



**KAO SPECIALTIES AMERICAS
LLC
HUMAN RESOURCES
POLICY**

**SOP No: 2040-052
REVISION # 7
ISSUE DATE: 1/1/00
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KSA's Business Conduct Guidelines

Principles of Corporate Ethics

Kao Specialties Americas LLC seeks to be an honest and exemplary company that is guided by sensible and fair actions and driven by a fundamental adherence to ethical principles that go beyond mere compliance with laws and earn the true respect of stakeholders. We shall not pursue profits at the expense of the ethical principles presented herein.

We support and implement the ten principles of the Global Compact advocated by the United Nations:

A. Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights within their sphere of influence;

Principle 2: Businesses should make sure they are not complicit in human rights abuses;

B. Labor Standards

Principle 3: Businesses should uphold the freedom of association;

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor;

Principle 5: Businesses should uphold the effective abolition of child labor;

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation;

C. Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility;

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies: and

D. Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Even within a legally acceptable scope, we shall take the most exemplary initiatives. Illegal and unethical action is prohibited even if for the purpose of seeking to benefit the company or if following instructions from a supervisor. We shall not ignore illegal, unethical or other questionable conduct. All such conduct should be brought to the attention of a supervisor, the Human Resources Department or other appropriate department. Kao Specialties Americas shall protect and safeguard, to the maximum extent practicable, the identity of anyone who reports information regarding illegal, unethical or other questionable conduct or seeks consultation about such conduct. No unfavorable treatment shall be accorded to anyone for providing such information or seeking such consultation. If an employee of a Kao Group company

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breaches these guidelines, such employee will be subject to disciplinary actions based on the internal regulations of the company to which such employee belongs.

Fundamental Rules of Business Conduct Guidelines

I. Ensure the Safety and High Quality of Products

- We shall always strive to develop and provide high quality products that place emphasis on the health and safety of our consumers and customers.
 - 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, we shall strive to improve the quality, safety and reliability of our products and services.
 - 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 actively collect information about safety and quality of products and strive 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 the safety level of a product, at each stage, has achieved the standard designated by the company.
 - To ensure product quality, we will 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 strive to reduce costs 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) comprehensive features of retailers.

- We shall strive to provide consumers and customers with appropriate information so that they may choose products properly and use them safely and comfortably.
 - To allow consumers and customers to properly select and use our products safely, comfortably and securely, we shall provide appropriate instructions regarding the

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- 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.
- We shall provide our consumers and customers with an MSDS (Material Safety Data Sheet) or other safety information that may be necessary or appropriate in regard to the delivery of chemical products. If a product is potentially hazardous, we will issue suitable instructions and a cautionary statement on or inside the product packaging to enable the consumers and customers to easily understand the potential dangers of the product.
 - If we find that an indications on products could reasonably cause a misunderstanding or is inappropriate, we shall promptly revise such indications on the principle of "consumer safety first".
 - We shall provide accurate information about product safety to consumers and customers in a timely manner. In the event of an accident involving injury to a person using our product, we shall promptly investigate the cause and implement appropriate preventive measure as well as provide precise information to medical and/or other relevant institutions, with the highest priority given to the safety of consumers and customers.
- We shall provide an honest and prompt response to consumer and customer inquiries and complaints.
 - We shall listen sincerely to consumer and customer opinions and demands concerning our products. We shall share their opinions and demands with the relevant divisions and departments for improvement of our products.
 - We shall earnestly attempt to understand complaints from the consumers' and customers' standpoint and we shall accept responsibility to resolve any valid complaints fairly.
 - We shall strive to achieve consumer and customer satisfaction in terms of product quality by quickly, accurately and considerately responding to consumer and customer inquiries.
 - We shall strictly control our consumers' and customers' personal information and shall not improperly disclose such information to third parties without their prior consent. We shall not use nor disclose such information for any purpose other than that authorized by our consumers and customers or permitted by law.
 - We shall advertise honestly and sensibly.
 - When advertising our products, we shall strive to explain the product features in a manner that is easy to understand while using creative and modern expressions. Specifics shall be communicated based on fact, using fair and accurate expressions so as not to provide misleading information.

