

# Overview of Kao's corporate citizenship activities

## Theme

Creating an Environment and Developing Human Resources to Nurture the Next Generation

## Activity Guidelines

- Conduct activities that play a role in nurturing the next generation
- Conduct activities aimed at contributing to the development of regional communities and culture
- Conduct activities that protect and nurture the environment to promote a sustainable society
- Conduct activities that promote a barrier-free society as a form of social support
- Conduct activities that make effective use of Kao's resources
- Create an atmosphere in which every employee can participate in community activities as a good citizen

## Creating an Environment and Developing Human Resources to Nurture the Next Generation

To pass on a better environment to the next generation, Kao promotes environmental conservation and aims to encourage the development of people who are committed to protecting and nurturing the environment.

**Environment**

To support brighter futures for our children, Kao supports education by leveraging our unique resources and strengths.

**Education**

On the path to a sustainable society, we promote initiatives that harmonize with local requirements and address specific social issues, working hand in hand with NGOs and other representatives of diverse communities.

**Community**

Employee Participation Activities

Support of the Arts

The Kao Foundation for Arts and Sciences

The Kao Foundation for Arts and Sciences intends to contribute to development and promotion of Japanese arts and sciences through such measures as providing grants and awards.

<http://www.kao-foundation.or.jp/>

## 1. Environmental Activities

In the area of environmental activities, Kao is engaged in the Kao Creating Forests for Everyone program, the Supporters of Kao Creating Forests for Everyone, and the FURUSATO Environment Conservation Project in Northern Thailand. Kao also conducted the Post Tsunami Monitoring Project as an employee participation program to support recovery of the disaster-affected region.

### Kao Creating Forests for Everyone Program

Kao Creating Forests for Everyone is a core program of the “eco together” with Society activities and a program to create bountiful green environments and develop people committed to protecting and nurturing the environment for the benefit of the generations to come.

Kao invites NPOs and citizen groups from around Japan working to create forests and provide environmental education to apply, and each year selects about 20 projects in total in the areas of forestation and environmental education to receive three years of ongoing support. The recipients of this support use the grants from Kao to fund their activities. Kao also creates opportunities for exchanges among support recipients and with Kao to support the further expansion of activities.



The program operates in partnership with the Organization for Landscape and Urban Green Infrastructure and has provided support to a cumulative total of 391 groups from 2000 to 2014. This represents more than 10% of the approximately 3,000 forest creation groups recognized by prefectures in Japan. Kao is also contributing to resolving various challenges faced by modern society and building better communities through these environmental conservation activities.

<Activities in 2014>

- New support started for 17 groups
- Conducted informational interviews with 16 groups that began receiving support in fiscal 2013 and continued grant support after verifying the status of their activities

## FURUSATO Environment Conservation Project in Northern Thailand

Aiming to stop the rapid deforestation and destruction taking place in Northern Thailand as well as improve the environmental problems including water and smoke pollution resulting from this, the FURUSATO Environment Conservation Project is a core program of “eco together” activities conducted outside Japan.



The Project is planting native trees over a total of 35 hectare in Chiang Khong, Chang Rai Province, Northern Thailand, over five years beginning in 2012. At the same time, the Program is conducting environmental education to develop human resources to protect and nurture the environment. The Program is partnering with the Organization for



Industrial, Spiritual, and Cultural Advancement in Japan (OISCA Japan), a public benefit corporation, and the OISCA Thailand Chapter to have local residents take part in sustained management and conservation of forested lands as well as to generate employment. So far, a cumulative total of 21 hectare of land has been planted with 25,600 native trees.

Although trees have been damaged in forest fires in the past, with deepened awareness among local residents that the forests belong to them, the trees are growing steadily with a current survival rate of more than 80% in some locations.

