



# KAO BUSINESS CONDUCT GUIDELINES

Kao's Code of Conduct  
Revised April 2019

**kao**

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## To all executives and employees of Kao Group companies

The Kao Group's corporate philosophy is defined in the Kao Way.

The Kao Way is shared by our group companies and all members worldwide.

It specifies the principles that guide our daily work. By following them,

each member can make a positive contribution, and together we can achieve sustainable growth of the Kao Group and society. The Kao Business Conduct Guidelines provide specific guidelines on how to put the Kao Way into practice.

There is a statement conveyed by various previous leaders of Kao that is embodied in the Kao Way.

“Good fortune is given only to those who work diligently and behave with integrity.”

We must impress upon everyone that compliance is the cornerstone of our company's existence.

Needless to say, it is important to maintain compliance. However, in the event that a violation does occur, it is equally important to deal with it effectively so as not to aggravate or prolong the issue.

This requires a culture of openness in the workplace that encourages employees to immediately report to management, especially regarding matters of concern.

We shall thoroughly instill “Integrity” which we have inherited since the founding of Kao Sekken in 1890, in our everyday activities and to pass it on to the next generation.

April 2019

*Michitaka Sawada*

Representative Director  
President and CEO  
Kao Corporation



*G. Haselce*

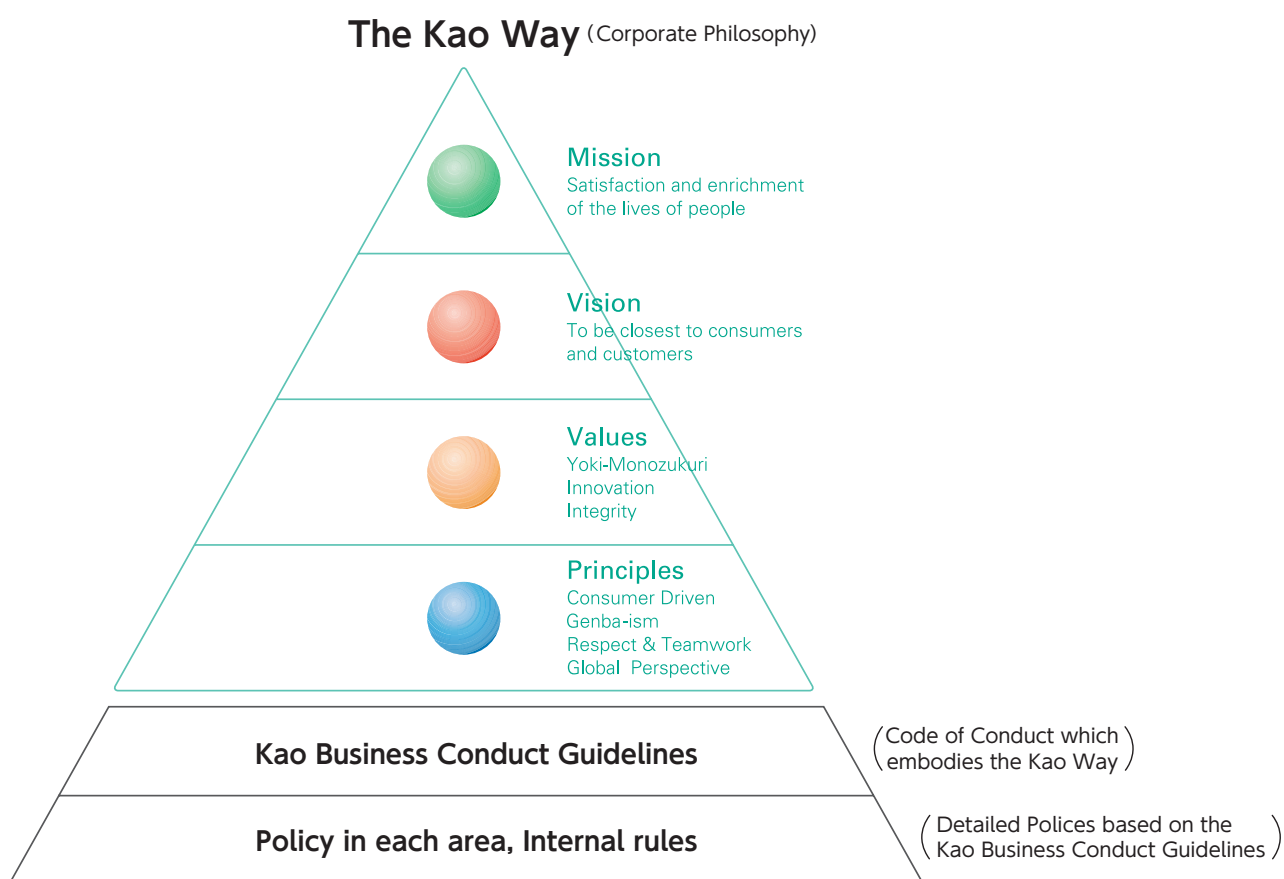
Representative Director  
Senior Managing Executive Officer  
Chairman, Compliance Committee  
Kao Corporation



