

Independent assurance report



Independent Assurance Report

To the President and CEO of Kao Corporation

We were engaged by Kao Corporation (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators marked with (the "Indicators") for the period from January 1, 2017 to December 31, 2017 included in its Sustainability Data Book 2018 (the "Data Book") for the fiscal year ended December 31, 2017.

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Data Book.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' published by the Japanese Association of Assurance Organizations for Sustainability Information. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Data Book, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Data Book and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting the Company's Ehime Plant and Kao Corporation Shanghai Co., Ltd. selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Data Book are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Data Book.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

KPMG AZSA Sustainability Co., Ltd.
Tokyo, Japan
May 31, 2018

With the aim of ensuring more transparent disclosure of data relating to environmental protection and data relating to health and safety, KPMG AZSA Sustainability Co., Ltd. provides independent assurance for this data book. Indicators on which assurance is provided are marked with a [check](#) .

Scope of Assurance

In general, we report the activities of the Kao Group (Kao Corporation and its subsidiaries). Exceptions to this scope have been clearly stated as graph's annotations and in the text.

Assured data

Category	Data	Pages
CO ₂	Energy consumption (all sites)	P29
	CO ₂ emissions across the entire product lifecycle (Kao Group)	P29
	GHG emissions (all sites)	P29
	CO ₂ emissions across the entire product lifecycle (Kao Group in Japan)	P30
	Scope 1 CO ₂ emissions volumes (Thousand tons-CO ₂ e)	P30
	Scope 2 CO ₂ emissions volumes (Thousand tons-CO ₂ e)	P30
	Scope 3 CO ₂ emissions volumes (Thousand tons-CO ₂ e) *1,4,11,12	P30
Water	CO ₂ emission during distribution (Japan)	P34
	Water consumption (withdrawal) (all sites)	P39
	Water consumption during product use (Kao Group in Japan)	P39
	Water consumption across the entire product lifecycle (Kao Group)	P39
Chemical substances management	COD pollution load (all production sites)	P40
	VOCs emissions (Kao Group in Japan)	P54
Waste	NOx emissions	P54
	Amount of waste reused or recycled	P62
Product lifecycle and environmental impact	Amount of generated waste and other unwanted materials (all sites)	P62
	Output: Material procurement: CO ₂ emissions Output: Development/Manufacturing: GHG emissions Output: Distribution/Sales (facilities and company cars): GHG emissions Output: Distribution (product transportation) : CO ₂ emissions Output: Use : CO ₂ emissions Output: Disposal/Recycling: CO ₂ emissions	P71
Occupational safety	Lost time accidents frequency rate: Including both regular employees and temporary workers (Kao Group)	P166
	Lost time accidents frequency rate: Subcontractors (Kao Group)	P166

Conservation

Community

Corporate Culture

Governance