

**Corporate Citizenship
Activities Report
Fiscal 2017**

On Publishing the Corporate Citizenship Activities Report
Fiscal 2017

The Kao Group has maintained activities with the theme of “creating an environment and developing human resources to nurture the next generation,” in order to realize the satisfaction and enrichment of people’s lives, based on the Kao Way, our corporate philosophy. Since 2012 we have emphasized the three key areas of the Environment, Education and Community to support the social foundation as a corporate citizen implementing activities to contribute to building a better society.

As Kao's business expands globally, not only corporate citizenship activities that help create a sound society but also efforts to contribute to society through business that lead to its expansion are called for.

Kao believes in the importance of integrating the various activities, aligning them in a unified direction, and contributing to a sustainable society. Contributing to resolving global-scale social issues through activities unique to Kao will ultimately result in improved corporate worth.

Looking to 2020, we are reviewing the overall structure of its corporate citizenship activities and sharing the philosophy of the corporate citizenship activities in the Kao Group.

This report reviews the corporate citizenship activities conducted by the Corporate Citizenship Department in FY 2017 and summarizes the main activities, including those at Kao Group worksites and companies within and outside Japan. We hope that reading this report facilitates understanding of the overall corporate citizenship activities of the Kao Group as well as of the individual activities.

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Kao Corporation

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2. Fiscal 2017 Activity Topics

In FY 2017 Kao conducted activities in light of the Kao Group's sustainability policies while considering how to engage with priority sustainability-related issues, especially the area of hygiene and sanitation, in its corporate citizenship activities. In terms of communication, Kao restructured the respective activities based on *kirei* (a Japanese word with a complex range of meanings, including cleanliness, beauty, health, and fairness), a keyword in non-financial activities, and enhanced internal and external communications.

(1) Support to allow children to acquire proper lifestyle practices and grow up with peace of mind (leading role of *kirei*)

(2) Development of human capital to create the future with science and technology (create human capital that creates change from *kirei*)

(3) Create the foundation for livelihoods and culture (create a *kirei* society)

Kao has worked to communicate its intentions and the background to its efforts in each of its activities, and through activities related to *kirei* gain the public's understanding of the Kao Group as aiming to create a better world, in order to achieve increased value in and identification with its corporate image.

In 2015, the United Nations adopted the Sustainable Development Goals (SDGs), which are shared international goals for realizing a sustainable society. Companies are also expected to take action toward achieving the SDGs through collaborative efforts with various organizations. Kao has taken action to achieve the SDGs through corporate citizenship activities in its business domains.

● Raising awareness for hygiene in school education

With the goal of children learning proper lifestyle practices and living each day with peace of mind, Kao is conducting awareness-raising activities through school education.

In Vietnam, Kao is supporting a school sanitation project conducted by UNICEF. Kao has business operations in Vietnam, but there is wide economic disparity in the country. An Giang Province, a region receiving project support, is home to economically challenged rural villages. Kao is conducting activities with the goal of supporting 35,000 children in 60 schools by 2020.



In 2017, the third year of Kao's support, improvements were made to school toilets and hand-washing facilities, and students formed the habit of proper hand-washing practices. Through the students, toilets and bathrooms in homes in the community were also improved, leading to demonstrable results.

Of the 17 SDGs, this program is an activity contributing to Goal 4 (education), Goal 6 (clean water and sanitation), and Goal 17 (partnership).

As Kao also has business operations in Vietnam and provides clothing detergent, cloth-washing lessons at schools receiving project support were also provided by Kao Vietnam as a regional corporate citizenship activity.

In Japan employees are using various lifestyle-related information collected by Kao and serving as instructors to provide lessons at schools on topics including hand washing and cleaning. In 2017, 843 employees participated as instructors and provided lessons at 145 schools.

● Expanded support for first menstrual education for elementary and junior high school girls

Since releasing sanitary napkins in 1978, Kao has conducted first menstrual education for more than 30 years for the purpose of having girls acquire correct knowledge and experience their first period with peace of mind. Starting in 2017, Kao put in place a framework for conducting awareness-raising activities for girls' first menstrual period in cooperation with the Sanitary Business Department with the goal of reaching all 20,000 elementary schools in Japan. Through the Japan Society of School Health, information on this effort is being communicated to nursing teachers. In addition to educational booklets and product samples for students, educational materials for teachers including DVDs that can be used by nursing teachers during lessons are also being provided. Requests for materials were received from 11,250 schools in FY 2017. Outside Japan, Kao China and Kao Vietnam are conducting similar awareness-raising activities. First menstrual education is closely related to the SDGs and facilitates educational support for girls in developing nations. For this reason, Kao intends to expand this activity while coordinating with NGOs and UN agencies.



● Support for social entrepreneurs

The Kao Social Entrepreneurship Schools program began in 2010. Amid the many and wide-ranging social issues faced today, the role of social entrepreneurs who present innovative ways to solve these issues grows more important year after year. To date, young social entrepreneurs seeking to resolve social issues involving families have

received support from Kao on themes such as child poverty, educational disparity, work-life balance, and independence for people with disabilities.

In order to pass down a sustainable society to the next generation, starting in FY 2017, Kao emphasized its intention to create better ways of living and working from new and diverse viewpoints that meet the evolving needs of society, and changed the theme of this support to “creating new ways of living.” Together with social entrepreneurs, Kao will seek ways to provide value also to business in view of the issues faced by modern society, including falling birth rates and aging populations, depopulation, and women’s self-reliance.

⇒ For more information, see p. 16



● Corporate Citizenship Activities Survey and Cost experience

Kao conducts the Corporate Citizenship Activities Survey in order to facilitate an understanding of the corporate citizenship activities of the Kao Group, based on a request of the Keidanren (Japan Business Federation). The survey is completed with the affiliates, worksites and relevant departments, including those in overseas. In FY 2017, expenses for the Kao Group’s corporate citizenship activities (including donations) reached 1,372 million yen.

3. Overview of 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

<Overview>

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/>

4. Environmental Activities

<Theme>

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

<Program details>

In the area of environmental activities, Kao is engaged in the Kao Creating Forests for Everyone program. Kao also conducted the Post-Tsunami Monitoring Project as an employee participation program to support recovery of the area affected by the Great East Japan Earthquake.