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- We shall advertise the appealing points of our products fairly and shall not defame our competitors or their products nor use any expressions in our advertising that discriminate unfairly against groups of people based on race, religion or other protected categories.
- We shall confirm that any advertising media to be used, such as broadcasters, the programs they broadcast and magazines, are considered favorably by society. We shall not select media that may damage our reputation with the public or the trust of society, and we shall not use media which offend social norms or morality. If, after the commencement of an advertising campaign, we learn that the media selected for the campaign are not viewed favorably by society generally, we shall take all necessary steps to rectify the situation.
- When using the corporate logo, corporate name, or trademark, we shall abide by internal standards for their use.
- We shall confirm in advance all relevant laws and regulations relating to advertising and premiums, unfair competition, trademarks, food, drug and cosmetic affairs and copyright in order that we shall not violate such laws and regulations in our advertising.

II. Thoroughly Consider the Environment and Safety

- We shall contribute to the achievement of the sustainable development of society by giving thorough consideration to environmental conservation and human safety in every aspect of our operations, including product development, manufacture, distribution, consumption and waste disposal.
 - We shall recognize that addressing environmental problems is a common issue for all humanity and an essential requirement for the existence and conduct of activities of a company, and in our business activities, we shall follow 'Kao's Policies Regarding the Environment, Safety and Health' which state that we shall: 1) maintain employees' health and safety, and improve operational safety, 2) develop products with attention to the environment and safety, 3) save resources and energy, and reduce waste, 4) promote human safety in the community, and take a responsible approach to environmental conservation, 5) comply with laws and internal controls, 6) provide adequate training, 7) conduct self-evaluations and 8) disclose information and improve credibility in the community.
 - We shall implement positive measures concerning the environment, safety and health and we shall promote our Responsible Care® activities to improve upon these measures.
 - By following environmentally sounder processes, we shall develop, produce and distribute products in a way that minimizes environmental impact, with a healthy balance between business objectives and environmental conservation.

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- We shall develop and produce products with a minimum impact on the environment, and wherever practicable, in a manner that efficiently uses and recycles natural resources and energy.
 - By proactively promoting conservation of the global environment, its natural resources and recycling, we shall develop and produce products and technology with a minimum impact on the environment. We shall strive to utilize and recycle natural resources and energy efficiently.
 - We shall strive to develop a manufacturing process that reduces waste. When disposing of waste, we shall carefully select a method of disposal that, to the greatest extent practicable, places the minimum burden on the environment. We shall comply with relevant laws and take responsibility up to and including the completion of the disposal process.
 - We shall introduce and implement environmental audits and environmental accounting and also adopt such evaluation systems as life cycle assessment (LSA) in order to develop products with a minimum impact on the environment.
 - We shall strive to establish logistics systems with a minimum burden on the environment through efficient and cooperative transportation of products.
- We shall strive to develop innovative technology, products and services that contribute to a resolution of environmental problems.
 - We shall strive to promote the development and effective use of various recycled materials such as paper, plastic, etc., as well as of naturally recyclable materials.
 - We shall strive to utilize equipment and systems that efficiently utilize energy such as cogenerations systems.

III. Maintain Fair and Honest Transactions

- We shall observe both the letter and the spirit of all applicable laws and regulations including the antitrust laws.
 - We shall comply with all laws and regulations to ensure the continued trust of our consumers, customers, and society, and we shall improve our corporate reputation and brand image through fair competition. We shall recognize the purpose of the laws and regulations in the operation of our business and understand that antitrust and other related laws have been enacted to prevent the restraint of competition in the market. In particular, we shall note that free competition is not guaranteed unless everyone abides by these laws. Therefore, we shall not engage in any unfair action that limits free competition.
 - We shall not engage in price agreements or cartels with other parties, resale price maintenance, monopolies, horizontal market divisions, unreasonable or discriminatory

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dealings or refusal of transactions, tie-in arrangements, reciprocal transactions, or other prohibited transactions that are contrary to applicable law. We shall not engage in anti-competitive dumping, the improper disturbance of competitors' transactions, false labeling or the excessive giving or receiving of free gifts.