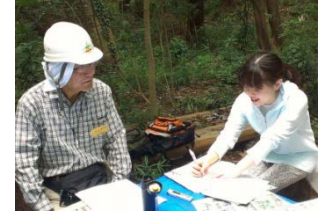
<Activities in 2014>

- Planted 8,000 trees over 7 hectare
- Held a tree-planting event on August 8, 2014. Including employees from Kao Group companies, 700 people participated in the event and planted 1,500 trees in seven varieties
- Tree planting and environmental education activities were conducted as planned. The survival rate of the trees exceeds the target of 70%, and they are being managed appropriately

## Other Environmental Activities

### <Supporters of Kao Creating Forests for Everyone>

- University students selected from an application process interview NPOs and citizen groups engaged in forest creation activities and write articles about them, which are published online. Kao provides opportunities for the students to study how to write articles and develop related skills
- The activities aim to develop the skills of the university students, and widen the circle of support for NPOs and other groups by communicating the significance of forest creation activities
- Cumulative since 2006: 86 participants, visited 87 groups
- Fiscal 2014: 10 university students visited 10 groups and wrote articles



### <Post Tsunami Monitoring Project>

- Employees participate as volunteers and support field research to study biodiversity conservation in wetlands and rice paddies damaged in the tsunami following the Great East Japan Earthquake (Sponsor: Earthwatch Japan, a certified specified nonprofit organization)
- Activities aimed at supporting reconstruction of the disaster-affected region, biodiversity conservation, and promoting employee understanding of biodiversity conservation
- Cumulative since 2013: 18 participants
- Fiscal 2014: 13 people participated in five projects



## 2. Educational Activities

Kao conducts an educational program offering lessons at schools, supports science education, and provides Kao Earthwatch Teachers' Fellowships as part of its educational activities. Teaching materials related to the lessons are also provided to schools.

### Educational Program offering lessons at schools

Employees visit schools as instructors to conduct lessons on Hand Washing, House Cleaning, the Environment, and Universal Design. Activities aimed at cultivating children's zest for life in fields closely connected to Kao's business.

Kao provides teaching materials that can be used in lessons. These include the Hand Washing lesson, House Cleaning lesson, "eco together" diaries for fourth graders, and "A Comfortable, Environmentally Conscious Life" for use in junior high school home economics classes.

<Fiscal 2014>

- Start of full implementation of lessons on Universal Design
- Four lessons were conducted at a total of 235 schools, with approximately 17,000 students and 1,200 employees participating
- These teaching materials were provided to a total of 740 schools and facilities.



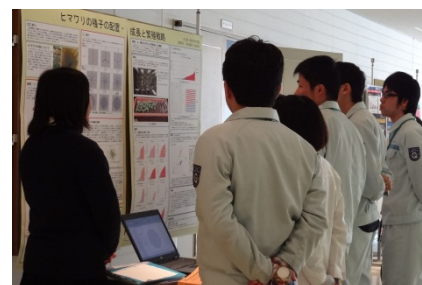
### JSEC and Science experiment workshops

The JSEC, Japan Science and Engineering Challenge, is a science and engineering independent research contest for high school students sponsored by the Asahi Shimbun Company and TV Asahi Corporation. Kao has been a co-sponsor of the contest since 2005 and presents the Kao Award and the Kao Special Incentive Award. Kao researchers participate in the awards screening and conduct





an internal preliminary screening. They are also part of the final screening committee that decides the award winners after listening to poster presentations by the high school contestants. High school students have received the comments and feedback they are given in the preliminary screening.



The school that receives the Kao Award is granted the right to enter an international contest held in the United States, and the school that receives the Kao Special Incentive Award is awarded a study tour and exchange with Kao researchers. To date, a total of 13 schools have received the awards.

Cooperated in events held at societies and associations and provided science experiment workshops led by researchers, too.

<Activities in 2014>

- Invite 13 students and teachers from the two award-winning schools of JSEC2013 to the Wakayama Complex for a study tour

- Presentation of the Kao Award and Kao Special Incentive Award on JSEC2014

- Science experiment workshops were conducted twice with the participation of seven employees serving as instructors

### Kao Earthwatch Teachers' Fellowship

The program offers funding and support for people with the goal of protecting biodiversity. Teachers who practice environmental education participate in the program with the goal of having them take their experiences back and share them with children and their communities.

The certified specified non-profit organization Earthwatch Japan partners with Kao to conduct the program, which offers teachers the opportunity to volunteer in overseas field research sponsored by the NGO Earthwatch. The teachers then bring the experiences and impressions gained on location back to their schools and communities and incorporate them into environmental education. Since 2004, a cumulative total of 65 projects and 119 teachers have received support through the program.



