

KAO USA INC. AND KAO CANADA INC. Joint Report Prepared Pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act

1. Introduction and Identity

This Joint Report was prepared by KAO USA Inc. and its subsidiary KAO Canada Inc. (collectively, "KAO", "our", "us" and "we") for the financial reporting year ended 2023 (the "Reporting Period") and sets out the steps taken to prevent and reduce the risk that forced labour and child labour was used at any step in the production of goods in Canada or elsewhere or of goods imported into Canada. KAO USA Inc. and KAO Canada Inc. are the reporting entities for the purposes of the Act.

This Report has been prepared and filed pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the "Act").

2. Steps Taken During the Reporting Period to Prevent and Reduce Risks of Forced Labour and Child Labour

We recognize that human rights abuses may take many forms such as:

- involuntary servitude;
- forced marriage;
- forced labour;
- child labour;
- deceptive recruiting;
- trafficking in persons;
- debt bondage; and
- organ trafficking.

Kao Group's standard purchase agreement and purchase order template with suppliers has provisions that address issues such as preservation of the environment and respect for human rights, and is used in new contracts or when renewing contracts.

In the financial year ended December 31, 2023, Kao Group conducted a human rights risk survey of companies and plants of the Kao Group worldwide. Kao Group used Sedex (Supplier Ethical Data Exchange) where all 39 plants and 52 group companies completed the Sedex Self-Assessment Questionnaire (Sedex SAQ). After evaluating the answers, Kao Group found no evidence of modern slavery and human trafficking in the above plants and group companies.

3. Structure, Activities and Supply Chains

Structure:

Kao Canada Inc. is a subsidiary of Kao USA Inc. and Kao USA Inc. is a subsidiary of Kao Corporation. Kao Corporation is headquartered in Japan and has many direct and indirect subsidiaries throughout the world (the “**Kao Group**”). Kao Corporation, Kao USA Inc.’s parent company, has achieved the distinction of being named one of the World’s Most Ethical Companies as determined by Ethisphere Institute, a global leader in defining and advancing the standards of ethical business practices. Kao Corporation is one of only six companies in the world to have been named one of the World’s Most Ethical Companies each year since the inception of the list – i.e., each of the last 18 years.

Activities:

KAO operates in the consumer products field and, in particular, manufactures, markets and sells consumer care products. KAO has four distinct businesses: Cosmetics Business, Life Care Business, Health & Beauty Care Business and Hygiene & Living Care Business.

Supply Chains:

Kao USA Inc. owns inventory sitting at third-party logistics providers in Canada which Kao USA Inc. imports into Canada from the United States. Kao Canada Inc. sells the products manufactured by Kao USA Inc., its affiliates and/or third parties to customers.

The management of KAO’s supply chain organization participates in the supply chain of the Kao Group. The Kao Group works to engage in discussion and planning with regard to policies and efforts to be taken to monitor and assess the supply chain. KAO adheres to decisions made at that level and has the opportunity to provide feedback.

4. Policies and Due Diligence Processes

The Kao Group of companies, including KAO, operate with the Kao Business Conduct Guidelines as its foundation. The Kao Business Conduct Guidelines set forth our guiding principles with regard to the conduct of our business and incorporate the Kao Human Rights Policy which can be found at

<https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/kao-humanrights-policy.pdf>

The Kao Business Conduct Guidelines can be found at <https://www.kao.com/global/en/about/policies/compliance/business-conduct-guideline/>

and apply to all Kao Group companies, including KAO, and include commitments to deal with any illegal or unethical conduct that we become aware of. To deepen understanding of the Guidelines, the Kao Group periodically conducts Integrity Workshops and employees are annually asked to complete a Business Conduct Guidelines’ refresher test and a compliance awareness survey to check the depth of understanding of the Guidelines. Further, case studies are periodically posted on the

intranet and messages from the Chairperson of the Compliance Committee of Kao Corporation and a responsible person from the Compliance Division are also shared to develop employee awareness. In addition, the Kao Group has produced a video to disseminate the importance of respecting human rights and posted it on the intranet for the World Human Rights Day in December. Furthermore, group training sessions for newly hired employees and newly appointed managers are held.

5. Forced Labour and Child Labour Risks and Steps Taken to Assess and Manage These Risks

KAO and other Kao Group companies strive to provide employees with a work environment that is both physically and emotionally safe, and we assess the risk level within KAO and other Kao Group companies as low. The Kao Group of companies operate with the Kao Business Conduct Guidelines as its foundation. The Kao Business Conduct Guidelines set forth our guiding principles with regard to the conduct of our business and incorporate the Kao Human Rights Policy.

KAO depends upon its Kao Group suppliers to maintain their supply chains and third party manufacturing in accordance with principles set forth in the Kao Business Conduct Guidelines. Whenever KAO is qualifying a new supplier or vendor, KAO provides such supplier with a questionnaire asking the supplier to verify that their supply chain management (“**SCM**”) is free from unethical labor practices. Many of KAO suppliers are members of Sedex which requires the suppliers to complete a questionnaire which asks about the supplier’s labor practices and to verify their SCM is free from child labor. While KAO does import some items from Asia, a higher risk region, it is a small percentage of total KAO sourcing volume.

California’s Transparency in Supply Chains Act also requires suppliers to be contacted every two years to verify that their SCM is free from forced and child labor and Kao USA Inc. has been sending this request to suppliers every two years for several years.

6. Remediation Measures

Not applicable

7. Remediation of Loss of Income to the Most Vulnerable Families

Not applicable

8. Training

Not applicable

9. Assessing the Effectiveness in Ensuring that Forced Labour and Child Labour are not Being Used in Entity’s Business and Supply Chain

The efforts referenced above are devised and reviewed at the Kao Group global level and are assessed at least annually to determine their effectiveness and if modification is needed.

10. Approval and Attestation

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the Report for the entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the Report is true, accurate and complete in all material respects for the purposes of the Act, for the Reporting Period listed above.

Date: 5/29/2024

Name: Stephen Cagle

Title: President, Functions Operations, Americas

Signature: 511A3981D7A24D5...

I have authority to bind the corporation.

The Report was approved pursuant to section 11(4)(b)(ii) of the Act by the Board of Directors of KAO USA Inc. by resolution with an effective date of May 31, 2024.