- We shall encourage a full understanding of these laws and an appreciation that violations of antitrust or other related laws may result in criminal liability to both the company and any individual involved in such violations.
- These laws are applicable not only to the sale of products but also to other business activities, including the procurement of materials, attainment of licenses for technology and intellectual property, merger and acquisition (M&A) activities, establishment of joint ventures and business alliances, and the activities of industry associations. Given the complexity of these laws, we shall seek advice from the Legal Department and/or from external legal advisors, and we shall not make decisions when we are uncertain about the law.
- We shall implement strict internal controls to prevent unlawful or unethical transactions.
 - We shall implement lawful and ethical business transactions with other parties and strictly refrain from any conduct or improper interest that may promote misunderstandings or criticism of our company.
 - When selecting a supplier, we shall make rational judgments on product quality, service quality and prices. We shall maintain fair and transparent relationships with suppliers with the standard practice being to compare and consider quotations from several suppliers.
 - We shall maintain the integrity of all transactions for the procurement of products, raw materials and services by providing fair transactional opportunities to our suppliers, and by conducting regular competitive reviews of purchase terms and conditions. We shall understand and comply with all laws related to procurement.
 - In business transactions with other parties, we shall observe designated rules and standards and follow strict internal checking procedures to maintain a transparent decision-making process. When selecting a supplier, we shall not exert or attempt to exert undue influence on any particular supplier regardless of the degree of our relationship with them.
- We shall keep the receiving and giving of business gifts and entertainment within bounds that are recognized as acceptable business practice in order to avoid undue influence on business transactions or even the appearance of it.
 - We shall comply with internal rules, and we shall follow necessary procedures to obtain prior internal approval and to submit proper reports. We shall take a simple approach; we may accept or provide business entertainment only as an opportunity to exchange information, and we may accept or provide gifts or money only when lawful

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and in relation to celebrations or condolences as an expression of appreciation or as a courtesy to our suppliers or customers. All gifts or money, given or received, should be of moderate value and suitable for the occasion under which it is given or received and, in order to maintain transparency, should be disclosed to the company in accordance with internal rules.

- We shall not receive or give any unlawful kickbacks in relation to business transactions.
- We shall engage in good faith mutual evaluation with our suppliers in order to continue to raise the level of quality of our respective businesses
 - We shall exchange necessary information with suppliers, and mutually evaluate the quality and prices of the materials, services, and each other's businesses.
 - We shall take an interest in our suppliers' social responsibilities with respect to human rights, environmental protection and other matters, specify to our suppliers the social responsibilities we expect them to fulfill and provide support in the fulfillment or monitoring of those responsibilities.

IV. Respect Employees' Individual Human Rights and Diversity, and Maximize Their Potential

- We shall respect employees' human rights and value their diversity regardless of their culture, nationality, creed, race, gender, age or other protected category to unite their individualities and abilities into the company's collective strength.
 - 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, religion, creed, race, gender, age, disability or other protected category.
 - We shall respect individuals' dignity and value to develop an "Equal Partnership" as team members.
 - We shall not engage in conduct that harasses co-workers, sexually or in other ways. We shall not use words or behave in ways that insult, discriminate or violate human rights or demean an individual's spiritual values.
 - We shall not use unjust or 'sweat-shop' child labor which impairs the physical, mental, moral and social development of children who are not of the minimum working age. We shall not force underage children to work against their will.
 - When discrimination or harassment occurs, we shall respond swiftly, take adequate actions to help the victim, and prevent a recurrence. When practicable, we will protect the privacy of all parties, including the victim, the informer and the alleged offender.