<Overview of “eco together” with Society>



*The FURUSATO Environment Conservation Project in Northern Thailand completed five years of activities that began in 2012. Kao is studying how to conduct appropriate project follow-up together with the Organization for Industrial, Spiritual and Cultural Advancement (OISCA), which jointly conducts project activities.

Kao Creating Forests for Everyone Program

These activities form a core part of Kao's "eco together" activities with society as a program to develop people to create an environment filled with green and protect and nurture the environment for the next generation to inherit.

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 447 groups from 2000 to 2017. This represents less than 15% 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 2017>

- Began support for 21 groups (groups selected for grant support in FY 2016). Grants for groups in their second and third years of receiving support are continued after verifying the status of their activities

Post-Tsunami Monitoring Project

Employees participate and provide support as volunteers in a monitoring project for biodiversity conservation in tidal flats and rice paddies that were damaged in the tsunami after the Great East Japan Earthquake (sponsor: Earthwatch Japan, a certified specified non-profit organization). By doing this, we



aim to support recovery in the disaster-affected region, conserve biodiversity, and promote understanding of biodiversity conservation among employees.

<Activities in 2017>

Fiscal 2017: 10 people participated in 5 projects

Cumulative since 2013: 48 participants

Comments from participating employees:

"I often see the keywords of the environment and biodiversity at Kao, but actually going out to the field and seeing the wildlife, and listening first-hand to researchers and local activists, has greatly changed my own awareness. I would like to communicate my experience to many people in the course of my daily interactions."

"These surveys are made possible through the efforts of a great many people and require many volunteers and other cooperation. If I have the opportunity, I would very much like to participate again next time."

5. Educational Activities

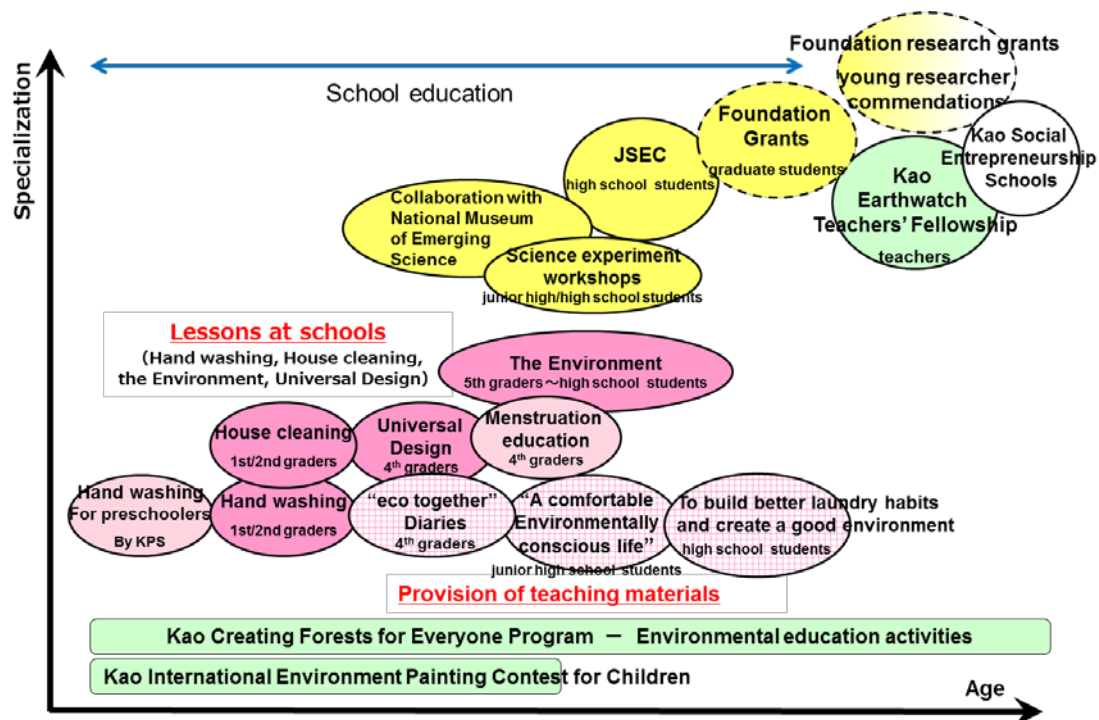
<Theme>

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

<Program details>

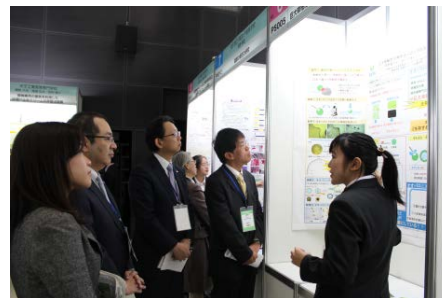
As educational activities, we are developing support for science education and the Kao Teachers' Fellowship. The lessons at schools in which employees participate as instructors have also been broadly developed, and Kao is providing related educational materials.

<Overview of Education> (Japan)



Japan Science and Engineering Challenge

JSEC (Japan Science and Engineering Challenge) is a contest for high school students who enter independent science and engineering projects (Sponsor: Asahi Shimbun, TV Asahi). Kao has sponsored the contest since 2005 and presents the Kao Award and the Kao Special Incentive Award. In the awards screening process, Kao conducts an internal preliminary screening and takes part in the final screening committee that decides the award winners after listening to poster presentations by the high school contestants. Comments from researchers as part of the preliminary screening are given back to the high school students to assist them in the research endeavors.



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 21 schools have received the awards.