# 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.



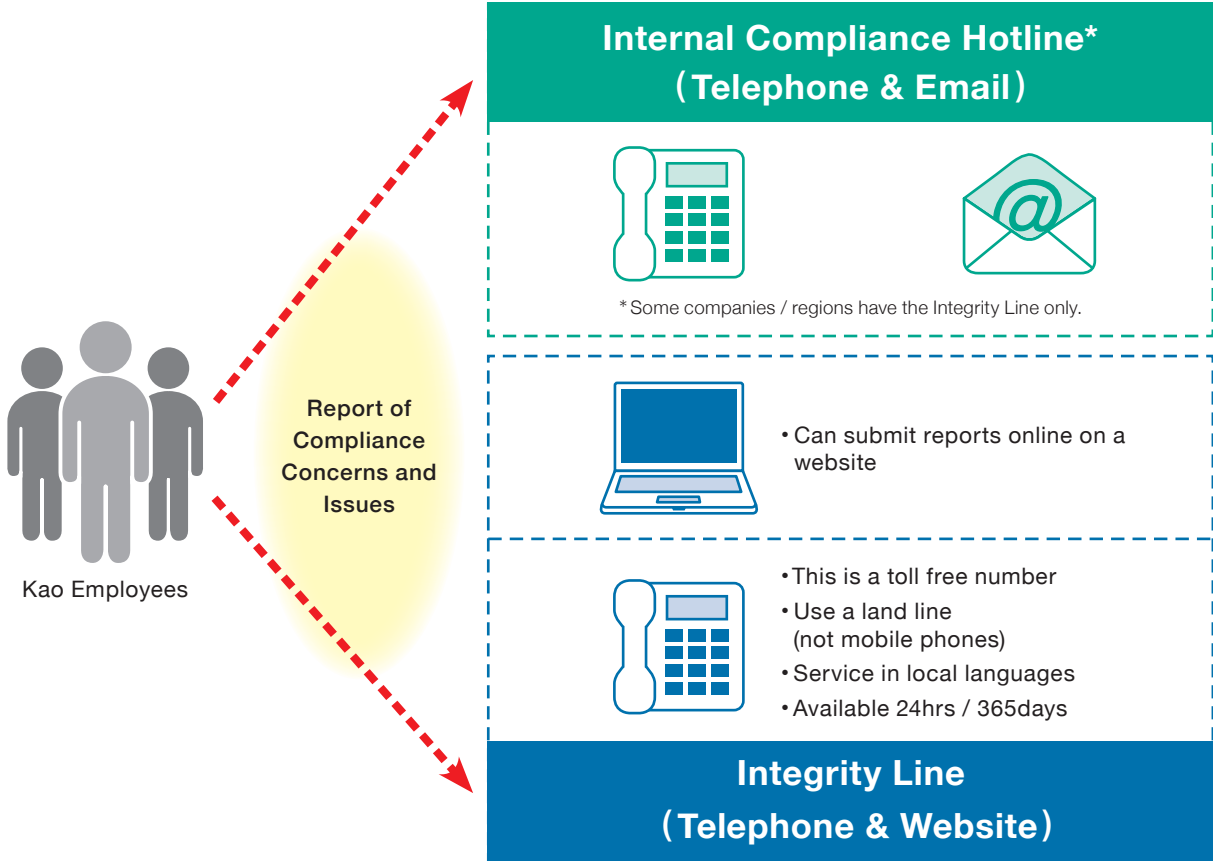
## What to do when faced with a difficult business decision:

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.