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- We shall exert ourselves to further develop an open and active corporate culture that allows everyone constructively to put forth their opinions and raise complaints.
- We shall respect each individual's privacy, and we shall handle our employee's personal information with the greatest care and to the maximum extent practicable in a confidential manner.
- We shall evaluate individuals fairly, according to their roles, duties, and job performance to develop individual members who 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 personnel 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 clarify the concept of ideal personnel, and we will 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 realize their progress and involvement.
 - We seek to have these kinds of employees:
 - People with consistent challenging spirits ("Challenge & Change"). Those who consistently strive to improve themselves.
 - People with high expertise ("Professional Capabilities"). Those who have employability and the expertise that fit their duties and roles, and are independent and adaptable to changes in their circumstances.
 - People with a global perspective ("Global Perspective"). Those who respect, learn, and carry out different techniques and methods of operations around the world with a global perspective.
 - People with the team spirit to achieve superior performance ("Communication and Collaboration"). Those who strive to achieve high performance through communication and collaboration.
 - People with strong ethics ("Integrity"). Those who have integrity and share a sense of values and ethics.
 - 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, 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, ethical codes, and other guidelines.
- We shall strive not only to maintain a safe, clean, comfortable and hygienic workplace on the basis of cooperation between the company and its employees, but also strive to offer a healthy balance between job performance and the individual's life (work-life balance).

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- We shall prioritize the maintenance of operational safety and hygiene in the workplace to ensure that everyone can work comfortably. We shall also make efforts not only to promote physical and mental health in our daily life, but also to create a comfortable working environment including measures that seek to prevent health problems caused by overwork and mental stress. 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 rational work-life balance.
- 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 management.
- We shall conform to all labor laws and regulations, share information about the company's condition and its management-related issues among the company, its employees, and their representatives, and establish trust and a cooperative relationship among them through honest interactive communication.

V. Pursue Profitable Growth and Accommodate Shareholders' Expectations

- We shall strive to deliver appropriate returns to shareholders through profitable growth that is based on lawful and ethical business activities.
 - We shall strive to improve EVA* (Economic Value Added) and business results from a long-term viewpoint, maintain stable management in compliance with rules in business society, and enhance corporate value. We shall endeavor to maintain an adequate standard of return on investment to our shareholders by considering profit per share and ratio of earnings to dividends from a long-term standpoint.
(*EVA is a registered trademark of Stern Stewart & Co.)
 - 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. When investing in derivatives, we shall abide by internal regulations. We shall not buy or sell real estate or marketable securities for the purpose of speculation.
- We shall strive to disclose material corporate information to our shareholders and investors accurately and in a timely fashion.
 - We shall treat all shareholders and investors fairly and equitably and we shall adequately disclose our business results at an early date. We shall also disclose, in a timely fashion, material information that may affect the share price of the company.

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- We shall proactively communicate KSA's management policies and issues to shareholders and investors. We shall listen sincerely to the opinions of and criticism by our shareholders and investors, and when called for we shall strive to have such views reflected in our management.

Maintain a Fair, Open and Exemplary Corporate Position

- We shall conduct public relations activities that are factually based, and we shall be honest in disclosing necessary or appropriate information to the public. We shall strive to maintain openness. We shall also listen carefully to the voices of the stakeholders and be sensitive to opinions and criticisms that are sincerely expressed.
 - We shall strive to gain the trust and support of society by further improving our corporate reputation as that of an "open company". Through proactive public relations activities, we shall make efforts to disclose corporate information properly and promptly to all stakeholders, including consumers/customers, employees, suppliers, communities, shareholders and investors. To improve the transparency of management and our corporate reputation for openness, we shall disclose precise information about the company to as many people as practicable in a timely fashion, through our media relations activities, and reports which disclose economic, environmental and social issues, and releases on our website.
 - Public announcements relating to the company's activities and the expression of opinions on behalf of the company shall be made by or through the Vice President of Human Resources.
 - We will deal with mass media sincerely, courteously and impartially, and we shall conduct fact-based public relations activities appropriately and swiftly. We shall also proactively listen to frank public opinions and comments about the company through interactive communication with various stakeholders and attempt to have management that appreciates and seeks to accommodate those opinions and comments that are informed and supported in reason.
 - To gain trust and support from society, we shall strive to communicate to society via mass media precise information about our management principles, management policy, new technologies, new products, financial status, and activities that promote corporate social responsibility.
 - We shall endeavor to establish fair relationships with the mass media. And we shall endeavor to gain their long-term support and trust.