<Activities in 2017>

- Presentation of the Kao Award and Kao Special Incentive Award

Kao Award	<p>Verification of Lens Equations for "Secondary real images" and Application of the Simple eye of an Insect</p> <p>Norika Narimatsu, Ayaka Kosai, Akiho Takata, Kumamoto Prefectural Uto Senior High School</p>
Kao Special Incentive Award	<p>"Devices for the Survival of <i>Ventricaria ventricosa</i>, Gigantic Single-celled Organisms"</p> <p>Nanako Okabe, Yokohama Municipal Yokohama Science Frontier High School</p> <p>Discovery of the mysterious pit (organ) from a uniquely gregarious plant bug species—novel ecological and morphological findings for <i>Ernestinus kasumi</i> designated as vulnerable rank in Nagasaki Red List</p> <p>Nanako Ikeda, Karin Motomura, Akihiro Tagawa, Nagasaki Prefectural Nagasaki Nishi High School</p>

- Held a study tour inviting students and teachers from the three award-winning schools in 2016 to the Sumida Complex (March 2017)

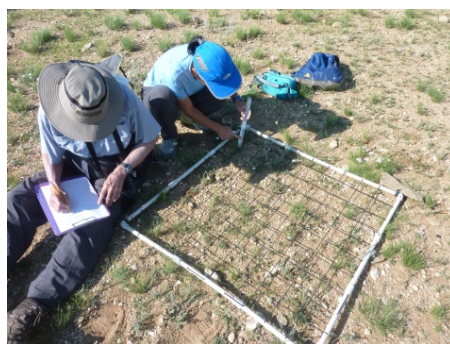
From the survey (excerpt):

- In the research presentations, we also received feedback from the perspective of researchers in different fields and advice on how to give presentations as well, which was very useful. We were also able to exchange opinions not only on our own research but more broadly on modern society. The time was highly meaningful.
- This changed my impression of research as just staying in a laboratory and conducting experiments. I was surprised and inspired by the importance of using sensory-based means to respond to customer feedback.

Kao Earthwatch Teachers' Fellowship

This program provides opportunities for elementary and junior high school teachers to participate as volunteers in overseas fieldwork projects (sponsor: Earthwatch Japan, a certified specified non-profit organization) for the purpose of communicating the importance of biodiversity preservation to the next generation. The teachers then bring the experiences and impressions gained on location back to their schools and communities and incorporate them into environmental education. Having teachers who practice environmental education participate in the fieldwork is anticipated to have broad influence on the children they teach and on their communities.

Since 2004, a cumulative total of 75 projects and 148 teachers have received support through the program.



Feedback from teachers:

- “I want to communicate not only information about the fieldwork and activities, but also about the importance of recognizing the beliefs and values that form them, and of steadfastly building on activities.” (Elementary school teacher, Tokyo Prefecture)
- “I deepened my understanding of various phenomena taking place on the earth through my experience and observations, and want to communicate how

amazing the earth is.” (Junior high school teacher, Tokyo Prefecture)

- “I want to communicate the importance of having the mindset of accepting others, accepting differences, and using them to benefit how we live our lives.” (Junior high school teacher, Hyogo Prefecture)

<Activities in 2017>

- Support awarded to 10 teachers, who participated in 5 projects
- Held a briefing on the teachers’ activities at Kao (November 18, 2017)
- Participating teachers gave reports to whole grades and their entire schools beyond just the classes they are in charge of. Information on their experiences and environmental education practices was shared in a briefing

Lessons at schools

With the desire to improve children’s life skills, Kao conducts lessons at schools in the fields of cleanliness, health, and the environment, which are closely connected to Kao’s business. Employees serve as instructors and visit schools to give lessons on hand washing, cleaning, the environment, and universal design (UD).

<Activities in 2017>

Four types of lessons were given at a total of 145 schools. A total of 10,834 students received the lessons, with 843 participating employees.

Hand washing lessons	Lower-grade elementary students	99 schools/7,040 children (572 participating employees)
Cleaning lessons	Lower-grade elementary students	28 schools/2,149 children (182 participating employees)
Environmental lessons	Upper-grade elementary students, junior and senior high school students	17 schools/1,630 children (87 participating employees)
UD lessons	4th-grade elementary students	1 school/15 children (2 participating employees)



Other Educational Activities

● Provision of teaching materials

Teaching materials in the fields of cleanliness, health, and the environment are provided for use in school lessons. In FY 2017, Kao developed and began providing the new teaching material, “Aiming to Create Better Clothing Habits and a Better Environment” for home economics classes at senior high schools.

<Activities in 2017>

Teaching materials were provided to a total of 3,188 schools.

Hand washing lessons	Lower-grade elementary school students	2,155 schools
Cleaning lessons	Lower-grade elementary school students	32 schools
“eco together” Diary	4th-grade elementary school students	617 schools
Comfortable Life That Considers the Environment	Junior high school home economics	193 schools
Aiming to Create Better Clothing Habits and a Better Environment	Senior high school home economics	191 schools

● Seminars for people in education were held 5 times.

● Science experiment workshops

Kao holds lectures and science experiment workshops by researchers through various partnerships with academic societies and science museums.

<Activities in 2017> Conducted 5 times with the participation of 10 employees serving as instructors

6. Community Activities

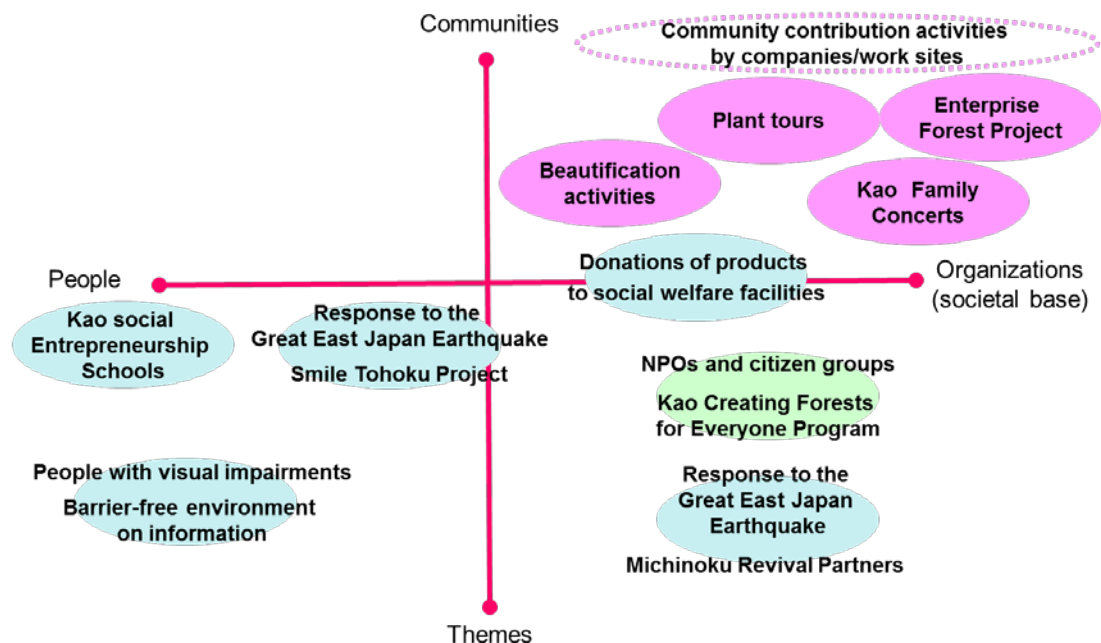
<Theme>

To build a better society with diverse communities, Kao works together with local community organizations, NPOs and NGOs.

