

Kao self-initiatives

- Responsible Chemicals Management –

indicators that Kao is currently using/developing



Kao

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Product Quality Management
Kao GFC promotion secretariate
Concurrent) Chemicals Regulatory Affairs





Company Profile

WS3 ONLY
Kao Corporation

Kao

Company Name	Kao Corporation
Address	14-10, Nihonbashi Kayabacho 1-chome Chuo-ku, Tokyo 103-8210, Japan
Founded	June 1887
Incorporated	May 1940
Capital	85.4 billion yen
Employees	32,566 (consolidated)
Net sales	1,628.4 billion yen (consolidated)
Operating Income	146.6billion yen (consolidated)

(As of December 31, 2024)



Head Office, Tokyo



Sales Composition by Segment

FY2024 ended December 31

● Chemical Business
22.1 %



● Cosmetics Business
15.0 %



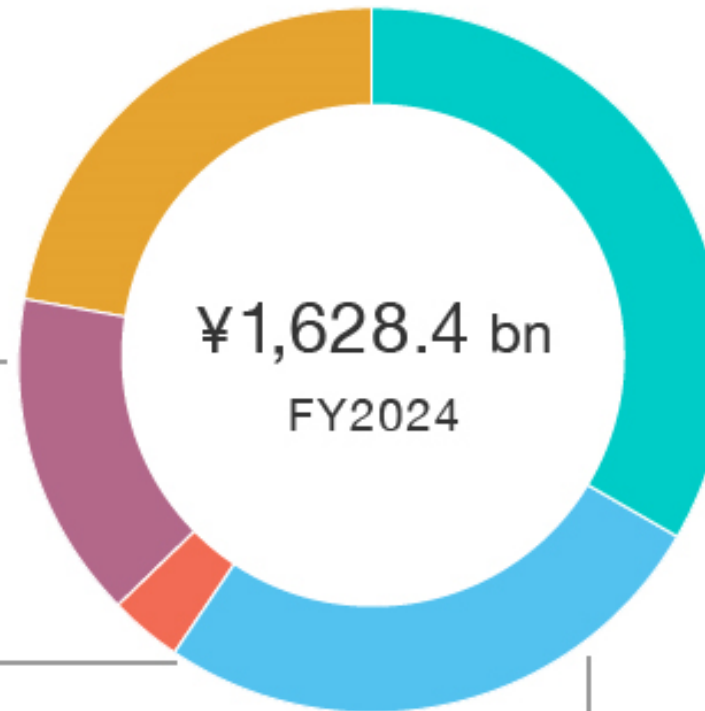
● Life Care Business
3.4 %



● Hygiene and Living Care Business 33.5 %



● Health and Beauty Care Business 26.0 %



¥1,628.4 bn
FY2024

*Share of net sales is calculated based on sales to customers

Chemicals Management ~ ALL life cycle

Raw materials

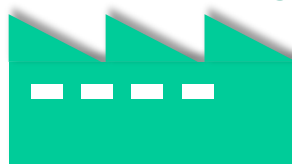
For fat and oils, etc



Kao "Yoki-monozukuri"