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- We shall not engage in any actions which are detrimental to society. Furthermore, we shall resolutely resist pressure by any individual, group or organization to accept or support such actions.
 - We shall understand that activities which are unlawful or contrary to the public welfare will have a material and adverse effect upon society and the company. Accordingly, we shall maintain a resolute attitude against such activities.
 - 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 gain fundamental legal knowledge, acknowledge social norms, maintain a firm sense of morality and ethics, and take a sensible course of action in order to avert such activities. Any attempt to force or induce any employee to engage in such activities shall be rejected decisively, be reported to the company, and be firmly addressed with adequate procedures.
 - We shall reject any relationship with groups that act contrary to the public welfare and shall not yield to any attempt of blackmail or threat. We shall not involve ourselves in any activities or conduct which offends social norms or morality, such as money laundering, offers of illegal interest, etc.
 - We shall not offer special advantages to specific shareholders, for example, by selecting suppliers for the reason that they are our shareholders.

- We shall maintain legitimate and lawful relationships with political and governmental entities.
 - Although we respect each individual's political convictions, we shall not, on behalf of the company support any particular political party or politician.
 - We shall maintain a balanced and healthy relationship with governmental and public administrations, and shall refrain from 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. We shall have confidence and pride in ourselves as company members, and when necessary and appropriate we shall proactively express views publicly in support of the company.
 - We shall understand and be reminded that in principle, the receipt and offer of business entertainment or gifts to or from government officials, except those based on a truly personal relationship are prohibited. However, a legitimate gift of minimal value that follows generally accepted business practice, and is otherwise lawful, may be permitted after careful consideration of the relevance of the gift and the circumstances. All such gifts shall be disclosed to the Company in accordance with internal rules.
 - We shall understand that the company never offers political contributions or general support, either directly or indirectly, to particular politicians or political parties. Therefore, we shall not make such contributions or provide such support on behalf

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of the company. Such contributions or support may be made on a personal basis if it is lawful.

VII. Strict Management of Information and Assets

- 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. We shall also keep other business records and data, and shall report correctly, based on facts. We shall understand that fraud, forgery, misleading interpolation, and the improper destruction of records or data may cause serious violations of law and may lead to misjudgment by management and, may also result in major damage to the company. Therefore, we shall not tolerate and shall earnestly strive to prevent such conduct.
 - We shall not intentionally exaggerate individual, divisional/departmental, or company performance contrary to fact.
- We shall conscientiously implement internal control procedures.
 - We shall perform accounting procedures strictly, following the appropriate internal checking system. We shall review the adequacy and effectiveness of the system and revise it as necessary. When revising the system, we shall follow the appropriate and required procedures.
 - We shall earnestly facilitate and assist audits by our corporate auditors and accountants, tax examinations, and other business audits and inspections so as to support accurate financial statements and a proper audit and inspection. In the event that a public agency investigates or inspects our business records due to a suspicion of a violation of the law, we shall cooperate with such agencies for swift clarification of the truth.
 - We shall faithfully exercise our individual authorities, and not make decisions that are beyond our respective authority. We shall submit reports as designated without delay.
- We shall carefully manage the company's confidential information, intellectual property, and tangible and intangible assets. We shall respect and shall not unlawfully or improperly obtain or use confidential information, personal information or the intellectual property of others.
 - We shall secure and protect the results of our R&D and technologies as intellectual property, and shall efficiently utilize and exercise all rights associated therewith.
 - All intellectual property and other rights of invention, designs and literary works developed or acquired as a result of our work belong to the company. We shall

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strive to treat these rights appropriately, and ensure that such rights are not used unlawfully by others.

