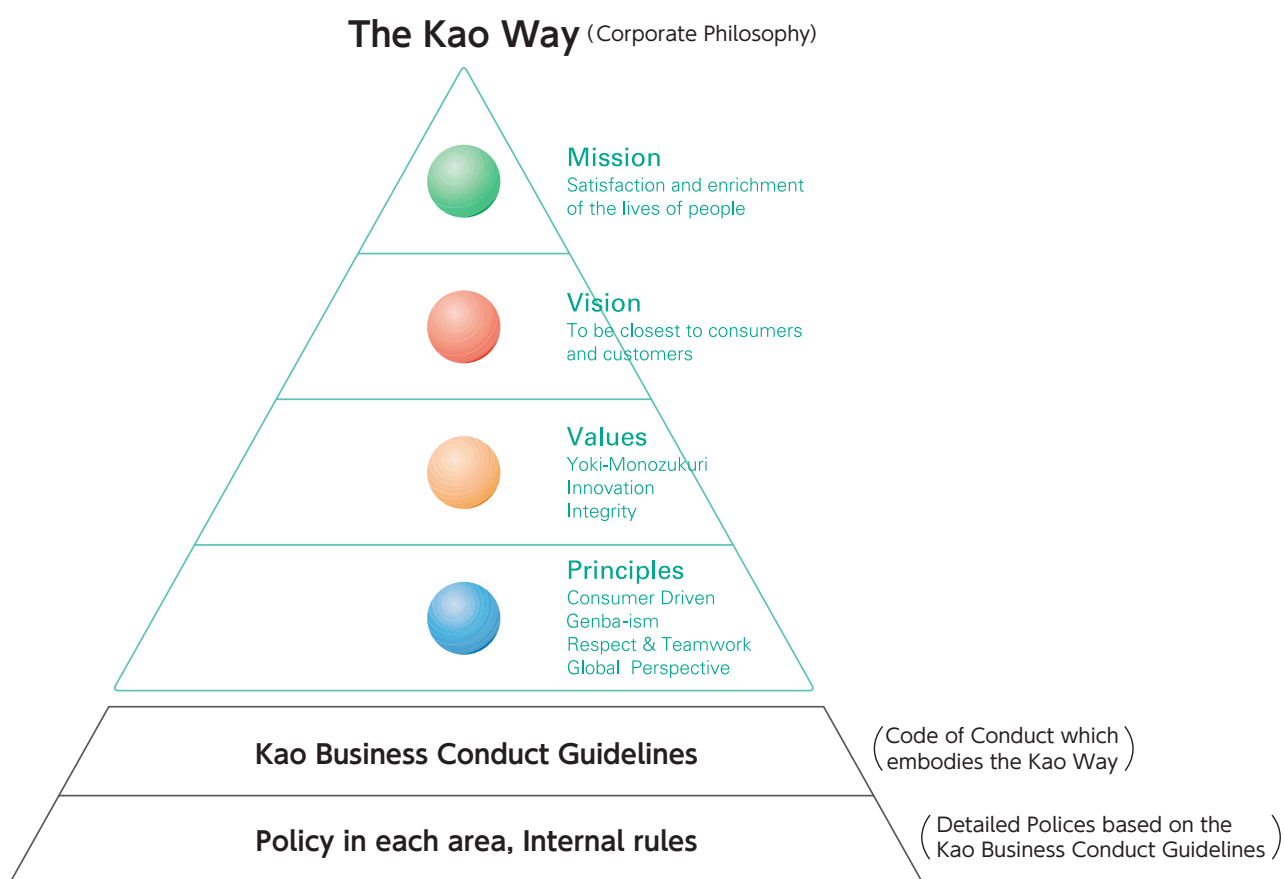


Kao Business Conduct Guidelines: Objectives

Objectives:

The Kao Business Conduct Guidelines provide specific guidance on how to put the Kao Way into practice that is applicable to all Kao Group companies worldwide, including all executives and employees thereof. Within the context of the Kao Business Conduct Guidelines, “Kao Group companies” refers to Kao Corporation, any entity more than 50% of whose outstanding stocks or interests with voting rights is owned directly or indirectly by Kao Corporation and any entity which has decided to follow the Kao Business Conduct Guidelines as it's business code of conduct based on an agreement with Kao Corporation. In the Kao Business Conduct Guidelines, the term “Kao” refers to the Kao Group companies as a whole and the term “company” refers to individual companies. Kao is actively encouraging its business partners to comply with the spirit of the Kao Business Conduct Guidelines.