<Activities in 2014>

- Support awarded to 10 teachers, who participated in five projects
- Held a briefing on the teachers' activities at Kao (October 18) , and participating teachers exchanged information on their environmental education practices

### 3. Community Activities

Kao's community activities include holding Kao Family Concerts and conducting the Kao Social Entrepreneurship Schools program. Kao also conducts activities to remove barriers to information, the starting point of Kao's corporate citizenship activities, and makes product donations to welfare facilities.

#### Kao Social Entrepreneurship Schools

Through support to develop social entrepreneurs who attempt to solve social issues, Kao creates environment and develops human resources so that the next generation may inherit a sustainable society. Kao also aims to deepen understanding of social issues and nurture a spirit of entrepreneurship inside the company through exchanges of employees and social entrepreneurs.

In cooperation with the NPO ETIC., the program supports young social entrepreneurs who are attempting to solve social issues that involve families by using business approaches. Specifically, the Startup Division provides support for young entrepreneurs who are about to or have just launched a business venture, and the Innovation Division supports entrepreneurs who have successfully worked through the Startup Division. The Startup Division also receives support from NEC and Dentsu.

A total of 15 groups of entrepreneurs have received support since 2010.

<Activities in 2014>

- Supported three groups in the Startup Division and one group in the Innovation Division
- Additional communication at the time of release of materials documenting the efforts' value to raise the value of the Social Entrepreneurship Schools as a whole
- Strengthened information communications through the revised Kao website (created a page featuring the entrepreneurs)
- Made points of contact with related divisions and a total of 10 employees participated





## Kao Family Concerts

As part of community citizenship activities in areas where Kao has plants and business facilities, Kao provides opportunities for local citizens to enjoy high-quality music in combination with support for school education.

The concerts invite first-rate artists to perform, with employees in charge of the pre-concert preparations and operations on the day of the performance. All revenue from



tickets sales (1,000 yen/ticket) is donated to local schools for education and other purposes (one concert generates revenue of around 1 million yen). A cumulative total of 30 concerts have been held since 2002, which have attracted approximately 27,000 concertgoers.

<Activities in 2014>

- October 26, 2014, held a concert with violinist Mariko Senju in Mashiko, Tochigi Prefecture. Ticket revenue from 930 concertgoers was donated to the towns of Ichikai and Mashiko
- 23 employee volunteers participated in the concert program

## Other Community Activities

<Barrier-free environment on information>

- Activities aimed at creating understanding of and empathy for barrier-free living to allow everyone regardless of ability or disability to live a rich lifestyle
- Fiscal 2014:
  - Barrier-free video: Content communicates the inconveniences of life that people with disabilities experience to create understanding and empathy. The video is used as part of the Period for Integrated Studies curriculum. Videos donated to 12 schools
  - Braille stickers and CDs with voice guidance on information needed in daily life were provided free of charge to 171 locations
  - Provided information on daily life three times for *Home Life*, an audio informational magazine for members issued by the Japan Braille Library, and provided cooperation from five employee volunteers

<Donations of products to social welfare facilities>

- Kao donates Kao products to social welfare facilities as part of community contributions and social support activities
- The recipients of this support are selected in cooperation with the Japan National Council of Social Welfare or are social welfare facilities operated nationwide (“family houses” that provide accommodations for families of hospitalized children, residence facilities operated by Ashinaga, which provides support for children who have lost parents, privately run shelters for children and group homes to support independent living, etc.)

## 4. Employee Participation Activities

The Kao Group Pink Ribbon Campaign is one such activity with employee participation. Kao also operates the Kao Heart Pocket Club, a donation organization comprised of like-minded employees, and encourages other forms of employee volunteering.

### Kao Heart Pocket Club

This program has the purpose of creating opportunities for employees to be active participants in society and aims to build trustworthy relationships with communities.

Employees who support the Club's aims become members and voluntarily donate a portion of their monthly salary to become the Club's funds, which are used in activities to benefit society through donations to NPOs, NGOs, and citizen groups. The funds are also used to provide emergency relief during times of disaster. The Club is managed by a steering committee made up of member representatives.