# Kao Business Conduct Guidelines

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## Principles of Corporate Ethics

1. We shall strive to be an honest and exemplary company, by thoroughly instilling “Integrity,” which is one of the core values of the Kao Way, in everything that we do to earn the true respect of all stakeholders.
2. We shall comply with the Kao Business Conduct Guidelines, and we shall not pursue profits at the expense of the ethical principles set out therein.
3. Even within the acceptable scope of laws and regulations, we shall take the most exemplary initiatives.
4. We shall not take any action which violates laws and regulations, goes against the Kao Business Conduct Guidelines or is otherwise unethical, even if such action is for the purpose of benefitting the company or under the instruction of a line manager. The company does not condone any such action. If an employee takes such actions, that employee may be subject to disciplinary action up to and including termination of employment based on the internal rules of the company.
5. We shall not ignore illegal or unethical conduct that goes against the Kao Business Conduct Guidelines, nor shall we ignore any other questionable conduct. All such conduct should be brought immediately to the attention of a line manager or appropriate department to confirm the validity and appropriateness of the conduct in question and implement corrective measures. If we are uncomfortable about reporting such matter to a line manager or appropriate department, we shall call a compliance hotline.
6. 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 in good faith. The company does not tolerate any attempt at identifying the person who made a report or who complied with an interview relating to such report. In addition, the company does not tolerate any form of threat or retaliation against any person who reports suspected illegal, unethical or other questionable conduct, or seeks consultation about such conduct in good faith. The company does not tolerate behavior which obstructs or interferes with an investigation related to such reporting or consultation.



Founder Tomiro Nagase



## **Kao Business Conduct Guidelines**

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### **Fundamental Rules**

Kao Business Conduct Guidelines consist of nine fundamental rules.

01

**Develop and Offer Safe and High Quality Products and Services, and Strive for the Resolution of Social Issues**



## 1. We shall always strive to develop and provide socially beneficial and high quality products and services that place emphasis on the health and safety of our consumers and customers to realize sustainable economic growth and to resolve social issues.

- We shall establish basic policies for product quality management activities and shall strive to improve the quality, safety and reliability of our products and services on the basis of *Yoki-Monozukuri*, which is defined in the Kao Way as a strong commitment by all members to provide products and brands that can provide satisfaction for consumers and customers while at the same time contributing to social sustainability.
- We are committed to thorough safety assessment, product quality testing, and quality management activities, paying particular attention to human safety as a top priority. We shall always strive to actively collect and confirm information about the safety and quality of products and materials from consumers, customers, retailers, the media, academic societies, literature, research papers, the government and industry groups. The aim is to continuously implement necessary measures to improve the safety and quality of our products.
- We shall earnestly attempt to apply the latest technology and expertise of the highest level possible at all stages of the product lifecycle, including development, production, distribution, usage, storage, and disposal of our products in order to promote human safety. We shall not bring any product to the market until confirming that at each stage, a product has achieved the standard, safety or otherwise, designated by the company.
- To ensure product quality, we shall implement all processes necessary to provide our products in strict compliance with established standards and procedures, including those relating to selection of raw materials, quality verification, quality control in the manufacturing process, inspection, and distribution. At the same time, we are committed to continual improvement in quality control.
- We shall endeavor to respond to diversified consumer and customer needs and the progress of globalization to heighten the degree of consumer and customer satisfaction around the world.
- We shall respect both, international rules and diverse cultures, and we shall develop our business activities with a balance of global and local perspectives so that we can contribute to the development of the economy and culture in each country/region. We shall also respect and seek to understand the beliefs and value systems of nationals and local residents.
- We shall strive to provide high quality and useful products and services at reasonable prices. We shall follow and carry out the Five Principles for Product Development, which advocates: 1) usefulness and value to society; 2) creativity and originality; 3) effective cost performance; 4) thorough market and consumer research, and 5) compatibility with the features of distribution channels (whether product related information can be appropriately communicated through the distribution channels). We shall also strive to reduce costs. Furthermore we shall strive to develop products that are user-friendly and environmentally friendly by considering the perspective of universal design.



## 2. We shall actively use our intellectual property, including through cooperation with third parties.

- We shall actively use our intellectual property in product development and work with third parties through open innovation and other ways in order to resolve social issues and contribute to social development.