<Program details>

Kao's community activities include conducting the Kao Social Entrepreneurship Schools program and holding Kao Family Concerts. 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.

<Overview of Community>



※This chart is based on activities as of December 31, 2017

Kao Social Entrepreneurship Schools

Kao supports the development of young social entrepreneurs, who will become the leaders of the next generation, in order to pass on a sustainable society to the next generation.

This program is conducted in cooperation with the NPO ETIC. and provides professional development and support for next-generation social entrepreneurs. The application process, screenings, and program operations are conducted through the Social Entrepreneurs Initiative*, which receives support from multiple corporations. Over a period of approximately six months, entrepreneurs in the program are given opportunities to receive advice from experts and mentor entrepreneurs, as well as support to grow professionally and get their business on track. A total of 23 groups of social entrepreneurs received support from 2010 to 2017. Through exchanges between employees and social entrepreneurs, Kao aims to deepen understanding of social issues and cultivate an entrepreneurial spirit internally.

* In addition to Kao, NEC Corp., NTT DOCOMO Inc., and NTT DOCOMO Ventures Inc. participate in the program as official partners.



<Activities in 2017>

Kao aims to enrich the lives of people, and set the new theme of “creating new ways of living in the future,” shifting from the past focus on issues involving the family that social entrepreneurs work to resolve. Kao provided support to young social entrepreneurs with new perspectives seeking to create a foundation for better ways to live in the future that meet the changing needs of society.

Entrepreneurs receiving support in FY 2017

- (1) Tomoko Araki (Director, The Women’s individual Total Health support [WiTHs])

Business theme: Seamless rehabilitation support for women before and after childbirth



- (2) Kanako Sato (Representative, Snow Days Farm)

Business theme: Creating the future of Japan’s farming villages by connecting satoyama (undeveloped woodlands near villages) and women, and farming and childcare



(3) Fumika Date (Representative director, itobanashi Inc.)

Business theme: itobanashi, connecting women in developing and developed countries through fashion



•On October 27, an Open Dialogue event was held at Kao's Sumida Complex to introduce the three new social entrepreneurs selected for support in FY 2017, hear the final reports of two groups of Entrepreneurship School participants from the previous year, and exchange opinions with employees. It was attended by 33 Kao employees.



Feedback from participating employees:

"I learned about the convictions of people starting businesses, and hearing their impassioned ideas directly from them was very inspirational." "I learned about the activities of the entrepreneurs, and it was an opportunity to again think about my own work and Kao's business from the position of social contributions."

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 one million yen).

A cumulative total of 38* concerts have been held since 2002, which have attracted approximately 35,300 concertgoers.

* The cumulative number of concerts up to the previous year contained erroneous information. The information has been corrected here.

<Activities in 2017>

•April 23, a commemorative 10th concert by violinist Mariko Senju, cellist Yoko Hasegawa, and pianist Ikuyo Nakamichi was held in Mashiko Town, Tochigi Prefecture.

. The concert was attended by 889 people, with ticket



proceeds donated to Mashiko Town and Ichikai Town.

- On May 21, a concert by pianist Yukio Yokoyama was held in Wakayama City, Wakayama Prefecture. The concert was attended by 1,225 people, with ticket proceeds donated to Wakayama City.

- On October 22, a concert by tenor Ken Nishikiori was held in Sakata City, Yamagata Prefecture. The concert was attended by 918 people, with ticket proceeds donated to Sataka City.

- On November 26, a concert by violinist Mariko Senju was held in Saijo City, Ehime Prefecture. The concert was attended by 1,044 people, with ticket proceeds donated to Saijo City.

Other Community Activities

●Barrier-free environment on information

Activities aimed at creating understanding of and empathy for barrier-free living, to aim for lifestyles with satisfaction and enrichment for all, regardless of whether or not persons have any disability.



<Activities in 2017>

- Provided information on daily life for *Home Life* in December, an audio informational magazine for members issued by the Japan Braille Library, and provided cooperation for recordings with three employee transliteration volunteers

- Barrier-free video: Videos donated to 15 schools. 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

- CDs with voice guidance on information needed in daily life were provided free of charge to 55 locations

- Braille stickers were provided free of charge to 276 location



●Donations of products to social welfare facilities

Kao donates Kao products as part of community contributions and social support activities

<Activities in 2017>

Donation recipients: Facilities selected in cooperation with social welfare councils or social welfare facilities and privately run residence facilities (“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.)

7. Employee Participation Activities

<Approach>

Kao believes that each individual employee should properly understand the corporate philosophy and personally put into practice its code of conduct. At the Corporate Citizenship Department we provide opportunities for employees to actively engage with the community and participate in corporate citizenship activities.

Kao Heart Pocket Club

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

Employees who support the Club's aims become members and donate a voluntary amount of money to be used as the Club's funds, which are put to use in initiatives to benefit society through donations to NPOs, NGOs, and citizen groups. The funds are also used to provide emergency relief during times of disaster. Club operations are managed by a steering committee made up of member representatives, which decides where to donate funds and how funds are used.

An example of a specific social initiative receiving financial support is community grants given to support citizen-led activities in regions where Kao has business operations, namely in Tochigi, Wakayama, and Ibaraki prefectures. The Mirai Pocket Fund has provided grants for large-scale projects since 2013, including international cooperation projects.

Under the QUPiO Point Program, a program that encourages employees to actively engage in promoting good health, QUPiO Points are awarded for employee activities that promote health, with donations then provided through the Club to initiatives aimed at protecting the health of people in developing countries, including Table For Two International, which supports school meals in developing countries, and Services for the Health in Asian & African Regions (SHARE), a non-profit citizen sector organization working to improve healthcare conditions for mothers and children in developing countries.

Other initiatives in which employees participate as volunteers include sending



picture books to children in developing countries who lack access to such books, the White Ribbon Run 2017, an awareness-raising charity fun run to support women's health in developing countries, and a project to send Christmas cards to children who are spending Christmas in a hospital due to illness. Since 2004, Kao Heart Pocket Club has provided donations of 109.287 million yen to support to a total of 591 groups.

