

Kao Group Modern Slavery Statement

This statement has been published in accordance with Section 54 of the U.K. Modern Slavery Act 2015. This statement sets out the steps taken by the Kao Group to ensure that slavery and human trafficking are not taking place in its business and supply chains.

1. Business and supply chain

The Kao Group operates in both the consumer products field and in the chemical products field. The Kao Group develops consumer products for use by general consumers. We offer prestige cosmetics and premium skin care and hair care products in our Beauty Care Business, functional health beverages and feminine and baby care products in our Human Health Care Business, and laundry detergents and household cleaners in our Fabric and Home Care Business. Also, in the Chemical Business, we develop chemical products contributing to the development of the industry.

Our products are sold in over 100 countries/regions. We have headquarters in Japan and we have over 33,000 employees who work in 33 countries/regions. Our business provides various products to meet the needs of the people around the world. In the UK, our subsidiaries are Kao (UK) Limited, KPSS (UK) Limited, and Molton Brown Limited, all of which operate in the beauty care business.

Our business

http://www.kao.com/jp/en/corp_info/corporation.html

We source from suppliers in Asia as well as other regions around the world. In the Chemical Business, our group companies offer a wide variety of chemicals, including oleo chemicals manufactured from natural fats and oils, oil derivatives, surfactants, functional polymers, fragrances and aroma chemicals. These materials are provided to the consumer products companies within Kao Group as raw materials, as well as to third party customers.

We uphold the principle of integrity, passed down from our founder, as one of the “Values” of our corporate philosophy, the [Kao Way](#). Integrity means to behave lawfully and ethically and to conduct fair and honest business activities. We regard integrity as the starting point of compliance and promote it as a foundation for earning the respect and trust of all stakeholders.

2. Policies

We have established the “[Kao Human Rights Policy](#)” in line with the UN Guiding Principles of Business and Human Rights. The policy states that we support and respect international norms of behavior on human rights, undertake initiatives including conducting human rights due diligence and educating employees.

Furthermore, the [Kao Business Conduct Guidelines](#), Kao Group’s Code of Conduct which provides specific guidance on how to put the Kao Way into practice, also addresses respect for human rights and states that we do not tolerate forced labor or child labor.

As for human rights in the supply chain, the [Policies for Procurement](#) states that we conduct purchasing with fairness, legal compliance and the highest ethics, and give full consideration to the preservation of natural resources, conservation, safety and human rights, striving to fulfill our corporate social responsibilities. In addition, in the [Guidelines for Supplier's Assessment](#) we request suppliers to implement measures to eliminate all forms of discrimination and to ban forced labor, child labor, and illegal labor.

We also support the United Nations Global Compact which defines 10 principles in the four areas of human rights, labor, environment, and anti-corruption.

3. Due Diligence

By conducting due diligence based on the Plan-Do-Check-Action cycle (Establish Plan, Conduct Risk Assessment, Review the Results/Identify the Risks and Take Action), we endeavor to ensure that slavery and human trafficking is not taking place in our own operations and supply chain.

1) Kao Group

In 2016, we conducted a risk assessment of group companies and plants of the Kao Group worldwide. For our plants, we used Sedex (Supplier Ethical Data Exchange) where 36 plants completed the Sedex Self-Assessment Questionnaire (Sedex SAQ). For group companies without production, we prepared our own checklist which was completed by 53 group companies. After evaluating the answers to Sedex SAQ and our own checklist, although we found minor points for improvement, we found no risks related to slavery and human trafficking.

Hotlines have also been established at our group companies for employees to be able to report or

consult on any compliance concerns. In 2016, we had no reports or consultations related to the risks of slavery or human trafficking within the Kao Group.

2) Supply chain

Our standard contract with suppliers has provisions that have recently been strengthened concerning issues such as the environment, human rights and labor. In principle, the new standard contract is entered when commencing new supply arrangements and upon renewal of existing supply arrangements. We have also requested our suppliers to complete the Self-Assessment Questionnaire to our Guidelines for Supplier's Assessment and monitored the results. In December 2014, we joined Sedex and have encouraged our suppliers to complete Sedex SAQ through explanatory sessions and request letters. Over 400 suppliers have so far completed Sedex SAQ.

We encourage communication with suppliers at various occasions and through various means to ensure their understanding of our values and ethical standards. For suppliers not meeting the standards of our Guidelines for Supplier's Assessment, we visit them to share the issues and work with them for improvement.

3) Palm oil supply chain

For palm oil, one of the major raw materials of our business, we joined the Roundtable on Sustainable Palm Oil (RSPO) and have been promoting the purchase of certified sustainable palm oil produced according to the standards of RSPO in terms of environmental and social criteria, including human rights. Additionally, we adopted the Guidelines for Sustainable Procurement of Raw Materials and set the target of purchasing only sustainably sourced palm oil that is traceable to the plantation by 2020, and have been preparing for collaborative actions with stakeholders, including non-governmental organizations. We aim to reduce the risks related to human rights in the palm oil supply chain through the purchase of palm from traceable sources.

4. Training

The persons in charge of supply chain management are trained to ensure understanding of the risks of human rights abuses such as slavery and human trafficking in the supply chain. We also communicate the Kao Human Rights Policy to the employees of the Kao Group through briefing sessions, intranet, internal newspaper, sustainability report and through other means.

To deepen understanding of the Kao Business Conduct Guidelines which stresses respect for human rights, we conduct integrity workshops at each group company. We also conduct face-to-face

training for new employees and newly appointed managers. In addition, an annual refresher test is held to confirm knowledge of the guidelines with all employees of the Kao Group being targets of such refresher test.

A handwritten signature in black ink, reading "Michitaka Sawada". The signature is written in a cursive, flowing style.

Michitaka Sawada

President and Chief Executive Officer, Kao Corporation

May 16, 2017