- 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 the company's confidential information with or permit it to be disclosed to unauthorized persons, taking particular care in places where a third party is present, for example, outside on cellular phones, in transportation facilities or in restaurants. To prevent viruses and hackers from getting into our computer system, we shall implement regular virus checks and manage passwords.
- No employee or former employee of the company shall leak confidential information concerning the company, either during or following his employment.
- 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 agreements and usage conditions to protect confidentiality. In particular, information sourced from the internet, newspapers, magazines, and business documents shall be treated carefully so as not to commit wrongful acts such as plagiarism, piracy, or violation of copyrights due to the unauthorized usage of photographs of models or other personalities for advertising. We shall refrain entirely from the illegal copying of computer software.
- We shall adopt policies in compliance with relevant laws, regulations and guidelines to thoroughly control protected personal information.
- We shall efficiently utilize the company's various assets both tangible and intangible, and we shall properly maintain and control such assets so that they can be utilized in business activities whenever necessary. We shall endeavor to prevent loss, theft, or illegal use of our assets.
- We shall not use the company's assets (i.e. equipment, facilities, vehicles, samples, products, computer systems, software, etc.) for any purpose other than for business related activities or such other activities as may be authorized by our supervisors. We shall handle these assets in accordance with internal rules. In particular, communication and correspondence via the Internet or via other company communication systems shall be limited to proper business related purposes, and shall not to any substantial extent be for personal use.
- We shall not bring to or keep at the company, any personal belongings other than those that are necessary for our duties, without permission from our supervisors. We shall not mix our personal belongings with the company's assets, nor engage in any conduct which undermines safety.

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

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- We shall conduct and support activities with the theme, “Create an environment cultivating human resources and promote development of future generations” in order to contribute to the enrichment of society and to its sustainable development.
 - Our main activities through which we make a social contribution are focused on the following three areas: “environment”, “education”, and “arts.” For sustainable development of society, we shall conduct activities to solve social problems in partnership with non-profit organizations (NPO), non-governmental organizations (NGO), and local communities.

- We shall make suitable donations considering social standards, public interest and usefulness.
 - We will direct the company’s contributions principally to local communities where the company conducts business activities. When appropriate, we shall donate our products to social welfare facilities and temporary living accommodations with the aim of supporting the local communities.
 - When disasters occur, we shall proactively offer our products needed by victims, and, in the case of catastrophic disasters, may make monetary donations together with our employees to provide assistance.

- We shall seek to earn goodwill and trust by contributing to local communities as a responsible member of society.
 - We shall conduct and participate in local activities that contribute to the community and promote knowledge of the company within the community, for example by inviting local residents to tour our plants.
 - We shall understand and proactively cooperate with the company and participate in the activities that it implements as a good corporate citizen within the community.

- We shall respect the volunteer spirit of individuals who take initiative and responsibility to contribute to society.
 - We shall understand that individual members independently choose to participate in volunteer or community activities. We shall support each employee to be a good citizen, to voluntarily participate in useful social activities and to strive to appreciate diversity and the value of constructive communication with others.

IX. Respect Cultures of Individual Countries and Observe Laws and International Rules When Conducting Business Activities

- We shall observe both the letter and the spirit of the laws of the countries in which we have dealings, and we shall respect their cultures.

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- We shall recognize that we need sufficient knowledge and understanding of important laws applicable in each country/region, including international trade laws, antitrust laws, and employment discrimination laws, and we shall fully comply with these laws.
- We shall understand and recognize that in addition to international laws, regulations and rules, there are different laws, regulations and rules that apply according to the country or region.
- We shall contribute to the economy, standard of living and culture of those countries and regions through the development of our business activities conducted in those locations.
 - 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 endeavor to employ, train and promote capable people within Kao Specialties Americas companies in the countries where we conduct business.
 - 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 not participate in bribery or offer or accept illegal or inappropriate gifts or business entertainment.
 - We shall make known the company policy that prohibits bribery in the United States and oversea, and in particular emphasizes that those who bribe governmental officials will be strictly punished.
- We shall observe the laws of all relevant countries/regions when importing and exporting goods.
 - When engaging in the import or export of products, technology, and 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.