<Activities in 2017>

- Its membership was 2,739 as of December 2017
- Held steering committee meetings 12 times, provided support for 48 projects
- Community Grants Program (Tochigi, Wakayama, Ibaraki): Provided grants to 14 groups. A total of 1,812 employees participated in the screenings by voting and 297 employees sent messages of support to grant recipients
- Mirai Pocket Fund: Grants provided to 4 groups. 15 steering committee members participated in the screenings
- Number of volunteers: 160 employees participated in sending picture books, 24 employees participated in White Ribbon Run 2017
- Christmas card project: 180 employees (activity at the beginning of 2017)
- Opportunities for communication with grant recipients: Held an activities report meeting and presentation ceremony for the Mirai Pocket Fund (February 16) and for grant recipients in the Tochigi region (March 16) and Wakayama region (March 24)
- Donation from QUPiO points (from January to December, 2017): 1,594 points

Kao Group Pink Ribbon Campaign

The Kao Group Pink Ribbon Campaign is a program to raise awareness of breast cancer and more boldly support women's health, which leverages in-store cosmetics, one of the major assets of the Kao Group.

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 at Kao *Sofina* and *Est* and beauty counselors at Kanebo Cosmetics wear pink ribbon badges and pass out leaflets that communicate the benefits of early breast cancer detection to customers who visit make-up counters.



To date, this activity has also been conducted in eight countries and regions in addition to Japan. The cumulative number of leaflets that have been produced since 2007 has reached 8.02 million. In addition to the initiative at make-up counters, Kao also operates a special website to more widely communicate information to society. The Kao Group also developing their own original activities, such as donating a portion of product sales to awareness-raising activities and employee participation in awareness-raising efforts.

<Activities in 2017>

- Program implemented in October and November at make-up counters in Japan as well as for *Sofina* in China, Hong Kong, Taiwan, and for *Kanebo* in China, Taiwan, Thailand, Malaysia, Singapore, Indonesia, the Philippines, and Hong Kong (office only).
- Kao created a page compiling general information on breast cancer on a special campaign website.
- For each purchase of a bottle of *Kanebo's* Skin Gloss Oil Water, 100 yen was donated to the certified NPO Japan Society of Breast Health.
- Kao provided special sponsorship for the Pink Ribbon Plaza in Osaka (held on September 24), organized by the certified NPO Japan Society of Breast Health.

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

<Activities in 2017>

- Operated a website offering volunteering information: Communicated information on a total of 10 projects including volunteering opportunities and NPOs selected by the Corporate Citizenship Department. Released 27 reports of activities by employees.
- Provided opportunities to volunteer: A total of 10 projects with 518 employee volunteers

8. Support of the Arts

<Approach>

Through culture- and arts-related contributions, Kao is actively supporting activities to develop and pass down outstanding arts and culture and to develop the next generation of practioners to contribute to enriching the lives of people.

Support for Young Artist Development

The Tokyo Music Competition is held in support of the development of artists, towards discovering and fostering the persons who will lead the next generation of music in Japan (Co-sponsors: Tokyo Bunka Kaikan concert hall, The Yomiuri Shimbun, and the Tokyo Metropolitan Government). The grand prizewinner in each category performs a concert together with an orchestra, and the prizewinners receive five years of support from Tokyo Bunka Kaikan including opportunities to perform in solo and other concerts. In August, Kao provided special sponsorship for The Sleeping Beauty, the third performance by the junior ballet company K-Ballet Youth, whose general director is Mr. Tetsuya Kumagawa. K-Ballet Youth provides a venue to discover talented dancers of the next generation and to develop their skills in an environment equivalent to a professional company.



<Activities in 2017>

- Provided special sponsorship for The Sleeping Beauty, the third performance by K-Ballet Youth
- Held the 15th Tokyo Music Competition. Received a total of 479 entries in the three categories of Piano, Woodwind, and String,, with 14 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.

<Activities in 2017>

- Stage performance support: Sponsorship through the Special Corporate Sponsors Group for the New National Theatre, Tokyo
- Support for orchestras: Japan Philharmonic Orchestra, Tokyo Philharmonic Orchestra, NHK Symphony Orchestra
- Support for music concerts: Tokyo Symphony Orchestra/Suntory Hall subscription concert, NHK Symphony Orchestra/performance of Beethoven's *Ninth Symphony*
- Art exhibition support: "Thailand: Brilliant Land of the Buddha" (sponsored by Nikkei Inc.)

"Hokusai and Japonisme" exhibition (sponsored by The Yomiuri Shimbun)

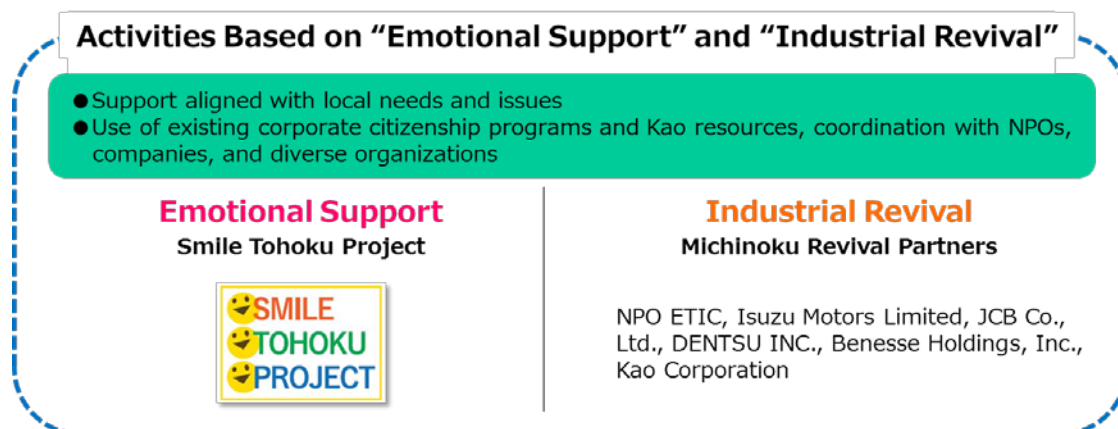


9. Response to the Great East Japan Earthquake

<Approach>

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.

Currently ongoing activities focus on providing emotional support and industrial revival.



