Respecting Human Rights

GRI 2-23

Kao promotes initiatives to respect human rights in line with international standards by listening to the voices of employees and other stakeholders, based on the fundamental value of "Walking the right path," as set forth in the Kao Way, the corporate philosophy that guides its business activities.

Risks

- Penalties for legal violations
- Damage to corporate value due to initiatives that do not meet international standards
- Delays or suspension of raw material procurement and production due to human rights violations
- Damage to brand value due to inappropriate advertising expressions
- Decline in competitiveness due to the loss of talented employees
- Deterioration of product quality
- Health hazards to workers and consumers, and environmental pollution

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, Metrics, targets and results, Initiatives

Strategy	Metrics	Targets	2025 results	Initiatives
(1) Regular review of the Kao Human Rights Policy				
(2) Human rights due diligence	Response rate to human rights due diligence (risk assessment across internal, suppliers, and contractors respectively) (2)	100% 2030	Internal: 100%, suppliers: 99.9%, contractors: 27%	Identifying and assessing human rights risks (2) Conducting human rights risk surveys internally and for suppliers and contractors (2) Conducting Human Rights Due Diligence Digital Survey (2) (5) Initiatives addressing important human rights themes: working environment for people who we work with / handling of personal information (2) (4) (5) Disclosure of information in an appropriate manner and in response to social demands (2)
(3) Remediation	Number of compliance reports and consultations (3)	–	474 reports	Deployment of grievance mechanisms (3)
	Number of inquiries received through the grievance mechanism (independent oil palm smallholders) (3)	–	291 reports	
	Number of inquiries received through the grievance mechanism (foreign workers) (3)	–	0 reports	
(4) Enhancing employee awareness				Initiatives to enhance employee awareness of human rights (4)
(5) Engaging in dialogue and consultations with stakeholders				Improving activities through dialogue with diverse stakeholders (5)
(6) Advertising expressions that gain consumer empathy				Human rights considerations in advertising content (4)(6)

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

Financial impact

- Avoiding litigation costs and penalties
- Avoiding costs arising from unforeseen circumstances, such as reputational damage and supply chain disruptions
- Reducing raw material procurement costs by building a sustainable supply chain
- Improving productivity and promoting the retention of human capital through enhanced employee loyalty

Environmental and social impact

- Preventing and remedying forced labor and child labor
- Preventing human rights violations caused by increased environmental impacts through greater transparency in raw material procurement
- Establishing an environment where consumers can confidently choose and use products and services that respect human rights

Strategy

Kao supports and respects international norms on human rights and fulfills its responsibility to respect human rights 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.

- Issues of forced labor among suppliers, poor working conditions for foreign workers, and forced labor and child labor on independent oil palm smallholders 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

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 fulfill its responsibility to respect human rights across all of its corporate activities, Kao identifies and evaluates human rights risks throughout the entire value chain, defines important human rights themes to advance initiatives based on priority, and works to prevent and mitigate adverse impacts on human rights in the value chain. Specifically, comprehensive risk assessments are conducted through a range of approaches, including human rights risk workshops, human rights risk surveys, and audits, while also advancing targeted and carefully tailored initiatives focused on high-risk groups within key human rights themes. In addition, a wide range of initiatives are implemented to raise awareness among employees who support these activities. These efforts contribute to ensuring business stability and sustainability. Respect for human rights is essential for advancing Basic Policy 3, Maximize the power and potential of our employees, of the Mid-term Plan K27, and for fulfilling Kao's purpose—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 human rights risk assessments (surveys, workshops, audits, etc.) 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: P231 Identifying and evaluating human rights risks, P232 Conducting human rights risk surveys internally and for suppliers and contractors, P232 Conducting Human Rights Due Diligence Digital Survey, P232 Initiatives addressing important human rights themes: working environment for people who we work with/ handling of personal information, P233 Disclosure of information in an appropriate manner and in response to social demands

(3) Remediation

Kao takes prompt and appropriate remediations against human rights violations based on reports received through the compliance hotline, 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: P234 Deployment of grievance mechanisms, P205 Effective Corporate Governance > Risk and Opportunity Management, P139 Responsibly Sourced Raw Materials > Procurement of forest raw materials

