disclosure in line with international regulations, including the UK Modern Slavery Act (which aims to prevent human trafficking and modern forms of forced labor), the Australian Modern Slavery Act 2018 (Commonwealth), and Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act.

Additionally, we communicate our human rights initiatives through the Sustainability Report and our website to engage with stakeholders.

Regarding palm oil, which we recognize as one of our most important natural resources, we publicly share updates on the traceability progress and feedback received through the Kao Grievance Mechanism via the Palm Dashboard.

Related initiative: [P104](#) Our Progress > Responsibly Sourced Raw Materials



- Indonesia independent smallholder grievance list
<https://www.kao.com/content/dam/sites/kao/www-kao-com/jp/ja/corporate/sustainability/pdf/kao-grievance-list.pdf>
- Response to the UK Modern Slavery Act 2015
<https://www.kao.com/global/en/sustainability/walking-the-right-path/humanrights/modern-slavery-act-statement/>

Deployment of grievance mechanisms

Region: Global

Corresponding strategies: (3)

We have established a compliance reporting and consultation channel for Kao Group members, which is also available to external individuals, including employees of business partners. In FY2024, we handled 427 reports and consultations including those related to harassment, workplace communication, and working conditions.

We also operate a grievance mechanism for independent oil palm smallholders in Indonesia. By the end of December 2024, we had received a total of 271 reports, including 16 inquiries related to human rights, and all cases have been closed.

Furthermore, since 2023, we have introduced JP-MIRAI's services, which provide consultation support in 23 languages, for foreign workers employed by on-site subcontractors at our domestic plants. We have launched operations at three companies. However, as of December 2024, no inquiries have been received from users. Therefore, we will continue expanding awareness of the consultation service and working to enhance its effectiveness.

Related initiatives: [P164](#) Our Progress > Effective Corporate Governance, [P104](#) Our Progress > Responsibly Sourced Raw Materials



- Indonesia independent smallholder grievance list
<https://www.kao.com/content/dam/sites/kao/www-kao-com/jp/ja/corporate/sustainability/pdf/kao-grievance-list.pdf>

Initiatives to enhance employee awareness of human rights

Region: Global
Corresponding strategy: (4)

To raise employee awareness, we actively conduct awareness-raising activities through various training programs and opportunities such as World Human Rights Day.

Specifically, we promote understanding of respect for human rights through training on the Kao Business Conduct Guidelines (BCG), our code of conduct for practicing the Kao Way, as well as compliance training and the dissemination of compliance case studies. Additionally, we provide information related to human rights and DE&I on the intranet to further engage employees and increase awareness.

Furthermore, we continuously offer the Human Rights section of the Kirei Lifestyle Plan Lecture and conduct ad hoc seminars, as well as awareness-raising activities tailored to specific business functions. As part of our efforts to promote the active participation of diverse employees and enhance the understanding of diverse customer needs, we also provide learning opportunities on LGBTQ+ issues and continue recruiting ALLY* members. Additionally, we implement initiatives to deepen understanding of racial discrimination issues and diversity.

In 2024, we provided information on human rights risks in marketing activities at meetings of the Consumer Products Business. Additionally, we introduced a chapter on respecting human rights in advertising expressions as part of the e-learning program for new marketing personnel. We also conducted awareness-raising activities for employees responsible for reviewing advertisements in compliance with the Act against Unjustifiable Premiums and Misleading Representations and other relevant advertising regulations.

On World Human Rights Day, we invited an expert to give a lecture for all employees to help them recognize the connection between their work and respecting human rights. Participants shared feedback such as, “I now understand how this is directly linked to business,” and, “I do not want to just assume I understand; I want to take time to discuss this with my team.”

Ongoing awareness-raising efforts are essential. To further enhance the effectiveness of such initiatives, the Human Rights and DE&I Steering Committee is also engaging in discussions on how best to proceed with these activities.

* ALLY: A person who understands and supports LGBTQ+

Improving activities through dialogue with diverse stakeholders

Region: Global
Corresponding strategy: (5)

Kao actively engages in communication with a diverse range of stakeholders, including employees, suppliers, NPOs, local communities, and government agencies, to enhance the quality of its initiatives through dialogue.

For our employees, through Employee-Management Meetings, the Kao Forum, and the employee engagement survey, we directly identify *Genba* challenges and feedback. For suppliers, we hold vendor summits with key suppliers to explain our initiatives, request cooperation, and exchange opinions.

In 2024, we provided opportunities for direct dialogue with on-site subcontractors at the plants in Thailand and Malaysia, facilitating discussions on human rights and DE&I.

At the United Nations Global Compact Leaders Summit held in New York in September, the Vice President of ESG division participated in a roundtable discussion on business and human rights, gaining valuable insights.

We participated in the dialogue with experts from outside Japan, and Human Rights Due Diligence Workshop in 2024 organized by CRT Japan. In the dialogue with experts from outside Japan, we exchanged opinions on Kao’s initiatives and received advice on promoting activities that align closely with the perspectives of rights holders.

Additionally, we participated in the UN’s Global Compact Network Japan, the Social Sustainability Working Group in the Japan Sustainability Local Group of the Consumer Goods Forum (CGF), the Japan Cosmetics Industry Association’s human rights-related subcommittee, and the Japanese Cosmetics & Personal Care Products Industry Buyer Members Sedex Working Team. Through these opportunities, we exchanged information with other companies, NPOs, international organizations, government agencies, and other stakeholders.

We will actively incorporate the insights gained from these dialogues into our initiatives.