X. Draw a Distinct Line between Business and Private Matters

We shall always establish a clear line between business and private matters to prevent conflicts of interest. Personal profit or advantage shall not be pursued through the use of company assets or information, or through work-related authority and position.

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- We shall not engage in insider trading.
 - We shall not utilize internal confidential information about the company, suppliers, or customers in pursuit of personal profit. We shall understand that the buying or selling of shares of stock and other securities of the company, suppliers, or customers on the stock exchange by using material non-public information is illegal as insider trading, in which we shall not participate. In addition to being a serious crime, insider trading is antisocial conduct that betrays the trust of investors, and it is strictly prohibited.
 - Until the company makes an official public announcement concerning internal confidential information, we shall treat such information carefully and not disclose it to any third parties other than representatives or advisers of the company, unless required in the course of business activities. Information about merger and acquisition (M&A) activity, business alliances, new product launches, technological development, major variations in sales and income, and other material confidential information is regarded as insider confidential information until an official public announcement is made by the company.
 - If we obtain confidential insider information about the company, affiliates, suppliers, or customers through our duties, we shall not trade their securities until such confidential information has been publicly announced. If we intend to trade securities of the company, affiliates, suppliers, and customers, we shall confirm whether we have material insider information about the relevant party beforehand.
- Political activities shall only be performed on a personal basis.
 - We may support political campaigns or related activities only as private individuals, outside working hours, and not on company premises.
- Involvement in ideological and religious activities shall be allowed only on a personal basis.
 - Although each individual's freedom of ideology and religion shall be respected, we shall devote ourselves to our duties during working hours and shall maintain a business-like workplace atmosphere. An individual's religious practice will be reasonably accommodated consistent with law and the company will respect the right of each individual to practice his/her religion, but the Company itself will not take a position with respect to a particular religion or ideology.
- We shall strive to avoid conflicts of interest.
 - Employee's personal lives basically belong to themselves. However, we shall understand that conflicts of interest may occur when any conduct in an employee's personal life goes against the company's interest and benefits his or her own

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personal interest. Therefore, we shall strive to avoid such acts and conflicts of interest as much as possible.

- We shall strive to recognize that conflicts of interest are caused by the following conduct: 1) involvement in activities that compete with the company's business without the company's authorization, 2) becoming a supplier or commercial customer of the company, 3) obtaining personal benefits and privileges in the course of one's duties, and 4) engaging in personal activities such as side jobs, volunteer activities, political activities or religious activities, during working hours. When engaging in any of the above activities, employees shall obtain the company's permission, report to the company or take other appropriate actions as necessary.

XI. Executives and Managers Shall Acknowledge Responsibilities

- Executives and managers shall firmly acknowledge that compliance with "KSA's Business Conduct Guidelines" is their responsibility and obligation. They shall also take the lead in fulfilling social responsibilities, and accept the responsibility as executives and managers respectively to communicate the values of "KSA's Business Conduct Guidelines" to their members and group companies.
 - Executives and managers shall always seek to understand changes in the management environment and to effectively improve the managerial system.

In an ongoing effort to ensure integrity in our business transactions, Kao Specialties Americas LLC contracts with a third party company that specializes in providing confidential hotline services to companies such as KSA. Our hotline, which we call Integrity Line, is a toll-free phone number that is available around the clock for the reporting of issues that potentially threaten the Kao Specialties Americas values such as integrity, respect for others, and the drive to be ethical individuals in an ethical company. The Integrity Line can be reached at 888-475-8268 (toll-free) and is available 24 hours a day and is anonymous.



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| Date | Revision Level | Description of Change |
|----------|----------------|--|
| 03/24/08 | 5 | Change to ISO format with area for Description of Change |
| 04/03/08 | 6 | Add statement for Integrity Line |
| 03/26/10 | 7 | Updated to incorporate revisions from Kao's policy |
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