(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 initiatives: P234 Initiatives to enhance employee awareness of human rights

(5) Engaging in dialogue and consultations with stakeholders

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

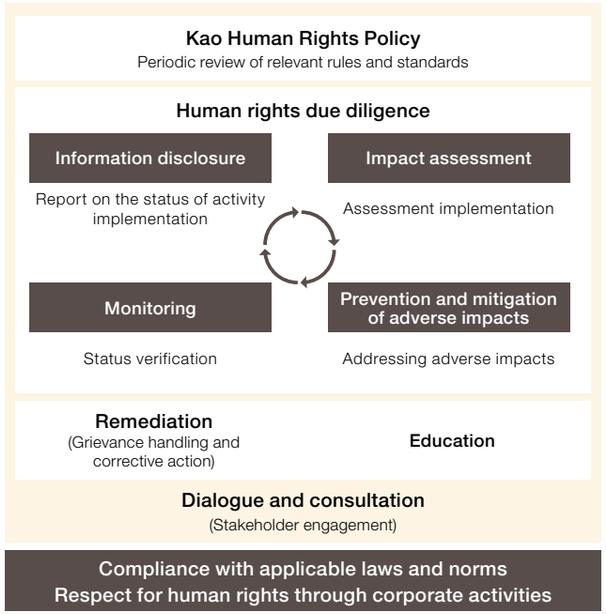
Related initiatives: P232 Conducting Human Rights Due Diligence Digital Survey, P232 Initiatives addressing important human rights themes: working environment for people who we work with/ handling of personal information, P234 Improving activities through dialogue with diverse stakeholders

(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. In addition, Kao recognizes risks in digital advertising, including impersonation, fraudulent ad delivery, and placement alongside inappropriate content. From the perspectives of brand safety and ad fraud prevention, the company utilizes various verification and monitoring tools. Through appropriate media selection and a continuous monitoring framework, Kao works to mitigate the risk of contributing to human rights violations.

Related initiative: P235 Human rights considerations in advertising expressions

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 and penalties through the prevention of human rights violations
- Avoiding unforeseen costs and loss of sales due to reputational damage
- Avoiding operational disruptions, delivery delays, and associated unforeseen costs through the mitigation of human rights risks in the supply chain
- Reducing raw material procurement costs by building a sustainable supply chain
- Improving productivity and promoting the retention of human capital through enhanced employee loyalty

Environmental and social impact

- Preventing and remedying forced labor and child labor
- Reducing environmental impacts through enhanced transparency in raw material procurement and preventing human rights violations that occur as a result of environmental impacts
- Establishing an environment where consumers can confidently choose and use products and services made with consideration for human rights

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 fulfill our responsibility to respect human rights across all of our corporate activities. 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	
		2021	2022	2023	2024	2025	Target value	Year
(2)	Response rate to human rights due diligence (risk assessment across internal, suppliers, and contractors respectively)	Internal: 100%, suppliers: 60%, contractors: 3%	Internal: 100%, suppliers: 62%, contractors: 15%	Internal: 100%, suppliers: 81%, contractors: 19%	Internal: 100%, suppliers: 90%, contractors: 26%	Internal: 100%, suppliers: 99.9%, contractors: 27%	100%	2030

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-level owner. This committee discusses the promotion of both human rights and DE&I initiatives with the aim of mitigating risks and maximizing opportunities.

Main agenda items related to human rights at the Human Rights and DE&I Steering Committee

This committee discusses human rights risks throughout the value chain and priority areas for action and strives to prevent and mitigate adverse human rights impacts in the value chain.

For example, Kao recognizes the existence of human rights risks among people who we work with, including long working hours, poor working conditions, and inadequate wage levels. 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 Kao Group invests in human capital to ensure equity in roles and compensation for employees and 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.

In addition, initiatives to uphold human rights are led by Senior Vice President of ESG (Executive Officer). The ESG Division consolidates all related efforts and reports at least annually to the ESG Managing Committee, which operates under the supervision of the Board of Directors.