Community grants to support citizen activities in communities where Kao has plants and business facilities were provided in Tochigi, Wakayama, and Ibaraki prefectures. The Mirai Pocket Fund grants were started in 2014 to support large-scale projects including international cooperation projects. Employee volunteers also participated in various programs including sending picture books to children and a YMCA charity race.

Since 2004, Kao Heart Pocket Club has provided donations of 73.80 million yen to support to a total of 443 groups. Its membership was 2,614 as of December 2014.

<Activities in 2014>

- Held steering committee meetings 14 times, supported 48 groups
- Community Grants Program (Tochigi, Wakayama, Ibaraki): Provided grants to 17 groups. A total of 1,384 employees participated in the secondary screenings and sent 225 messages of support to grant recipients
- Mirai Pocket Fund: Grants provided to six groups



- Number of volunteers: 180 employees participated in sending picture books, five employees participated in a YMCA charity race, four employees volunteered to provide hand care to earthquake evacuees
- Opportunities for communication between grant recipients and employees were increased, including observational tours and volunteer participation, contributing to increased engagement with society by employees and building trustworthy relationships with society
- Increased the number of members through enhanced internal communications introducing the activities

### Kao Group Pink Ribbon Campaign

The Kao Group Pink Ribbon Campaign is a social contribution program jointly implemented by Kao Group companies to raise awareness of breast cancer and more broadly to support women's health, leveraging the Kao Group's in-store capacity.

The program started in 2007 as a joint social contribution program of Kao Corporation and Kanebo Cosmetics. In October and November, in-store beauty advisers /counselors wear pink ribbon badges and pass out leaflets that communicate the benefits of early breast cancer detection to customers who visit make-up counters. This program has been conducted in Japan and eight other countries. A cumulative total of 6.87 million leaflets have been printed since 2007.

In addition to the initiative at make-up counters, Kao also operates a special website to more widely communicate information to society and offers an app that prompts users to get checkups. Some Group companies are also developing their own original activities such as employee participation in awareness-raising efforts.

<Activities in 2014>

- Program implemented in October and November at make-up counters in Japan, China, Hong Kong, Taiwan, and newly at Kanebo Thailand, Malaysia, Singapore, Indonesia, and the Philippines
- Developed a special "Pink Ribbon" app for the iPhone, which launched in October
- Donated 100 yen from purchases of designated Kanebo products to the certified NPO Japan Society of Breast Health
- Held Pink Ribbon seminars for employees to enhance the understanding of breast cancer and pink ribbon



## Other Employee Participation Activities

- Encourage employees' involvement in communities and provide information and opportunities to participate in specific activities to create ways to become involved
- Fiscal 2014:
- Operated a website offering volunteering information: Communicated information on a total of 25 projects including volunteering opportunities and NPOs selected by the Corporate Citizenship Department. Released 10 reports of activities by employees.

## 5. Support of the Arts

Kao supports the arts to contribute to enrichment of the lives of people.

### Support for Young Artist Development

- Support for activities that develop artists to lead the next generation
- Holding of the Tokyo Music Competition together with Tokyo Bunka Kaikan concert hall, The Yomiuri Shimbun, and the Tokyo Metropolitan Government for the purpose of discovering and developing people who will lead the next generation of music in Japan
- The grand prize winner in each category performs a concert together with an orchestra, and the prize winners receive five years of support from Tokyo Bunka Kaikan including opportunities to perform in solo and other concerts
- Fiscal 2014: Held the 12<sup>th</sup> Tokyo Music Competition. Received a total of 382 entries in the four categories of Piano, String, Brass, and Voice, with 11 contest winners.



### Support for Arts and Culture Activities

- Support to hold music concerts, stage performances, and art exhibitions in Japan to develop and pass down valued arts and culture
- Fiscal 2014:
  - Music concert support: Tokyo Symphony Orchestra, Suntory Hall subscription concert / Japan Philharmonic Orchestra/ Tokyo Philharmonic Orchestra/ NHK Symphony Orchestra, Tokyo, subscription concerts and performance of Beethoven's Ninth Symphony
  - Stage performance support: Participated in the Special Corporate Support Group for the New National Theatre, Tokyo
  - Art exhibition support: "The Birth of Impressionism – Freedom in Painting: Masterpieces from the Musée d'Orsay" exhibition (sponsored by The Yomiuri Shimbun)/"Neo-impressionism, from Light to Color" exhibition (sponsored by Nikkei Inc.)



