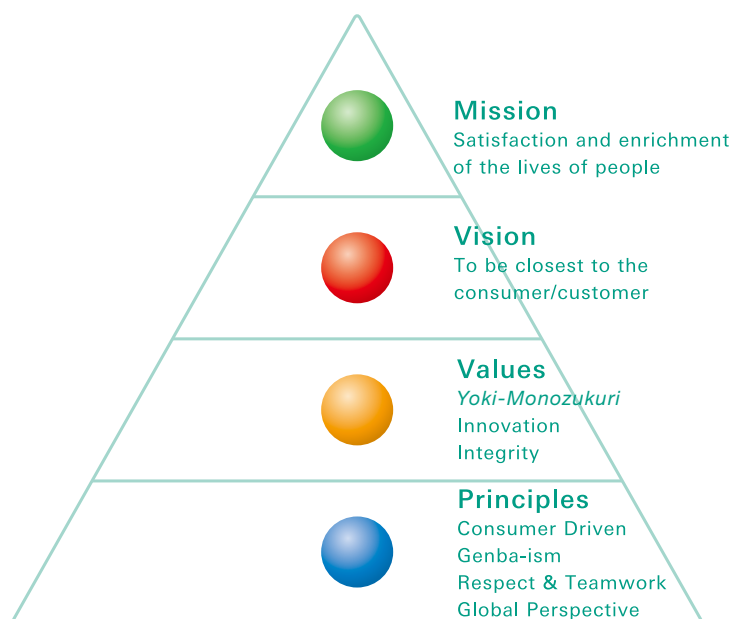


Fundamentals That Support Kao's Value Creation

The Kao Way



● Mission

Our mission is to strive for the wholehearted satisfaction and enrichment of the lives of people globally and to contribute to the sustainability of the world, through *Yoki-Monozukuri*, meaning our strong commitment to provide products and brands of excellent value created from the consumer and customer's perspective.

The origins of the Kao Way can be traced back to the company's founder, Tomiro Nagase. In 1887, Tomiro Nagase founded Nagase Shoten, a Western sundry goods store. He launched *Kao Sekken* (Kao Soap) three years later in 1890. His goal was to create a high-quality facial soap and offer it at an affordable price to contribute to cleaner and more comfortable lives for people at the time, when the only choices available were poor-quality domestic soap and high-priced imported soap. This is the origin of our mission "to strive for the wholehearted satisfaction and enrichment of the lives of people."

● Values Unique to Kao

The three Values express what we believe in. We do not conduct business or take actions that do not conform with these Values. Above all, we believe in achieving Innovation and *Yoki-Monozukuri* built upon Integrity, and this has become our distinctive foundation.

Yoki-Monozukuri

Yoki-Monozukuri refers to developing innovative products and brands by determining the needs of consumers and fusing them with seeds of our original technologies. We create dynamic synergy by uniting the creativity and energy of every employee and division. The driving force of *Yoki-Monozukuri* is the passion of individual members as the source of our corporate strength. We reinvest the profits earned through *Yoki-Monozukuri* toward the continuous creation of products and brands of excellent value. This cycle of *Yoki-Monozukuri* earns us the respect and trust of all of our stakeholders, thereby achieving profitable growth.

Innovation

We improve and innovate our products, brands and business processes in order to stay one step ahead of changes in consumer lifestyles and the business environment. We proactively seek new opportunities and challenges to always continue moving forward while maintaining a healthy sense of dissatisfaction with the status quo. We regard difficulties as opportunities for self-improvement and continue to grow individually and as a corporation by overcoming them.

Integrity

We treat others with respect and fairness, and pursue our work with sincerity and diligence in an effort to optimize the performance of individuals and the corporation as a whole. We behave lawfully and ethically, and earn the respect and trust of all stakeholders through sound and honest business activities. As a responsible corporate citizen, we seek to ensure the safety of our products and operations, and proactively engage in solving social issues including environmental issues.