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/
- Kao Group Privacy Policy
  https://www.kao.com/global/en/privacy/
- Web Accessibility Policy
  https://www.kao.com/global/en/web-accessibility/policy/
- Kao Universal Design Guidelines
  https://www.kao.com/global/en/sustainability/me/universal-design/guidelines/

* 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

- Human rights risks raised in the human rights risk workshops are evaluated based on severity and likelihood. In 2025, this evaluation was conducted as an assessment of salient human rights issues with the support of external experts.
- 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

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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 compliance hotlines 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 access to 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.

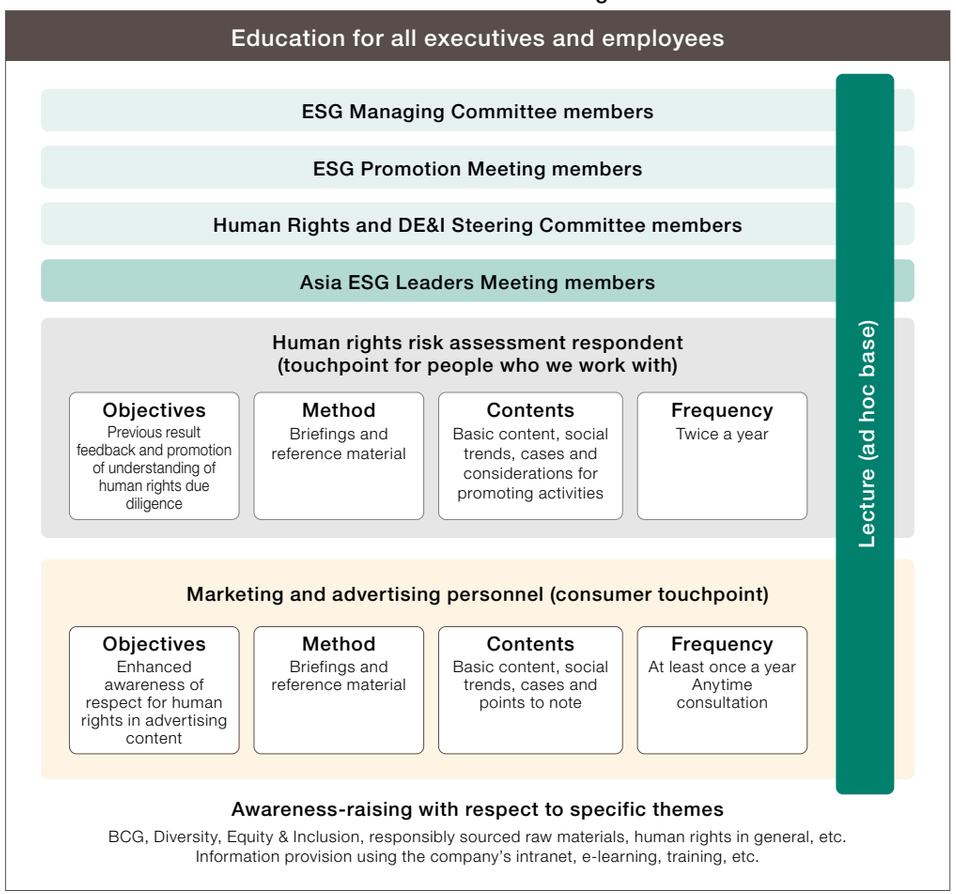
Suppliers

Communicating the importance of human rights initiatives and Kao's stance through partner 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	Identifying and evaluating human rights risks	Conducting human rights risk surveys internally and for suppliers and contractors	Conducting Human Rights Due Diligence Digital Survey	Initiatives addressing important human rights themes: working environment for people who we work with/ handling of personal information	Disclosure of information in an appropriate manner and in response to social demands
(3) Remediation	Deployment of grievance mechanisms				
(4) Enhancing employee awareness	Initiatives addressing important human rights themes: working environment for people who we work with/ handling of personal information	Initiatives to enhance employee awareness of human rights	Human rights considerations in advertising expressions		
(5) Engaging in dialogue and consultations with stakeholders	Conducting Human Rights Due Diligence Digital Survey	Initiatives addressing important human rights themes: working environment for people who we work with/ handling of personal information	Improving activities through dialogue with diverse stakeholders		
(6) Advertising expressions that gain consumer empathy	Human rights considerations in advertising expressions				

Identifying and evaluating human rights risks

Region: Global
Corresponding strategy: (2)

Kao periodically reviews human rights risks within the Kao Group and advances initiatives to prevent and mitigate such risks. Each year, the Human Rights and DE&I Steering Committee leads the human rights risk workshop; however, in 2025, Kao advanced an assessment of salient human rights issues within the Kao Group under the guidance of external experts.