## 6. Response to the Great East Japan Earthquake

As support for recovery from the Great East Japan Earthquake, Kao is cooperating with NPOs, companies, and a diverse range of organizations while mobilizing its own resources and existing corporate citizenship programs to conduct activities aligned with local needs and issues. Activities centered in providing emotional care and facilitating self-directed business recovery.

### Michinoku Revival Partners

- The NPO ETIC. (Entrepreneurial Training for Innovative Communities) and seven partner companies work together through the “Partners” platform, a company consortium supporting business efforts in the disaster-affected region and development of leaders to support the Tohoku region
- The platform mobilizes employees’ capabilities and company resources to implement programs that contribute to business independence in the Tohoku region
- Fiscal 2014:
  - Michinoku Supporters Meeting: Provided venues for reconstruction leaders from the Tohoku region and company employees who want to support Tohoku to meet. Held on March 1 with five employees participating
  - Michinoku Recovery Project Symposium: Provided an opportunity to hear the latest updates on the Tohoku region and consider what companies can do going forward to support recovery. Held on March 14 with eight employees participating



### Other Activities

- Kao Reconstruction Assistance Fair: Held on March 12 at the Kayabacho Complex with the theme of “Don’t Forget the Disaster” and supported the Tohoku region through purchases of goods and sending cards with messages of support. About 290 employees participated in the event



- Kao Food Sanitation Management Seminar: Support provided by Kao Professional Service (KPS), which utilized its know-how in food sanitation management. Held on November 17 in Ofunato City, Iwate Prefecture, with 11 people from two businesses participating



- In addition, Kao is a sponsor of the Smile Tohoku Project promoted by three newspapers located in the Tohoku region. Kao Group employees deepened their exchanges in the region by planting flowers and visiting residents of temporary housing facilities

## 7. Disaster relief in 2014

Disaster	Company	Support provided
Typhoon in the Philippines	Kao Corporation	Donated products to Aboitiz Foundation Incorporated to support disaster relief in the aftermath of Typhoon Haiyan, which struck the Philippines in November 2013.
	Kao USA	Donation to American Red Cross and employees' volunteer support equivalent to 410,000 yen.
Flooding in Indonesia	PT. Kao Indonesia Chemicals	Donated the equivalent of 130,000 yen to help people living in flood-affected areas.
	PT Kao Indonesia	Made available two boats for the use of relief activity. Product donation and employees' volunteer support equivalent to 500,000 yen.
Earthquake in Chiang Rai Province, Thailand	Kao Commercial Thailand	Product donation, gift of money and employees' volunteer support to residents of Chiang Rai Province equivalent to 400,000 yen.
Torrential rains in Japan in August 2014	Kao Corporation	Donated 1 million yen to Central Community Chest of Japan, and also donated products to Fukuchiyama City, to Hyogo Prefecture, and to Hiroshima City.
Earthquake in Yunnan Province, China	Kao Corporation	Donated 5 million yen to the Shanghai Charity Foundation
Hurricane Odile in Mexico	Quimi Kao	Donation and employees' volunteer support equivalent to 270,000 yen.
Kamishiro Fault Earthquake, Nagano Prefecture, Japan	Kao Corporation	Donated products to Hakuba Village and Otari Village in Nagano Prefecture.