### **3. We shall strive to provide consumers and customers with appropriate information so that they may choose products properly and use them safely, securely and comfortably.**

- We shall provide appropriate instructions regarding the features and proper use of products from the consumer's and customer's points of view. Such instructions should be labeled or placed together with the products.
- To prevent the misuse and improper use of a product that may, due to its nature, cause serious injury or damage to consumers and customers or their property if used improperly, we shall issue a cautionary statement on and/or inside the product packaging. Cautionary statements shall act as a warning to advise the consumers and customers of possible injury or damage that may occur through misuse or improper use, explain how to avoid such injury or damage and provide first-aid or other appropriate information.
- If a product is likely to undergo a sudden change in properties when mixed with other products or chemicals, we shall provide precautionary statements (such as "Danger! Do not mix!"), as well as appropriate instructions for the safe handling of the product to consumers and customers, accurately and in a timely manner.
- If it is found that an indication on a product could cause a misunderstanding or is inappropriate, we shall promptly revise such indication.
- In the event of an accident or a potential accident involving our product, we shall promptly adopt preventative measures, investigate the cause and implement appropriate preventive measures to avoid recurrence of the accident, as well as provide precise and timely information.

### **4. We shall advertise honestly and sensibly.**

- When advertising our products, we shall strive to make sure that the information is not misleading and does not infringe upon any laws or regulations or the rights of third parties.
- We shall strive to explain the benefits of our products to consumers and customers in a manner that is easy to understand, using creative and appropriate expressions, with specifics based on fact so as not to provide misleading information.
- We shall substantiate our claims on products and services with appropriate evidence and shall not defame our competitors or their products nor use any expressions in our advertising that may lead to social discrimination.
- We shall strive to avoid advertising in media, including broadcast media, magazines and digital media, whose content is highly likely to undermine public order and morality or have a negative impact on society. If such problems do occur in Kao-sponsored broadcast content, we shall request rectification. However in doing so, we shall respect the editorial rights of media bodies, and shall not interfere in their work unjustly.
- When using the "Kao" corporate logo or corporate name, we shall abide by the Corporate/Business Brand Design Manual. When using brand names, we shall comply with legal, internal and other standards.

### **5. We shall provide honest and prompt responses to consumer and customer inquiries and suggestions. We shall sincerely reflect the voices of consumers and customers to improve and develop products and services.**

- We shall earnestly attempt to understand suggestions from the consumers' and customers' standpoint and we shall accept responsibility to resolve any valid requests fairly.
- We shall strive to achieve consumer and customer satisfaction in terms of product quality and by quickly, accurately and considerately responding to consumer and customer inquiries.



# 02

## Thoroughly Consider the Environment and Safety



## 1. We shall contribute to social sustainability by giving thorough consideration to environmental conservation, disaster prevention and occupational safety in every aspect of our operations, including product development, materials procurement, manufacturing, distribution, sales, usage, waste disposal and recycling.

- We shall recognize that addressing environmental problems and safety concerns are common issues for all of humanity and are essential requirements for a company's sustainable existence and ability to conduct activities on a global level. In our business activities, we shall follow the Basic Philosophy and Policies on the Environment and Safety, the Basic Policies for the Promotion of SAICM (Strategic Approach to International Chemicals Management), the Basic Philosophy and Policies on Biodiversity Conservation and the Guidelines for Sustainable Procurement of Raw Materials.
- We shall promote our Environmental Statement that defines our mid-to long-term environmental measures and policies.
- We shall promote activities that conform to the chemical industry's Responsible Care (RC) Activities, voluntary management measures for the environment, safety and health. By adhering to the Kao Responsible Care Policy, we shall strive to enhance the effectiveness of such activities.
- We shall collaborate with various stakeholders, including consumers and customers, to conduct diverse environmental activities.
- Under the motto "safety first," we shall strive to secure a safe working environment through risk assessments and safety activities. We shall also work towards eradicating traffic and security accidents related to our business.



## 2. We shall develop products and technologies that avoid to the largest possible extent a negative impact on the environment, and wherever practicable, in a manner that efficiently uses and recycles natural resources and energy.

- We shall proactively promote conservation of the global environment and its natural resources.
- We shall introduce and implement environmental audits and environmental accounting to evaluate and ensure the effectiveness of our activities and also adopt evaluation systems such as life cycle assessment (LCA).
- We shall strive to develop manufacturing processes that reduce waste. When disposing of waste, we shall carefully select a method of disposal that places the minimum burden on the environment. We shall comply with relevant laws and regulations and take responsibility up to and including the completion of the disposal process.
- We shall strive to establish logistics systems with a minimum burden on the environment through efficient and cooperative transportation of products.



## 3. We shall strive to develop innovative technology, products and services that contribute to a resolution of environmental problems.