Production

Synthesis, Compounding, and Assembly



Product



Chemical Products



Detergent etc



Cosmetics etc

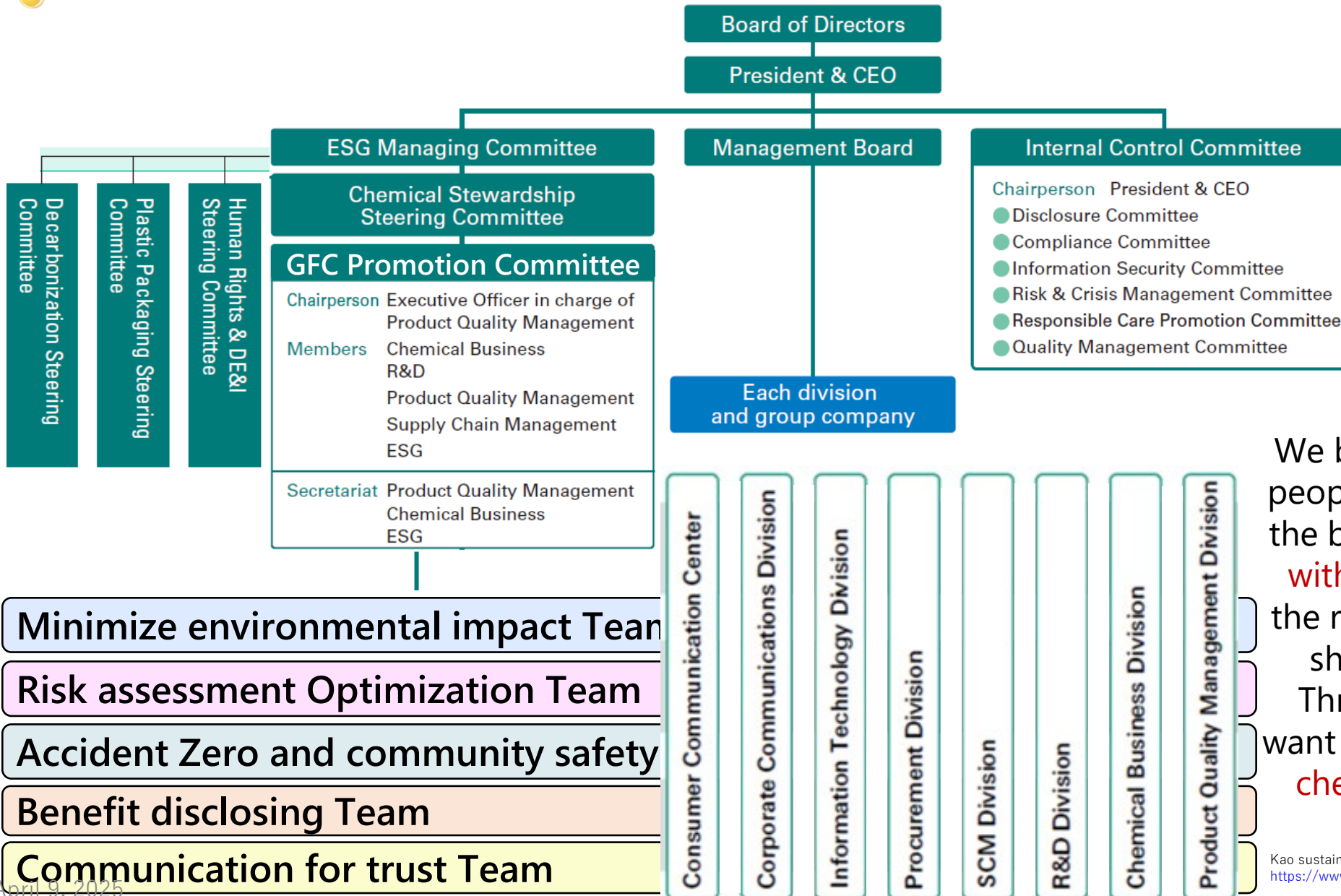


Diapers etc

- **Wide range of business areas** : Chemical Product, Consumer Products (over 28,000)
- Chemical Products are used for Consumer Products
- **More than 35,000 types of raw materials** are used and various processes
- Regulatory compliance for chemicals, quasi-drugs, cosmetics and foods

We have a great responsibility for Chemical Management

Kao GFC Promotion Framework



<VISION 2030>

We believe in a **safe society** where people around the world can enjoy the benefits provided by chemicals **with peace of mind**. To that end, the risks associated with chemicals should be properly managed. Through our ESG initiatives, we want to take the lead in **responsible chemicals management** to help **actualize such a society**.



Questionnaire on thematic and sector-specific indicators relevant to the GFC

WS3 ONLY
Kao Corporation

Kao

Launched by: UN GFC secretariat

Period: July 24, 2024 – August 31 (extended to Sep. 18)

Target: Stakeholders

(governments, NGO, associations, private company, academia etc.)

Objective: To collect information to identify and assess thematic and sector-specific indicators (existing and under development) for future discussions

Section :

- Part3: indicators which is currently used
- Part4: indicators which is under development



https://forms.office.com/pages/responsepage.aspx?id=2zWeD09UYE-9zF6kFubccPFWLqVUMa9Bi_0evJo3Oz5UN0NMNUtHUEFHRVJPVEhRUIQ1U09FNEJUVy4u (closed)

Result of 1st Questionnaire [Table 2]

https://www.chemicalsframework.org/sites/default/files/documents/GFC_OEAHGMI.4_3-Report_workstream%203_02022025.pdf