*As of April 2018

Michinoku Revival Partners

In June 2012, Michinoku Revival Partners was established by the NPO ETIC. (Entrepreneurial Training for Innovative Communities) and takes the form of a consortium which currently includes five partner companies taking part in the planning of its activities (as of April 2018*). Partner companies mobilize their various resources to support next generation leaders who will continue to uphold business efforts in the disaster-affected Tohoku region .

We will continue to provide needs-aligned support matched with company resources, including training for business groups to form a hub for the Tohoku region in the future, and visualization of local needs through consortium activities. In addition we hold a symposium in collaboration with ETIC. and partner companies every March, to support local, autonomous recovery activities, including dissemination of information to society.

*<Participating companies>

Isuzu Motors Ltd., JCB Co. Ltd., Dentsu Inc., Benesse Holdings Inc., Kao Corporation (as of April 2018)

<Activities in 2017>

● **Consortium efforts**

• Business Brush-up Program: 5 selected groups, anticipated to lead specific themes designed to support communities, refined their vision and strategy, and facilitated opportunities to move to the next stage. Group workshops held in September 2017 and February 2018



• Fifth Michinoku Recovery Project Symposium: Provided opportunities to consider how companies can become involved in the Tohoku region, where innovative cross-sector collaborations are taking place on the theme of "creating future local communities in cross-sector collaborations." Speakers from Kao also appeared in the symposium, held on March 6 at Dentsu Hall, with 182 participants including CSR and social contribution staff from companies and 12 Kao employees.

● **Independent Kao efforts**

• Gave cooperation for community health-promotion activities in which residents support each other in Ishinomaki City.

Since May 2016, Kao has provided cooperation for OTAKARA Supporter training courses sponsored by Replus, an incorporated association. The name of these training courses is an abbreviated form of a phrase meaning "supporters that mutually create (healthy) bodies." The initiative aims to have local residents practice ways to improve their health and prevent the need for nursing care, and then support the health of their own community themselves. Kao provides health insights and health support tools, and conducts verification testing of the initiative's benefits.



• In July 2017, Kao began an initiative to improve the health of current residents and support community building in the Kawanokami district of Ishinomaki City, where a large-scale group relocation is scheduled.

• Fifth Kao Reconstruction Assistance Fair: Held on March 8 at the Kayaba-cho Head Office. Insights and things learned by participating employees were shared on topics such as emotional care, providing labor resources, and support activities mobilizing social insights, with a spotlight on



employee volunteer activities in disaster-affected regions that have been conducted to date based on the desire to “never forget the earthquake.” Representatives of groups receiving support also took the stage and talked about their experiences and the current situation in the Tohoku region through exchanges with Kao Group employees. A total of 95 people participated

- Kao Group Minamisanriku-cho Volunteer: Provided opportunities for agricultural volunteering with a tour of disaster-affected region. The fourth volunteering was held in Onokashouen farm, Minamisanriku-cho, over one night and 2 days from October 7–8. A total of 22 employees participated



Smile Tohoku Project

Kao has provided sponsorship since 2012 for the Smile Tohoku Project, organized by three newspapers located in the Tohoku region (Iwate Nippo, Kahoku Shimpō and Fukushima Minpo) to spread joy in the disaster-affected region and convey the vigor of the Tohoku region throughout Japan. Kao Group employees planted flower gardens and deepened their exchanges with local residents by planting flowers, providing hand washing and hand care, and visiting residents of temporary housing facilities in three prefectures.



<Activities in 2017>

Corresponding to the recovery situation of the prefecture, Kao conducted new visits to public housing for disaster survivors in Iwate and Miyagi prefectures. This year, in addition to planting flowers and providing the hand washing and hand care events that have been done in previous years, Kao also gave classes on how to sanitize the home with the theme of cleanliness in new home environments, and provided opportunities for fun exchanges.

- Held at a total of 6 locations: 2 locations each in the prefectures of Iwate, Miyagi, and Fukushima (temporary housing).

10. Disaster relief

Main support for disaster relief provided by the Kao Group in fiscal 2017

Disaster	Company	Support provided
Disaster from heavy rains in northern Kyushu	Kao Corporation	Immediately after the disaster, a donation of 2 million yen was made through the Central Community Chest of Japan (social welfare corporation), and 200,000 yen was donated by the Kao Heart Pocket Club, an employee-led charity organization
Hurricane Harvey (USA)	Kao Corporation	Kao Corporation donated 1 million yen to the American Red Cross to support rescue efforts for hurricane victims
Flooding in Ayutthaya Province and Nakhon Si Thammarat Province (Thailand)	Kao Industrial (Thailand)	Products worth 200,000 yen were donated to support victims, and cooperation was provided by employee volunteers
Bima Flash Flood (Indonesia)	PT Kao Indonesia	Products worth 200,000 yen were donated to support victims, and cooperation was provided by employee volunteers
Aceh Earthquake (Indonesia)	PT Kao Indonesia	Products worth 150,000 yen were donated to support victims, and cooperation was provided by employee volunteers
Gunung Agung eruption (Indonesia)	PT Kao Indonesia	Products worth 100,000 yen were donated to support victims, and cooperation was provided by employee volunteers
Hurricane Maria (USA)	Kao USA	Products worth 1.1 million yen were donated to support victims, and cooperation was provided by employee volunteers
Hurricane Harvey (USA)	Kao Specialties Americas	Products worth 200,000 yen were donated to support victims, and cooperation was provided by employee volunteers, who also donated the equivalent of 50,000 yen

11. Major Community Contribution Activities at Kao Group worksites and Companies within and outside Japan

(1) Examples of Activities at Kao Group worksites and companies in Japan

●: Participation by employees ○: Product/supply donations, monetary donations
◎: Opening of facilities