- We shall strive to reduce carbon dioxide emissions and other greenhouse gases to prevent global warming. We shall also promote water-saving initiatives to conserve natural resources.
- We shall strive to promote waste reduction through reducing, reusing and recycling. We shall also promote the development and effective use of various recycled materials (such as paper, plastic, etc.) and naturally recyclable materials.

# 03

## Conduct Fair, Honest and Appropriate Transactions



## 1. We shall carry out transactions and business activities that comply with the laws in each country/region, including those that relate to competition and the importation and exportation of products.

- We shall adhere to fair and free competition to ensure the continued trust of our consumers, customers and society. We shall therefore refuse to engage in activities that may endanger free and fair competition such as cartel activities with competitors.
- When engaging in the importation or exportation of products, technology, or services, we shall comply with all relevant domestic and international laws and follow all prescribed procedures, including the obtaining of necessary permissions and the filing of required notifications and reports.

## 2. We shall engage in responsible procurement and supply chain activities to prevent unfair or dishonest transactions in line with appropriate transaction policies.

- We shall strictly maintain the integrity of all transactions for the procurement of products, raw materials, indirect materials and services by conforming to the Guidelines for Sustainable Procurement of Raw Materials to ensure optimum procurement practices from the perspective of sustainability, human rights protection, regulations on mineral resources as well as quality, cost and delivery.
- At every step of the purchasing procedure, from quotation through ordering and confirmation of delivery to payment, the relevant in-house regulations shall be applied appropriately. When selecting a supplier, we shall compare quotations and conditions in order to make a rational judgment based on product quality, service quality and price.
- We shall provide fair transactional opportunities to our business partners and conduct regular competitive reviews of transaction terms and conditions. We shall also try to have two or more persons represent the company in a given negotiation so as to maintain fair and transparent relationships with business partners.



## 3. We shall strive to enforce effective management of our procurement and supply chain in order to evaluate and enhance our respective businesses.

- We shall closely follow the activities of our business partners, including suppliers, subcontractors and related companies to enforce appropriate corporate behavior. In addition to assessing each other's business activities, we shall also mutually evaluate in good faith the quality and prices of the materials and services of our respective businesses.
- We shall provide our suppliers with the Kao Human Rights Policy and the Guidelines for Supplier's Assessment, which spell out supplier responsibilities towards society and the environment and ask for their cooperation in compliance. We shall also promote the implementation of transparent and objective monitoring through third parties and conduct regular assessments.





#### 4. In accordance with the Kao Anti-Bribery Guidelines, we shall maintain a firm stance against bribery\* by not offering or receiving any unlawful or inappropriate forms of entertainment, gifts, or kickbacks in relation to business transactions.

- We shall comply with internal rules regarding the offering and accepting of business gifts and entertainment, and anti-bribery, and we shall follow necessary procedures for obtaining prior internal approval and the submission of reports. Gifts and entertainment, given or received, should be legal and of moderate value.
- We shall also not make "facilitation payments," which are small payments to government officials to speed up routine non-discretionary government actions.

\* Bribery is anything of value given to a person, either directly or through a third party, in order to obtain an improper business or personal advantage. It does not matter whether the person receiving the bribe is a government official, a private company or an individual. Bribery may consist of cash payments, gifts, entertainment or other benefit intended to nurture favorable business treatment.



#### 5. We shall draw a distinct line between business and private matters, to this effect, we shall avoid conflicts of interest.

- We shall avoid any activity that impairs or would reasonably appear to impair our ability to objectively perform our duties and responsibilities for the company. To this effect, we shall follow the Kao Guidelines for Avoiding Conflicts of Interest and require employees to obtain the company's permission, report to the company or take other appropriate actions as necessary.

#### 6. We shall maintain legitimate and lawful relationships with political and governmental entities.

- Although we respect each individual's political convictions, we shall not as a company, provide donations (political contributions) and general support to a particular political party or politician.
- We shall maintain a balanced and healthy relationship with governmental and public administrations, and shall not engage in any conduct that is regarded as collusive. We shall maintain conspicuous and transparent relationships with public officials with whom we make contact in relation to our duties, and when necessary we shall proactively express views publicly in support of the company.



# 04

## Respect Human Rights through Company Activities



**1. We shall understand and respect human rights and comply with the Kao Human Rights Policy.**

- We shall comply with the Kao Human Rights Policy, which was established to fulfill our responsibility towards respecting human rights, which are the fundamental and natural rights of all people.