- Identification of human rights risks through desktop research and interviews with internal Kao Group stakeholders as well as external NGOs and benchmarking organizations conducted by an external expert
- Evaluation of human rights risks based on severity and likelihood, with analysis conducted by an external expert and validated through internal Kao Group workshops

In this process, we conduct assessments while also taking into account impacts on people who may be particularly vulnerable, such as migrant workers, women, and children. Based on these results, Kao plans to identify salient human rights issues within the Kao Group and accelerate initiatives aimed at preventing and mitigating human rights risks.

A compilation of human rights risks raised by participants at the Human Rights Risk Workshop (held in 2024)

Impacted stakeholders	Research and Development	Procurement	Manufacturing / Sales	Marketing	Logistics	Disposal
All people	• 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)	• 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					
		• Poor working environment or living environment, forced or compulsory labor or child labor on oil palm farms and in palm mills	• Damage to physical and mental health caused by being in a poor living environment		• 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)	• Adverse impact on health or safety due to product design issues • Lack of research ethics in product design*2			• 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	• Health hazards due to leakage of hazardous substances (including those caused by natural disasters of unexpected magnitude)					
		• 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, assess, prevent, and mitigate human rights risks within the value chain. In addition, Kao raises awareness among internal survey personnel and explains its commitment to respecting human rights to suppliers and subcontractors at its plants to promote the understanding of its human rights initiatives. These human rights risk surveys are conducted on a broad basis, with the status of internal operations, suppliers, and contractors reviewed annually.

In FY2025, 39 plants and 53 group companies and sites within the Kao Group participated in the survey, achieving a 100% response rate. For suppliers, Kao assesses human rights risks through responses to Sedex, the Kao SAQ, or other third-party assessment platforms. In 2025, 99.9% of direct material suppliers were covered by these surveys. Additionally, the human rights risk surveys implementation rate for contractors was 27%.

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. In supplier surveys, response rates improved following a review of processes, including enhanced coordination among group companies. However, to further strengthen dialogue and improvement support for lower-rated suppliers, Kao plans to prioritize certain suppliers for engagement and remediation verification. As the pace of improvement in response rates for contractor surveys fell short of targets, Kao plans to review the related processes.

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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*. As one of the targeted initiatives, Kao is conducting a Human Rights Due Diligence Digital Survey administered by a third party at the Sakata Plant, which targets the employees of three on-site subcontractors, to better understand the working conditions of the subcontracted employees at its domestic plants.

To date, Kao has conducted further analysis of the data obtained through the survey and has been identifying related issues. At the same time, Kao has engaged in dialogue with the senior management of the on-site subcontractors to gain a more detailed understanding of the issues identified through the survey results. In addition, based on discussions between the survey administrators and Kao, as well as dialogue with the senior management of the on-site subcontractors, Kao is advancing consideration of measures to address the identified issues and sharing related information with its own senior management.

Kao is currently examining specific actions to resolve the issues identified through these initiatives.

Initiatives addressing important human rights themes: working environment for people who we work with / handling of personal information

Region: Global
Corresponding strategies: (2)(4)(5)

Through risk assessments, Kao has identified “the working environment for the people who we work with” and “handling of personal information” as important human rights themes. 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 targeted areas to address these issues.

(1) Supporting independent oil palm smallholders (SMILE program)

Palm oil, an important form of natural capital for Kao, has been associated with adverse environmental and human rights impacts in areas such as plantation development and working conditions. Therefore, through the SMILE Program, Kao supports efforts to obtain certification and promotes sustainable palm oil production to improve the livelihoods of independent oil palm smallholders, who are often among the most vulnerable stakeholders, and encourage sustainable plantation management.