	Field	Activity
Kayaba-cho	Environment	● Campaign to eliminate cigarette butts from streets in Chuo-ku, Chuo-ku “eco” festival, local festival, neighborhood cleanups
	Community	○ Local shrine festival, summer radio calisthenics, year-end charity campaign
Sumida	Environment	● Neighborhood cleanups
	Community	● Traffic safety campaign, facility tours ○ Regular neighborhood association general meeting, local shrine festival, campaign to make a brighter society, sumo wrestling matches for children, local festival ◎ Local government firefighting drills
Osaka	Environment	● Neighborhood cleanups
	Community	○ Local shrine festival, local groups
Odawara	Environment	● Neighborhood cleanups
	Community	● Exchanges with special needs school through sports, softball Lessons, plant tours ○ Sakawa River fireworks festival, Sponsorship of musical held in local area
Sakata	Environment	● ○ Sakata Industrial Fair
	Community	● Yamagata Health Fair, Yamagata health promotion organization, plant tours ○ Kao family concert, diaper gifts for newborn babies, local events and festivals, local sports festival, Sports Day, fireworks display, Sakata innovation and idea exhibition, Shonai 41°C Bath Caravan event ◎ Kao summer festival
	Support of Arts	○ Sakata Philharmonic Orchestra



Chuo-ku Eco Festival
(Kayaba-cho)



Traffic safety campaign
(Sumida)



Katori Shrine summer
festival in Omurai
(Sumida)

	Field	Activity
Tochigi	Environment	● Neighborhood cleanups
	Education	○ Contributed photo news to elementary and junior high schools near plant ● ○ Kao Health Seminars
	Community	● Plant tours ○ Community events ● ○ Diaper gifts for newborn babies, summer festival ◎ Opening up of parking for events at nursery schools and elementary schools
Kashima	Environment	● Kamisu City's Beautification Day, and Clean Kamisu Day, seashore cleanups, community cleanups
	Community	● Plant tours ○ Kamisu citizens forum, community events, Kamisu Health Mileage program, Kamisu sports tournaments ● ○ Kamisu Festival
Kawasaki	Environment	● Bus stop cleanups
	Community	● Plant tours ○ Local sports festival, local festival and events ● ○ Local shrine festival, charity volleyball tournament
Toyohashi	Environment	● Neighborhood cleanups, Toyohashi 530 campaign
	Education	● Hand washing lessons, science exhibition for children
	Community	● Plant tours
Wakayama	Environment	● Neighborhood cleanups, Wakayama Port cleanups ● ○ Weeding and preservation of Kao Company Forest
	Community	● Memorial Service for jizo (one of Buddhist Statues) and for unattended graves, New Year's parade of fire brigade, plant tours ○ Support for welfare factory operations, community festivals and events, community association meetings, Kumano Nachi Taisha shrine ● ○ Family concert, local shrine festival ◎ Opening up of tennis court to public



Kamisu Festival (Kashima)



Hand washing lesson
(Toyohashi)



Plant tour (Toyohashi)



Kinokawa group cleanup
(Wakayama)

	Field	Activity
Ehime	Community	○Community festivals and events, Saijo City Joint Fundraising Committee, diaper gifts for newborn babies ●○Kao family concert, plant tours
Arida Training Center	Environment	●Neighborhood cleanups, seashore cleanups
	Community	●After-school activity ○Health festival, seniors club, community association meetings, resident exchanges, community festivals and events
Shinagawa	Community	●Painting exhibition
Eco-Lab	Education	●Off-campus practical work for pharmacy and nursing students, social studies field trips for elementary schools, environmental education, parent-and-child lesson
KCMK	Environment	●Neighborhood cleanups ●○Environment-related fairs and events, collection stamps/postcards/used prepaid cards/bottle caps
	Community	●Make-up seminars, community events, sports events, blood drive
Logistics	Community	●Traffic safety awareness campaign, blood drive, facility tours, neighborhood cleanups
KPS	Education	●Hand washing lessons, Instructors dispatching for lectures ●◎ Career development lectures for nurses
	Community	●Sanitation information exchange meeting
Kanebo	Education	●Running class ●○Walk in Her Shoes campaign sponsorship, make-up lessons at special needs school and social welfare facilities
	Community	●Support for esthetic technology, marathon guest runner and pacemaker ○Product donations for Coming of Age ceremony at youth welfare center ●○Charity events, Pink Ribbon campaign



Parent-and-child lesson
(Eco-Lab)

(2) Examples of Activities at Kao Group Companies Outside Japan

●: Participation by employees ○: Product/supply donations, monetary donations
◎: Opening of facilities

Area	Company	Activity
China	<ul style="list-style-type: none"> •Kao (China) Holding •Kao Commercial (Shanghai) •Kao (China) Research and Development Center •Kao (Hefei) 	<p><u>Environment</u></p> <ul style="list-style-type: none"> ●○Awareness-raising activities for water conservation <p><u>Education</u></p> <ul style="list-style-type: none"> ●Household product informational seminars ●○First menstrual education, support for university student Japanese speech contest <p><u>Community</u></p> <ul style="list-style-type: none"> ●Plant tours ○Donation to Shanghai Charity Fund as support for underprivileged university students and households, Enactus support ●○Health and hygiene education for mothers and newborn babies, coordination with unions, support for career education for university students, summer festival with community resident participation
	<ul style="list-style-type: none"> •Kao Chemical Corporation Shanghai •Huludao Jinxing Casting Material 	<p><u>Environment</u></p> <ul style="list-style-type: none"> ●Neighborhood and river cleanups <p><u>Community</u></p> <ul style="list-style-type: none"> ●Fire prevention and disaster preparedness drills in conjunction with communities, blood drive, Plant tours ●○Summer festival
	<ul style="list-style-type: none"> •Kanebo Cosmetics (China) 	<p><u>Community</u></p> <ul style="list-style-type: none"> ○Donations to charity supermarket, charity events, support for events at Japanese embassy
Hong Kong	<ul style="list-style-type: none"> •Kao (Hong Kong) 	<p><u>Community</u></p> <ul style="list-style-type: none"> ○Support for children with special needs/disabilities, underprivileged children, product donations to welfare support groups



Awareness-raising activity
for water conservation
(China)



Enactus university student
company activity (China)



Summer festival
(Shanghai)

Area	Company	Activity
Taiwan	•Kao (Taiwan) Corporation	<u>Environment</u> ● Seashore cleanups <u>Education</u> ● Cleaning lessons at elementary schools ○ Support for students in provincial areas <u>Community</u> ● Plant tours, company briefings ○ Pink Ribbon campaign, community support, donations to groups supporting people with disabilities
	•Taiwan Kanebo Cosmetics	<u>Environment</u> ● Seashore cleanups <u>Community</u> ○ Pink Ribbon Campaign, donations of supplies to social welfare facilities
Vietnam	•Kao Vietnam	<u>Education</u> ● First menstrual education <u>Community</u> ○ New year cards purchases for children's welfare ● ○ Support for hygienic improvement
Philippines	•Pilipians Kao	<u>Environment</u> ● ○ Mangrove tree-planting <u>Education</u> ○ Provision of scholarships for high school/technical college students <u>Community</u> ● Plant tours ○ Donation for school maintenance of elementary and high schools near plants, support for community medical checkup opportunities, support through the Red Cross, support for local traditional culture