**2. We shall not engage in any form of harassment in the workplace. We shall not insult, violate human rights or dehumanize others by words or action.**

**3. We shall not tolerate child labor, human trafficking or forced labor.**

# 05

## Respect Employees' Diversity, and Maximize Their Potential



## 1. We shall respect employees' diversity. We shall accept and integrate their diverse abilities, personalities and values to enhance the comprehensive strength of the Kao Group.

- We shall treat each other with dignity and respect and form an "Equal Partnership" as team members.
- We shall exert ourselves to further develop an open and active corporate culture that allows everyone constructively to put forth their opinions and raise concerns.
- We shall promote human resource measures to properly employ persons and assign personnel according to their capabilities and job performance, and shall not discriminate on the basis of culture, nationality, creed, race, ethnicity, gender, sexual orientation, sexual identity or form of expression, age, disability or other protected category.

## 2. We shall evaluate individuals fairly, according to their roles, duties, and job performance to develop people who can proactively challenge and overcome difficulties.

- We shall further improve the organization and our various employment systems so that we can promptly respond to changes. In order to acquire and allocate the right people for the right job at the right time, we shall also identify and describe the duties and the requirements of each individual's role.
- We shall proactively employ and train capable people for the development of our business activities. In each country/region, we shall also exert ourselves to encourage the employment and motivation of local people.
- We shall provide various measures for human resource development and assistance that are focused on the aptitude, efforts, and enthusiasm of each employee. We shall develop a system and corporate culture in which everyone can feel satisfied with their own development and contribution.
- We shall clarify each individual's role, duty and responsibility, and we shall promote and provide compensation according to a fair evaluation of their abilities and job performance, corporate performance, and market value.
- We shall faithfully fulfill our own roles, duties and responsibilities as required. In addition to operational instructions and orders, we shall also correctly understand and observe the rules and regulations specified in the company's policies, working regulations, the Kao Business Conduct Guidelines and other guidelines as might be applicable.
- We shall conform to all labor laws and regulations, share information about the business conditions and management-related issues among the company and its employees, and establish trust and a cooperative relationship through honest interactive communication.



## 3. We shall establish an employee-friendly workplace considering health and safety.

- We shall prioritize the maintenance of operational safety and hygiene in the workplace to ensure that everyone can work comfortably. We shall undertake efforts to promote physical and mental health in our daily life according to the health management philosophy that keeping employees' health is the basis of operational safety and hygiene in the workplaces and basis of company growth. We shall also refrain from taking drugs, alcohol or any other substance that could adversely affect our job performance or which could jeopardize the safety of others.
- We shall strive to eradicate overwork and implement measures that seek to prevent health problems caused by overwork and mental stress in order to create a safe and comfortable working environment. In the event of an operational disaster, we shall keep the safety of human life first and foremost in our minds, and remain fully committed to our planned response.
- We shall strive to create awareness and a climate for realizing a healthy work-life balance and make efforts to improve and promote systems to support it.



# 06

## Disclose Corporate Information Actively, Effectively and Fairly, Engage in Constructive Dialogue with Stakeholders, and Enhance Corporate Value



## 1. We are committed to disclose necessary and appropriate information to the public in a transparent manner and achieve accountability with diverse stakeholders to gain their support and trust and enhance corporate value.

- We shall strive to communicate to society precise information about our financial status and non-financial elements including management principles, management policy, technologies and products, as well as activities that promote corporate social responsibility. We shall also strive to establish fair relationships with stakeholders, including consumers, customers, employees, business partners, local communities, shareholders and investors through proactive public relations activities and constructive dialogue, and gain their long-term support and trust.
- We shall proactively listen to frank public opinions and comments about the company through interactive communication with stakeholders and reflect such views in our management.
- We shall strive to continuously improve EVA®\* and business results from a long-term viewpoint, by recognizing and tackling management challenges and business risks in an appropriate manner, and we shall enhance corporate value. We shall endeavor to maintain an adequate standard of return on investment to our shareholders.



\* EVA® is a registered trademark of Stern Stewart & Co.

## 2. We shall strictly handle accounting procedures and other activities through conscientiously implementing internal control procedures to disclose appropriate information. We shall maintain a correct file of all business records, including accounting records.