Target	Indicators currently in use and/or proposed as relevant to the GFC and for consideration under specific targets
A3	% of the number of products contributing to sustainability through raw material procurement to disposal and recycling
	% of implementation of risk assessment for chemicals of concern for human health and/ or the environment
	Volume of chemical substances usage by product category (e.g. reduction rate)
	Number of chemical products of which information is disclosed (e.g. number of SDSs created and/or obtained)
A3 a/o D7	★% of implementation of risk assessment (human health and environment) at sites where chemical substances are handled
	★% of implementation of risk management measures at sites where chemical substances are handled
	★% of implementation of risk management measures based on risk assessment results for chemicals
	% of risk assessments conducted on disaster risk prevention e.g. leaks, spills and explosion of chemical substances
D1 a/o D4	% of implementation of risk management measures related to the prevention of disaster risks
	★% of product sales that contribute to sustainability through raw material procurement to disposal and recycling
	% of products designed with maximum use of best available technologies such as renewable raw materials and recycled materials
	% of products contributing to sustainability defined by e.g. green and sustainable chemistry by UNEP
	Number of policies formulated based on the risk assessment results of raw materials and products
	% of implementation of risk management measures based on risk assessment results of raw materials and products
B4	Amount of support fund for research and innovation programmes
	% of implementation of risk assessment using standardised methods* in countries, regions, industries (*e.g. OECD test guidelines, ISO and other international standards, JIS and guidelines related to local and global regulations)
	% of chemicals which are managed using standardised methods* in countries, regions, industries (*e.g. OECD test guidelines, ISO and other international standards, JIS and guidelines related to local and global regulations)
	Number of published methods for hazard, exposure and risk assessment of chemicals in e.g. OECD test guidelines, ISO, other international standards, and local ones (e.g. JIS)

Target	Indicators currently in use and/or proposed as relevant to the GFC and for consideration under specific targets
B5	Number of published programmes and tools for chemicals safety and benefits education, training and awareness
	★ Number of dialogues conducted with citizens, NG(P)O, government, educational institutions and industry using programmes and tools for chemicals safety and benefits education, training and awareness
	Number of handled products by individual company for which benefits and safety information is disseminated in an easy-to-understand manner through safety summaries, online tools, labelling, etc.
	★Number of GPS safety summaries (promoted by ICCA) prepared, published and revised
C1	Number of courses and graduates within chemical industry training programmes that explicitly deal with green and sustainable chemistry and non-chemical alternatives
	Number of IoCs identified using the best available science and technology at the time
	Number of IoCs (national, regional and global) addressed using the best available science and technology at the time, also taking into account socio-economic impact
	Number of work programmes among the IoCs, as well as the amount of the budget for the corresponding work programmes
D3	Number of implemented national legislations affecting the IoCs
	Internationally recognised reporting standards in the field of chemicals and waste management are developed with reference to TCFD and TNFD, etc.
D6	Number of private sector companies applying reporting standards based on reliable information
	★Number of chemicals of concern identified using the best available science and technology at the time and taking into account their socio-economic impact
	% of chemicals of concern identified for priority action that have been reduced in use or content in line with the principles of Best Available Technology (BAT)
B2	Number of chemicals of concern that are identified based on the CiP Programme, listed and used for a globally harmonized chemical information transparency and traceability approach
B3	Number of countries and stakeholders that implement globally harmonized transparency of information about the identity and hazard class of chemicals and its traceability in manufactured materials and products and share it throughout the value chain with all stakeholders in line with the CiP Programme priorities
B5, B7,E6	<i>Gender indicators</i> - Number of gender-responsive national action plans - Number of national Gender Action Plans - Number of gender trainings - Number of activities implemented on a Gender Action Plan - % of women National Focal Points - % of women delegates at GFC meetings - % of women organizations and gender experts at GFC meetings - Number of interventions given by women - Number of women in decision making levels

Life Cycle Management in Factories

A3: By 2030, companies implement measures identified to prevent or, where prevention is not feasible, minimize adverse effects from chemicals throughout their life cycle.

D7: By 2030, stakeholders implement measures and strive to ensure effective occupational health and safety practices as well as environmental protection measures in all relevant sectors and throughout the supply chain.

- ★ % of implementation of risk assessment (human health and environment) at sites where chemical substances are handled
- ★ % of implementation of risk management measures at sites where chemical substances are handled
- ★ % of implementation of risk management measures based on risk assessment results for chemicals

Control Banding (CB)

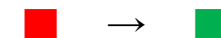
		Exposure level				
		a	b	c	d	e
Hazard level	A	Aa [I]	Ab [I]	Ac [II]	Ad [II]	Ae [III]
	B	Ba [I]	Bb [II]	Bc [II]	Bd [III]	Be [IV]
	C	Ca [II]	Cb [II]	Cc [III]	Cd [III]	Ce [IV]
	D	Da [II]	Db [III]	Dc [III]	Dd [IV]	De [IV]
	E	Ea [III]	Eb [IV]	Ec [IV]	Ed [IV]	Ee [V]

【Range】 Plant 10(Japan) 24(Oversea)
×30,000chemicals
×handling process

【Method】 Risk Assessment (Qualitative/
Quantitative)
CB, ECETOC-TRA, etc.