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(2) Conducting interviews and assessments of foreign workers

As foreign workers may find themselves in vulnerable positions due to differences in language, culture, and lifestyle customs, we conduct interviews to better understand their working conditions and the status of respect for their human rights. In FY2025, interviews were conducted by an external expert with extensive knowledge of foreign employment, with 30 technical intern trainees employed by an on-site subcontractor at the Wakayama Plant, as well as instructors and responsible personnel.

The interviews confirmed that the working and living environments were being properly maintained and that proactive communication with trainees was being carried out. Overall, employment management was evaluated as being conducted at a high standard. The results were reported to the employer, and opportunities for dialogue with the external expert were established to exchange views on further improving the working environment for technical intern trainees.

In addition, since 2023, we have annually confirmed the employment status of foreign workers at all plants. The largest number of foreign workers is employed at plants in Japan, and based on interview results obtained domestically to date, the number of workers requiring language support is currently limited. Meanwhile, some overseas plants provide language support, and it has been confirmed that workers receiving such support demonstrate high motivation in their work.

(3) Handling of personal information

Improper handling or leakage of personal information may cause serious adverse impacts on privacy rights. In recent years, human rights risks associated with the use of technologies such as AI have also been identified. We have established a Privacy Policy and clearly states in the corporate code of conduct, the Kao Business Conduct Guidelines (BCG), that personal information must be strictly managed. We implement initiatives to ensure the appropriate management and protection of personal information.

Privacy Policy
https://www.kao.com/jp/privacy/privacy-en/

Within the domestic Kao Group, Guidelines on Handling Personal Information have been established, and each division appoints a person responsible for personal information management to promote related initiatives, including employee awareness activities. An emergency response flow has also been published on the intranet to ensure that employees are informed and that response systems are in place.

In 2023, we introduced a system to identify, analyze, evaluate, and visualize risks related to personal information, and deployment to overseas sites is progressing. The management status of contractors that handle personal information obtained by Kao is confirmed through this system.

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.

- Disclosure based on applicable laws and regulations*
- Disclosure of human rights initiatives through the Sustainability Report and the website
- Public disclosure via the Palm Oil Dashboard of progress on traceability and grievances received through the Kao Grievance Mechanism regarding palm oil, which Kao positions as an important natural resource

* United Kingdom: Modern Slavery Act etc.

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- Palm Oil Dashboard
  https://www.kao.com/global/en/sustainability/we/procurement/palm-dashboard/
- 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 strategy: (3)

We have established compliance hotlines for Kao Group members, which is also available to external individuals, including employees of business partners. In FY2025, we handled 474 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 2025, we had received a total of 291 reports, including 16 inquiries related to human rights, and all cases have been closed.
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. The services are operated across three companies, and no consultations were received in 2025. Through exchanges of views with employing companies, we understand that issues have been addressed through the companies' own initiatives before escalating to the consultation desk. We will continue to monitor the situation through ongoing communication with employing companies.

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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. 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. As part of its foundational awareness-raising efforts on human rights, we continue to offer the Human Rights section of the Kirei Lifestyle Plan Lecture to all employees. In FY2025, short videos highlighting key content from the KLP Lecture and a message video from the President and Executive Officer on the prevention of harassment were made available on the intranet.

We also disseminate information to promote the active participation of diverse employees and enhance understanding of diverse customer needs. Human rights awareness is also incorporated into the DE&I Empowerment Program launched in FY2025.

In addition, as part of role-specific awareness initiatives, we provided information on human rights risks in marketing activities at meetings of the Global Consumer Care. Additionally, we introduced a chapter on respecting human rights in advertising expressions as part of the e-learning program for new marketing personnel.

On World Human Rights Day, we held a lecture by an external expert addressing human rights in connection with familiar themes such as AI and the environment. A recording with Japanese and English subtitles was also made available for employees who were unable to attend. Employees shared comments such as, "I gained a better understanding of how various activities are connected to human rights," and "I realized that human rights risks are becoming increasingly complex with the times."

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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 partner summits with key suppliers to explain our initiatives, request cooperation, and exchange opinions. We provided opportunities for direct dialogue with on-site subcontractors, and in 2025, conducted exchanges of views on human rights and DE&I in Japan, Indonesia, the United Kingdom, and Germany. At the UN Global Compact Hub event held in New York

in September, the Senior Vice President of the ESG Division spoke in a session on business and human rights. Through the session, Kao shared its initiatives, exchanged views with participating companies and other attendees, and gained valuable insights.