- We shall ensure the accuracy of accounting records in compliance with the relevant accounting standards and related laws and regulations. We shall also keep other business records and data, and shall report correctly based on facts.
- We shall strictly adhere to all internal application, approval and recording procedures, including accounting procedures and asset management procedures following the appropriate internal control system. We shall review the adequacy and effectiveness of the system and revise it as necessary. When revising the system, we shall follow appropriate and required procedures.
- We shall earnestly facilitate and assist audits and investigations by our Audit & Supervisory Board Members, accountants, tax authorities, supervisory authorities, Kao Global Internal Audit and other functions so as to support accurate financial statements and a proper audit and inspection.
- We shall faithfully exercise our individual authorities, and shall also not make decisions that are beyond our respective authority. We shall submit reports as designated without delay.



## 3. We shall not engage in insider trading.

- We shall exercise caution in handling internal confidential information about the company and its business partners. We shall not engage in insider trading, i.e. the buying or selling of shares of stock or other securities of the company or its business partners based on internal confidential information.

# 07

## Contribute to the Enrichment of Society through Activities that Make a Social Contribution





**1. We shall conduct activities with the theme, “Create an environment cultivating human resources and promote development of future generations” in order to contribute to and earn the trust and support of society.**

- We shall contribute to society by conducting activities to resolve social issues, and contribute to the development of local communities.



**2. We shall make donations and provide support by considering social standards, public interest and usefulness.**

- In order to contribute to local communities, we shall direct the company’s monetary and product donations to where they will be of use and according to appropriate priorities. In doing so, we shall comply with Kao Group Donation Guidelines, which set forth the necessary internal approval procedures.

**3. We shall contribute to community development by enhancing activities that make a social contribution through collaboration and cooperation with diverse stakeholders.**



**4. We shall respect the volunteer spirit of individuals who take initiative and responsibility to contribute to society.**

- We shall respect and support employees who proactively contribute to society in the spirit of good citizenship by participating in volunteer activities.



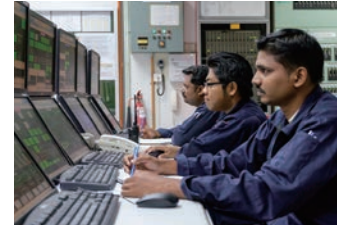
# 08

## Conduct Thorough and Organized Crisis Management Activities to Address Risks Relating to Natural Disasters, Cyberattacks, Terrorism, Antisocial Acts and Other Crises



## 1. We shall establish systems to conduct organized crisis management activities to address risks.

- We shall minimize potential risks across all business activities. If we should become aware of a potential risk, we shall take proper actions as outlined in the policy and operational procedures regarding risk and crisis management.
- We shall not invest in risky financial products such as speculative derivatives or commodity futures that could considerably decrease our asset values and increase liabilities.



## 2. We shall stand firm against antisocial forces and have no relations with them. We shall not allow antisocial acts.

- We shall enforce internal management to avoid any relationships with anti-social organizations.
- We shall not participate in any activities that are illegal or contrary to the public welfare regardless of any competing pressure to do so. We shall be particularly careful to avoid any money laundering activities or profit sharing with anti-social organizations.

## 3. We shall take appropriate countermeasures against threats of terrorism such as cyberattacks and other crises.

- We shall gather information and implement safety measures based on an understanding of risks of terrorism.
- We shall develop appropriate management systems based on recognition that cyber security is a serious risk.



## 4. We shall adopt policies in compliance with relevant laws and regulations to thoroughly protect and control personal data, other confidential information, and intellectual property.

- We shall prevent the leaking of confidential information and in particular we shall prevent such leaking due to careless management. We shall be careful not to discuss such information with or permit it to be disclosed to unauthorized persons. In particular, we shall be especially careful with our conversations and telephone calls in public places, correspondences, and communications on social media.
- Any confidential information that belongs to others shall be obtained from its proper owners or from other legitimate sources in a lawful and appropriate way, and we shall maintain accurate and specific records of receipt. We shall use such confidential information in compliance with the scope specified in agreements and usage conditions to protect confidentiality.
- We shall strictly control personal data and shall not, except when permitted by law, disclose such information to third parties or use for the purpose other than those authorized by the individual.
- We shall adopt policies in compliance with relevant laws and regulations to thoroughly protect and control personal data and confidential information.
- No employee or former employee of the company shall leak confidential information concerning the company, either during or following his/her employment.
- We shall appropriately manage all intellectual property developed or acquired as a result of our work. We shall strive to make sure not to infringe upon any intellectual property rights of third parties.