【Measures】 Risk management measures

(Detected Risk to Safe Risk Levels)



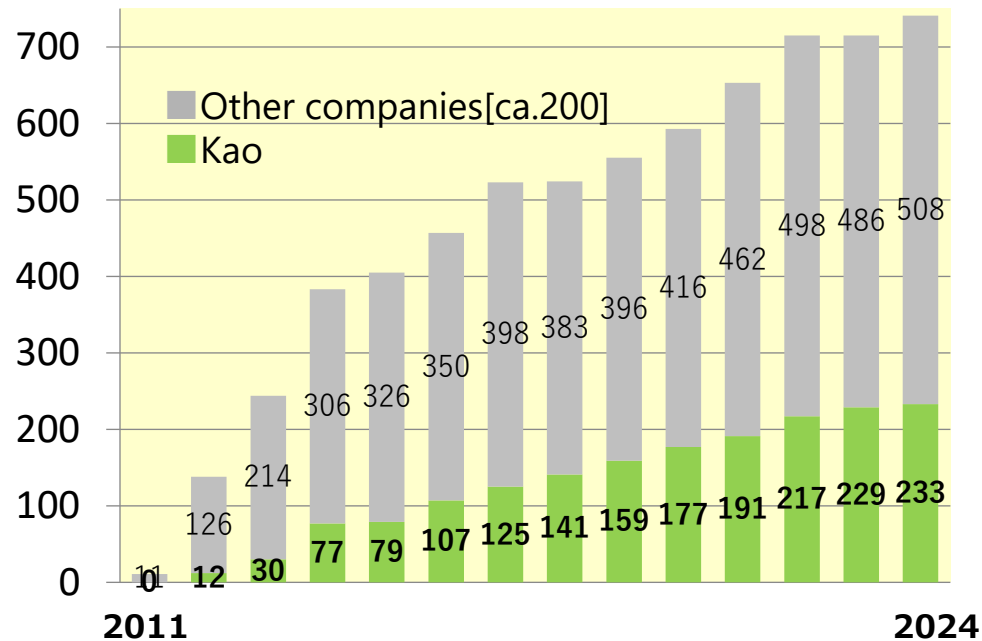


Disclosure of Risk assessment result

B5: By 2030, educational, training and public awareness programmes on chemical safety, sustainability, safer alternatives and the benefits of reducing chemicals and waste risks have been developed and implemented, taking into consideration a gender-responsive approach.

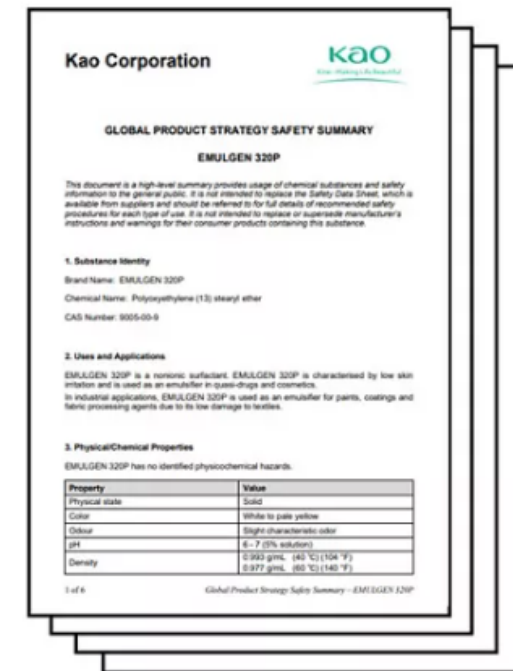
★ Number of GPS safety summaries (promoted by ICCA) prepared, published and revised

Number of disclosures by Japanese chemical companies



Contents:

1. Substance Identity
2. Uses and Applications
3. Physical/ Chemical Properties
4. Human Health Safety Assessment
5. Environmental Safety Assessment
6. Exposure
7. Risk management recommendations
8. Regulatory Information/ Classification and Labelling
9. Conclusion
10. Contact information within company



https://chemical.kao.com/global/sustainability/saicm/article_05/
https://chemical.kao.com/global/sustainability/saicm/article_06/

Example of GPS Safety Summary

Stakeholders dialogue for education and awarenessKao

B5: By 2030, educational, training and public awareness programmes on chemical safety, sustainability, safer alternatives and the benefits of reducing chemicals and waste risks have been developed and implemented, taking into consideration a gender-responsive approach.

