

Seeking New Harmony with the Environment

The Kao Group is engaged in corporate activities to fulfill our Basic Principle and Basic Policies on Environment and Safety.

In addition, in June 2009, we announced the "Kao Environmental Statement," which manifests that we place ecology at the core of management, and our new corporate message, "Enriching lives, in harmony with nature." We continue to implement measures that further benefit the environment.

Basic Principle and Basic Policies on Environment and Safety

| Basic Principle

We shall contribute to social sustainability by giving thorough consideration to environmental conservation and human safety in every aspects of our operations, including product development, materials procurement, manufacture, distribution, sales, usage and waste disposal.

| Basic Policies

1. Maintain employees' health and safety and improve operational safety

Improve the working environment so that employees can work in a healthy and safer environment, eradicate occupational accident, eliminate the potential risks, and maintain safe operations. Provide regular training to employees on safe work practices and in preparation for emergencies.

2. Develop products with attention to the environment and safety

Assess environment and safety aspects throughout the entire life cycle of the products, from manufacture through disposal, when developing products and technologies. Offer products with a lower environmental burden to ensure safe usage by consumers, providing appropriate information i.e. instructions regarding proper use, cautions.

3. Save resources and energy and reduce waste

To protect the global environment, develop technologies at the product design stage, which address the issues of energy and resource saving and the reduction of waste, raise productivity in terms of resources and energy, reduce waste and byproducts, and reuse and recycle resources and energy.

4. Promote human safety in the community and take a responsible approach to environmental conservation

Proactively implement environmental measures as a community member to improve safety for people in the community and conserve the environment. Solve issues that adversely influence the environment and safety responsively and without delay.

5. Comply with laws and internal controls

Comply with relevant laws and bylaws in all business activities, set and follow the Company's own code of behavior.

6. Provide adequate training

Promote continuing training to encourage employees to act with awareness of the environment and safety.

7. Conduct evaluations

Conduct regular audits and self-evaluation to continuously improve activities in the PDCA cycle.

8. Disclose information and improve credibility in the community

Proactively disclose environment, and safety policies and data, and improve credibility in the community through open & bilateral communication.