Start from Kao (Taiwan)



First menstrual period education (Vietnam)



Repairs of elementary schools (Philippines)

Area	Company	Activity
Thailand	•Kao Industrial (Thailand)	<u>Environment</u> ● Cleanup campaign <u>Education</u> ● ○ Hand washing lessons <u>Community</u> ● Hygienic learning for healthy communities, Plant tours ○ Products donation to NPO and schools ● ○ Support for renovation and new construction of lavatory in elementary school of rural area, Support of relief operations for persons affected by the disaster
	•Kanebo Cosmetics (Thailand)	<u>Education</u> ● Company tours <u>Community</u> ● Pink Ribbon campaign
Malaysia	•Kao (Malaysia)	<u>Education</u> ● ○ First menstrual education
	•Fatty Chemical (Malaysia) •Kao Plasticizer (Malaysia) •Kao Oleochemical (Malaysia) •Kao Soap (Malaysia)	<u>Environment</u> ● ○ Tree-planting campaign <u>Education</u> ● ○ Environmental awareness-raising at junior high schools <u>Community</u> ○ Donation for charity events, purchase of paintings by children with disabilities, donation to firefighter's union ● ○ Exchanges and product donation for facilities for the elderly/children's home, exchanges with and product and commodity donation to facilities for children with disabilities, blood donation campaign tie-up with hospital, plant tours
	•Kanebo Cosmetics Malaysia	<u>Community</u> ● ○ Pink Ribbon campaign



Renovation of toilets at schools
(Thailand)



Tree-planting campaign
(Malaysia)

Area	Company	Activity
Singapore	•Kao Singapore Consumer Products/Chemical	<u>Environment</u> ○Exhibition attending <u>Education</u> ●○House cleaning and caring for clothes lessons in elementary schools <u>Community</u> ○Partial donation of revenue from products ●○House cleaning support for elderly housing
Indonesia	•PT Kao Indonesia	<u>Education</u> ●○Healthy lifestyle and care for environment programs for children <u>Community</u> ●○Local rituals, painting contest, Support and product donation for victims affected by flood/fire/eruption, plant tours
Canada	•Kao Canada	<u>Community</u> ○Product donations for charity events, matching donations to charity groups including for wildlife protection, product donations ●○Support and commodity donation (including hair and make-up services in vocational school graduation proms), product donations
USA	•Kao USA	<u>Environment</u> ●○Employee cooperation and donation for cleanup campaigns <u>Community</u> ●○Support through charity groups, support for arts in the local community and underprivileged children, donation for studies on the prevention of premature births and related, disaster relief through the Red Cross



Hand washing lesson
(Singapore)



Support for cleaning for
senior citizens (Singapore)



Cleanup campaign (USA)

Area	Company	Activity
	•Kao Specialties Americas	<p><u>Environment</u></p> <ul style="list-style-type: none"> ● Highway cleanups ○ Support for wildlife protection through tree-planting <p><u>Education</u></p> <ul style="list-style-type: none"> ○ Support for Japanese speech contest ● ○ Product donation and donation for high school students to be able to apply for an apprenticeship while working toward a college degree <p><u>Community</u></p> <ul style="list-style-type: none"> ○ Product donation to the homeless through United Way ● ○ Red cross blood drive, employee cooperation and donation to United Way board, donations for disaster relief, donation to charity golf tournament, support for chamber of commerce, support for charity events such as charity run
Mexico	•Quimi-Kao. S.A. de C.V.	<p><u>Community</u></p> <ul style="list-style-type: none"> ● Plant tours ○ Donation through welfare associations ● ○ Support and donation for Food bank/support groups for children with AIDS, Employee cooperation and donation to give toys to underprivileged children, support and donation for facilities for the elderly
Russia	•Kanebo Cosmetics Rus	<p><u>Community</u></p> <ul style="list-style-type: none"> ○ Product donations for school cultural activities and debate tournament at the Moscow Japanese embassy



Disaster relief (USA)



Embassy event (Russia)

Area	Company	Activity
Germany	•Kao Germany GmbH	<u>Community</u> ●○Support for renovation of kindergartens, support for underprivileged children and refugee children, providing family in need with medical equipment and manpower
	•Kao Chemical GmbH	<u>Education</u> ○Donations to schools and universities <u>Community</u> ●Plant tours ○Support for sports tournaments, local traditional culture, schools, employment for people with disabilities, and senior citizen welfare, promotion of region where business is located
	•Kanebo Cosmetics Deutschland GmbH	<u>Community</u> ●○Support for events at the Japanese embassy
Switzerland	•Kao Switzerland AG	<u>Community</u> ○Donation to support the Paralympic athletes, donation for people with disabilities
	•Kanebo Cosmetics (Europe)	<u>Community</u> ●○Donation and employee cooperation to a golf tournament for early detection of cancer
Spain	•Kao Corporation S.A.	<u>Environment</u> ○Tree-planting campaign, support for removing bamboo to protect species diversity <u>Education</u> ○Scholarship for high school students specializing in chemistry, donation of defibrillator <u>Community</u> ●Plant tours ○Support to publish city assembly booklet and concert of traditional music, donation for the Red Cross/food banks, Donation to children's soccer team



Renovation of kindergartens (Germany)



Paralympic athlete support (Switzerland)



Tree-planting campaign (Spain)



Support for education (Spain)

Area	Company	Activity
Denmark	•Kao Denmark A/S	<u>Community</u> ●○Free haircut for homeless people
Austria	•Kao Austria HGMBH	<u>Community</u> ○Donation to organization supporting heart sick children
France	•Kao France	<u>Community</u> ○Product donation to welfare association
Benelux	•Kao Netherland B.V. •Kao Belgium N.V. •Guhl Ikebana Netherlands B.V.	<u>Community</u> ● Support for participation in charities ●○Support for foundation event to provide wigs to ill children



Free haircut for homeless people
(Denmark)



Hair cut event at an academy
(Benelux)