★ Number of dialogues conducted with citizens, NG(P)O, government, educational institutions and industry using programmes and tools for chemicals safety and benefits education, training and awareness

<Kao's activities>



<Policy Dialogue for chemicals and the Environment facilitated by Ministry in Japan>



<https://www.kao.com/jp/newsroom/news/topics/2023/sustainability-20230726-001/>
<https://www.env.go.jp/chemi/communication/seisakutaiwa/>

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Identify priority CoC and reduce their input

D6: By 2030, sustainable chemical and waste management strategies have been developed and implemented for major economic and industry sectors that identify priority chemicals of concern and standards and measures, such as the chemical footprint approach, to reduce their impact and, where feasible, their input along the value chain.

★ Number of chemicals of concern identified using the best available science and technology at the time and taking into account their socio-economic impact



Q | ≡

Ingredients we do not use

Use of certain ingredients in our products is something customers care about. We do not use the following ingredients in our formulated products (makeup, skin care, hair care, fabric care, kitchen care, and other consumer goods.)

- 1,4-Dioxane^{*}
- Nonylphenols (NP) and ethoxylated nonylphenols (NPEs)
- Plastic microbeads^{**}
- Triclocarban
- Triclosan

^{*} We do not use 1,4-dioxane in our products. However, trace amounts of this substance may unavoidably be present in certain raw materials. We have strict quality controls in place to keep concentrations low enough to be safe.
^{**} Any solid plastic particle that is less than five millimeters in size and is intended to be used to exfoliate or cleanse the human body or any part thereof.

<https://www.kao.com/global/en/innovation/safety-quality/ingredients-contained/we-do-not-use/>

<https://www.kao.com/global/en/innovation/safety-quality/ingredients-contained/>



Sustainable chemistry

D1: By 2030, companies consistently invest in and achieve innovations towards advancing sustainable chemistry and resource efficiency throughout the life cycle of chemicals.

★ % of product sales that contribute to sustainability
[IP4.2] through raw material procurement to disposal and recycling

Sustainable Solution Steering

Leverage our innovation power to grow Accelerator sales

Classification of assessed portfolio according to the Sustainable Solution Steering method

Accelerator

Substantial sustainability contribution in the value chain

Performer

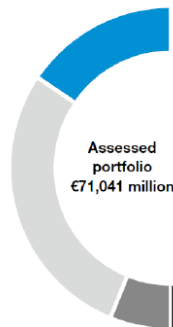
Meets basic sustainability standards on the market

Transitioner

Specific sustainability issues which are being actively addressed

Challenged

Significant sustainability concern identified and action plan in development or implementation



Accelerator sales

2021: €24,103 million
2020: €16,740 million

Performer sales

2021: €39,033 million
2020: €30,519 million

Transitioner sales

2021: €7,879 million
2020: €6,799 million

Challenged sales

2021: €26 million
2020: €72 million

Sustainability Dimensions



Cost saving downstream*



Biodiversity and renewables



Climate change and energy



Emission reduction



Resource efficiency



Water



Health and safety



Hunger and poverty**

- In 2021 we have achieved our target to increase our sales from Accelerator products to €22 billion by 2025
- To achieve this goal, we deeply integrated Sustainable Solution Steering in the R&D pipeline, in business strategies as well as in merger and acquisition projects → aligned assessment procedures



	Module	Pillar	Assessment method
SC1	Chemical hazard and exposure associated with a material	Social and Ecological	WBCSD guidance v2.0
SC2.1	Anticipated regulatory developments and global conventions trends: Global regulatory trends	Ecological	
SC2.2	Anticipated regulatory developments and global conventions trends: Product-specific regulatory trends	Ecological	
SC3	Sustainability ambitions along the value chain	Social, Ecological, Economic	
SC4	Recognized ecolabels, sustainability related certification and standards	Social and Ecological	
SC5	Environmental and social performance compared to alternative solutions considering cradle to cradle	Social, Ecological, Economic	



Thank you for your attention

Sound management of chemicals and wastes
is central to the UN SDGs(SAICM2.0 TWG, 2020)