Three members from the ESG Division participated in the Stakeholder Engagement Program organized by CRT Japan. Through engagement with NGOs and NPOs, we deepened our understanding of social issues and, through cross-industry discussions, reviewed human rights issues by sector. 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.

Human rights considerations in advertising expressions

Region: Japan

Corresponding strategies: (4)(6)

Kao implements initiatives to enhance human rights literacy among the employees of the Global Consumer Care (GC) Division to ensure that human rights are given sufficient consideration in advertising, packaging, and promotional expressions. To support these efforts, we have published on the intranet a checklist outlining key human rights considerations in advertising expressions and have continuously communicated its use through GC Division meetings and other channels. We also place importance on reviewing actual expressions from multiple perspectives. After the person in charge of advertising communication and their supervisor review the content from the standpoint of respect for human rights, consultation is available with a Human Rights Meister* within the Creative Center or with the ESG Division when concerns arise.

* Human Rights Meister: These are personnel who strive to enhance human rights literacy within Creative Center, and to lead the department efforts in this area.

Employees' opinions

Initiatives to improve the living environment in subcontractor employee dormitories

Kiyotaka Nakai
Kao Penang Group

At the Kao Penang Group, foreign employees of subcontractors also support operations such as filling work at the plant. These employees reside in dormitories provided by subcontractors near the plant. Following issues identified in past audits regarding dormitory conditions, we have been working continuously with subcontractors to improve living environments. As a result, in recent audits, on-site assessments were conducted to evaluate potential human rights risks related to dormitory management, and it was confirmed that significant improvements have been made to the living environment and services in the dormitories. As members of one team working together, we have once again recognized the importance of understanding each other, treating one another with dignity and respect, and taking responsible actions as a plant. We will continue to maintain regular communication with subcontractors and promote the continuous improvement of employee welfare.

Stakeholder engagement

Extending human rights due diligence to the outer edges of the supply chain: Kao's approach to domestic human rights risks

Shoichiro Ikebe
Executive Officer,
worlding Inc.

In many companies, human rights initiatives are positioned as efforts to minimize risks, while DE&I initiatives are framed as efforts to maximize opportunities, and these measures are often implemented by separate departments. In this context, Kao's establishment of a steering committee that integrates human rights and DE&I and discusses both risks and opportunities across these themes, can be regarded as an extremely pioneering initiative. I believe this approach is made possible precisely because Kao has long shared "We trust, respect & need each other" as an action principle, and it reflects the company's corporate culture in practice.

With regard to human rights due diligence, it is often narrowly understood as being limited to the supply chain from raw material procurement to product manufacturing. However, Kao has identified foreign workers employed by on-site subcontractors, both inside and outside Japan, as well as producers and farmers in its supply chain, as groups with relatively high human rights risks, and has conducted third-party interviews and on-site inspections of living conditions. Even globally, it is extremely rare for companies to carry out in-depth assessments that extend to foreign workers employed by subcontractors.

In human rights initiatives, companies are expected to prioritize areas where potential adverse impacts are greatest. In this regard, Kao's approach of addressing human rights risks without limiting the scope of risk identification deserves high recognition.

On the other hand, when considering the situation surrounding foreign workers in Japan, it is generally assumed that foreign workers in dispatched or part-time positions in operational roles are also exposed to high human rights risks. While attention in Japan often focuses on the vulnerabilities of technical intern trainees and specified skilled workers, the reality is that foreign workers with other residence statuses and their families also face numerous challenges, including the existence of irregular recruitment channels, a lack of consultation and remedy mechanisms, and insufficient support in daily life.

Going forward, in addition to expanding the scope of on-site subcontractors subject to risk assessments, it is expected that Kao will further enhance its efforts to understand the actual conditions of foreign workers and provide support, regardless of their residence status or employment type.

I sincerely hope that Kao's human rights initiatives, including its human rights due diligence, will contribute to the realization of a society in which all stakeholders connected to Kao can continue to experience a sense of wellbeing and comfort in both their lives and work.