## 8 Examples of Activities at Kao Group Companies Outside Japan

Area	Company	Content
China	<b>Kao (China) Holding</b>	Awareness for water conservation campaign, product donations for Shanghai charity fund
	<b>Kao Corporation Shanghai</b>	Cleanups of plant vicinity, plant tours
	<b>Kao (China) Research and Development Center</b>	Support/participation in walk event, support with products/participation in design contest, support for elementary school reading lecture/career education for university students
	<b>Kao (Hefei)</b>	Cleanups of seashore, product donations
	<b>Kao Chemical Corporation Shanghai</b>	Cleanups of roads and river, greening activities
	<b>Kanebo Cosmetics (China)</b>	Donations to support recovery of silkworm culture in region affected by the Sichuan earthquake, university student entrepreneur program, bazaar to support women entrepreneurs
<b>Hong Kong</b>	<b>Kao (Hong Kong)</b>	Support for WWF nature conservation awareness event, product donations to Hong Kong public welfare fund
<b>Taiwan</b>	<b>Kao (Taiwan)</b>	Cleanups of seashore, product donations for people in need of support, factory tours/office visits
<b>Vietnam</b>	<b>Kao Vietnam</b>	Christmas card purchases for children's welfare

Area	Company	Content
Philippines	Pilipinas Kao	Provision of scholarships for high school students and technical college students, donations for repairs and participation in cleanups and maintenance of elementary and high schools near plant, planting of mangrove trees, cleanups of seashore, support for community medical checkup opportunities, support for university research facilities
Thailand	Kao Thailand	Cleanup campaign, provision of products for cleanup campaign, provision of scholarships for chemistry and engineering majors, product donations to NPOs supporting children, support for school supplies, donations to construct school restrooms, product donations for 50 <sup>th</sup> anniversary/children's support, plant tours
	Kanebo Cosmetics (Thailand)	Company tours
Malaysia	Kao (Malaysia)	Product donations for children's homes, elderly care facilities, charity races, universities
	Kanebo Cosmetics Malaysia	Pink Ribbon make-up lessons
	Fatty Chemical (Malaysia)	Donations for cultural exchange events, product donations for sports/environmental activities, exchanges with and product donations for elderly facilities/facilities for disabled children/children's homes, tree-planting activities, purchases of paintings by children with disabilities, blood drive in collaboration with hospital, donations for disaster-prevention program

<b>Area</b>	<b>Company</b>	<b>Content</b>
<b>Singapore</b>	<b>Kao Singapore</b>	Donations to cultural education groups
<b>Indonesia</b>	<b>PT Kao Indonesia</b>	Support and donations for preschool construction and local festival, plant tours
	<b>PT. Kao Indonesia Chemicals</b>	Donation of community security system, provision of food for Id al-Adha for people in need and elderly care facilities, provision of clean water from plant grounds for nearby residents, donation of used tires for garbage collection, internships and tours
<b>Australia</b>	<b>Kao Australia</b>	Product donations to support welfare, education, sports, people with serious illnesses, etc.
<b>Canada</b>	<b>Kao Canada</b>	Product donations for hospitals and welfare organizations, donations to support sports and people with serious illnesses, etc.
<b>USA</b>	<b>Kao USA</b>	Donations to community groups, etc., support for United Way, support for local arts, support for children in need, employee cooperation and provision of products and donations for Pink Ribbon Campaign awareness and research on prevention of pre-term childbirth, reading and writing mentors at elementary schools, cleanup campaign, plant tours
	<b>Kao Specialties Americas</b>	Blood drive, cleanup campaign, employee cooperation for support for school education/United Way/sports for children with disabilities/etc., employee cooperation and donations for research on juvenile-onset diabetes and breast cancer awareness, donations and goods donations to support welfare organizations



<b>Area</b>	<b>Company</b>	<b>Content</b>
<b>Mexico</b>	<b>Quimi-Kao</b>	Cleanup campaign, support for nursing care facilities and welfare organizations, painting of school and nursing care facilities, giving toys to children in need, donations to hospitals, provision of scholarships, plant tours
<b>Russia</b>	<b>Kanebo Cosmetics Rus</b>	Product donations for cultural activities
<b>Germany</b>	<b>Kao Germany</b>	Donations for children's support groups and environmental education
	<b>Kao Chemicals GmbH</b>	Donations for sports/local traditional culture/schools/employment of people with disabilities/etc., donations to support to publish city booklet, plant tours
<b>France</b>	<b>Kao France</b>	Donations to support employment of people with disabilities, product donations to welfare organizations
<b>Spain</b>	<b>Kao Corporation S.A.</b>	Support to publish city assembly booklet, donations to support citizen groups/traditional music /families in need