[Event Report] United Nations Global Compact Leaders Summit and Private Sector Forum
<https://www.ungcn.org/activities/topics/detail.php?id=685>

Effective Corporate
Governance

Full Transparency

> Respecting Human
Rights

Human Capital
Development

Inclusive & Diverse
Workplaces

Employee Wellbeing
& Safety

Responsible
Chemicals
Management

Establishing a system to review advertisements from a human rights perspective

Region: Japan

Corresponding strategy: (6)

We have a framework in place to ensure that expressions used in advertising, packaging, promotional materials, etc., are reviewed from multiple perspectives to ensure full consideration of human rights. First, the person in charge of advertising communication and their supervisor will check the content from the perspective of human rights. In addition, a structured process is in place that allows consultation with the Human Rights Meister* within Advertising Communication, and ESG Global Strategy to review the content from multiple perspectives.

We have published a collection of case studies and a self-check app on the intranet to enable personnel to independently verify whether their advertising expressions respect human rights. In 2024, we introduced this review framework and the available tools in meetings attended by relevant personnel and on the intranet to encourage greater utilization.

Through this process, we strive to earn consumer sympathy and support by ensuring our advertising content does not infringe on consumers' human rights and also enhance advertisements to reflect respect for human rights.

* Human Rights Meister: These are personnel who strive to enhance human rights literacy within Advertising Communication, and to lead the division's efforts in this area.

Employees'
opinions

Kao Industrial (Thailand)'s Commitment to Human Rights



Mr. Chaiyapat Visarathakul
Corporate Strategy senior staff
Kao Industrial (Thailand) Co., Ltd.

(1) Human Rights Achievements

In 2024, we continued our unwavering efforts in upholding human rights under our Human Rights Policy, a core component of Kao's ESG Strategy. Guided by "Walking the Right Path," these efforts encompass procurement, employee welfare, health, and safety. This contributes to no human rights violations occur throughout the value chain, both internally and externally. Notably, we at Kao Industrial (Thailand) received the "Human Rights Award" from Thailand's Ministry of Justice at the "Outstanding" level for the second consecutive year, reflecting our genuine commitment to human rights both inside and outside the organization.

(2) Human Rights Policy Enhancements

We enhanced our activities in line with Kao Human Rights Policy to focus on compliance with laws, respect for human rights, mitigating human rights risks through human rights due diligence, education, transparency, and remediation. Policies include anti-discrimination in recruitment, labor protection, child labor prevention, and anti-drug policies in the workplace and our stance is publicly communicated through our website.

(3) Human Rights Due Diligence

In line with the Human Rights Policy, aiming to achieve goal of zero human rights violations across all of our corporate activities, multiple measures were implemented.

These include Human Rights Workshops for line managers to build awareness of human rights risks in the workplace and business, comprehensive human rights risk survey using the Sedex platform, and SMETA audits by business partners. This year, we emphasized workplace safety, particularly for employees operating machinery and vehicles. Addressing human rights risks related to cultural and linguistic diversity, we ensure sufficient labor protection, and participation in supplier human rights risk surveys through Sedex and Kao SAQ has reached nearly 100%.



Certified Human Rights Award (Outstanding level
2nd consecutive year) on December 2024 by Ministry of Justice

(4) Education and Employee Awareness

In 2024, we prioritized fostering employee responsibility and understanding of human rights. Activities included external seminars, e-learning via Kao-Learning, an education platform operated by Kao Industrial (Thailand) and the Sedex platform, and in-house workshops to raise awareness of workplace human rights risks and prevention strategies. We also evaluated human rights risks across the value chain and implemented mitigation plans. Updates to human resources-related policies and benefits were communicated across all locations, allowing employees to seek clarifications directly from the HR department. Recognizing the workplace's increasing diversity, we held quarterly ESG Promotion Meetings, inviting internal and external speakers to educate employees on sustainability and human rights.



Stakeholder engagement

Kao's initiatives to create value
beneficial to the international community

Kazuo Tase
President and CEO,
SDG Partners, Inc.

With the announcement of the Kao Sustainability Report, I highly appreciate the company's commitment to human rights.

Kao's mission to "To realize a Kirei World in which all life lives in harmony" and its core value of "walking the right path" are closely aligned with the human rights philosophy of creating a society where everyone can realize their inherent potential. The ideals embodied in Kirei reflect this approach. I respect the sincerity with which Kao's team strives to realize these values.

There has never been a time when corporate initiatives on human rights have been more important. At the same time, human rights due diligence—assessing human rights risks and improving corporate initiatives accordingly—is far easier said than done. Although discussions on supply chain risks have progressed in recent years, the reality is that a company's own human rights risks often have the greatest impact on its business. However, many companies hesitate to directly assess and address their own risks.

Kao is working to overcome this challenge through its human rights due diligence digital survey. This survey is

designed to quantitatively measure the prevalence of human rights risks among employees, levels of psychological safety, and unconscious bias, aiming to address the root causes of these risks. I look forward to seeing this advanced digital technology fully utilized across all areas, including the Head Office and plants.

Additionally, Kao has established a multi-layered, cross-organizational committee structure to manage human rights initiatives. Particularly in today's international landscape, where direct oversight by senior management, including the Board of Directors, is increasingly expected, Kao's framework serves as a faithful realization of corporate responsibility for human rights. This approach is highly commendable.

In the post-SDGs world beyond 2030, the goal is to establish new measures of societal progress that go beyond GDP. In this future framework, human rights and well-being will play a central role. I am confident that Kao's ongoing sustainability initiatives, grounded in its core philosophy, will generate immense value not only for the company but also for the international community as a whole.