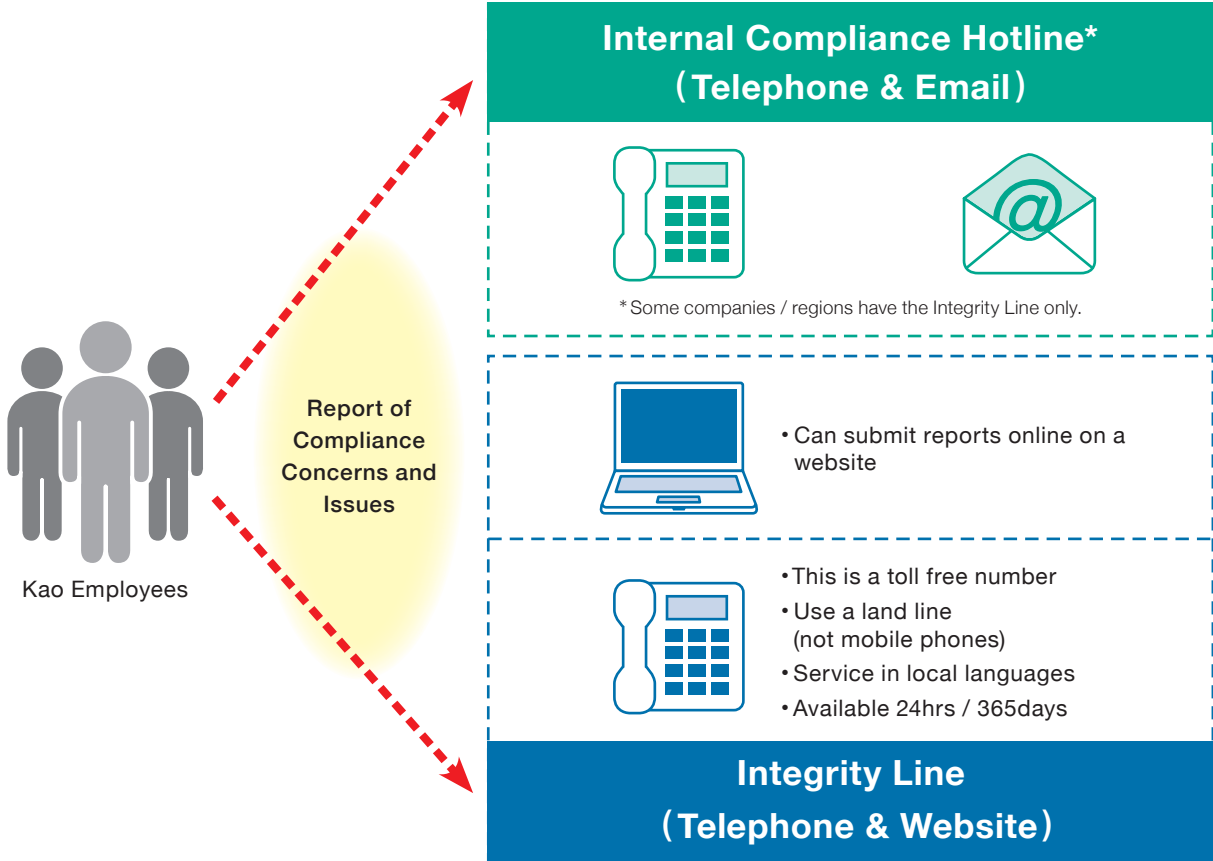
What to do when faced with a difficult business decision:

When faced with a difficult business decision, we shall refer to the Kao Business Conduct Guidelines to confirm that our contemplated actions are not only compliant with laws, regulations and internal rules, but also that they are consistent with principles of business ethics. When in doubt, we shall consult with our line managers and, when appropriate, the Compliance Hotline.

When faced with a difficult business decision, please consider the following:

- Does the action comply with all relevant laws and regulations, the Kao Way, company policy and/or rules including the Kao Business Conduct Guidelines?
- Can you legitimately justify the action internally and externally if they were to be reported by the press?
- Would you feel comfortable if similar action were taken against a member of your own family (e.g. discrimination, harassment, etc.)?

Compliance Hotline:





Flow chart showing the process how to communicate with the reporter:



The company shall protect and safeguard to the fullest extent possible the privacy of anyone who reports information regarding illegal, unethical or other questionable conduct or seeks consultation about such conduct. For more details, please see the 6th clause of the Principles of Corporate Ethics.

<Notes on seeking consultation services>

Anonymous reports are accepted except when prohibited by law.