# 09

## Executives and Managers' Responsibility to Take the Lead in Complying with the Kao Business Conduct Guidelines, Be Good Role Models for All Employees and to Communicate the Kao Business Conduct Guidelines to their Members

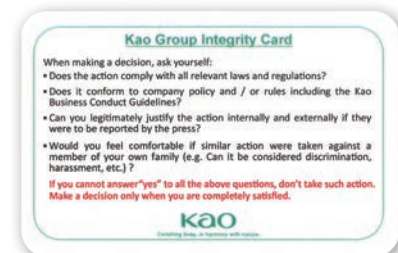


1. Our executives shall engage in dialogue with employees in good faith in order to raise awareness of the Kao Business Conduct Guidelines. They shall also gain understanding and approval of business partners and encourage them to act in accordance with the Kao Business Conduct Guidelines.



2. In the event that the company violates the Kao Business Conduct Guidelines and loses the trust of society or recognizes these risks, our executives shall proactively take responsibility to respond to the situation, including resolving the problem, investigating the causes, and preventing the problem from recurring.

3. We shall establish compliance hotlines that are independent and encourage employees to utilize them to continuously improve corporate behavior.



## Charters and Guidelines Supported by Kao

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Kao has expressed its support of the following global charters and guidelines and has committed to comply therewith.

### ■ Ten Principles of the UN Global Compact (Signed May 2005)

The Global Compact consists of “ten fundamental principles” advocated by the United Nations and it encourages each company to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor, the environment, and anti-corruption.

**<https://www.unglobalcompact.org/>**

### ■ Responsible Care® Global Charter (First edition signed August 2008, revised edition signed September 2014)

Guidelines that each company needs to follow in order to promote responsible care activities throughout the world.

**<http://www.icca-chem.org>**

### ■ Women's Empowerment Principles - Equality Means Business (Signed August 2010)

These guidelines were collaboratively created by the UN Global Compact and United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) to serve as a practical guide for business leaders to join hands in promoting women’s empowerment in the workplace, the market and the community.

**<http://www.unglobalcompact.org>**

**<http://www.unwomen.org>**

## Company Policies for Reference

The Company Policies relevant to the Kao Business Conduct Guidelines are as follows:

Pages	BCG	Company Policies
P2		<b>The Kao Way</b> <a href="http://www.kao.com/global/en/about/policies/kaoway/">www.kao.com/global/en/about/policies/kaoway/</a>
P9	01-1	<b>The Policies for Product Quality Management Activities</b> <a href="http://www.kao.com/global/en/sustainability/safety-quality/activities/">www.kao.com/global/en/sustainability/safety-quality/activities/</a>
P12	02-1	<b>The Basic Policies for the Promotion of SAICM (Strategic Approach to International Chemicals Management)</b> <a href="http://www.kao.com/global/en/sustainability/environment/saicm-promotion/">www.kao.com/global/en/sustainability/environment/saicm-promotion/</a>
		<b>The Environmental Statement, the Basic Philosophy and Policies on the Environment and Safety</b> <a href="http://www.kao.com/global/en/sustainability/environment/statement-policy/">www.kao.com/global/en/sustainability/environment/statement-policy/</a>
		<b>The Basic Philosophy and Policies on Biodiversity Conservation</b> <a href="http://www.kao.com/global/en/sustainability/environment/statement-policy/">www.kao.com/global/en/sustainability/environment/statement-policy/</a>
		<b>The Kao Responsible Care Policy</b> <a href="http://www.kao.com/global/en/sustainability/environment/statement-policy/">www.kao.com/global/en/sustainability/environment/statement-policy/</a>
P14	03-2	<b>The Policies for Procurement The Guidelines for Sustainable Procurement of Raw Materials</b> <a href="http://www.kao.com/global/en/sustainability/procurement.html">www.kao.com/global/en/sustainability/procurement.html</a>
P14	03-3	<b>The Guidelines for Supplier's Assessment</b> <a href="http://www.kao.com/global/en/sustainability/procurement.html">www.kao.com/global/en/sustainability/procurement.html</a>
P17	04-1	<b>The Kao Human Rights Policy</b> <a href="http://www.kao.com/global/en/sustainability/declaration/humanrights/">www.kao.com/global/en/sustainability/declaration/humanrights/</a>
P21	06-3	<b>The Disclosure Guidelines</b> <a href="http://www.kao.com/global/en/investor-relations/management-information/disclosure.html">www.kao.com/global/en/investor-relations/management-information/disclosure.html</a>

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