

Modern Slavery Act Transparency Statement for Fiscal Year 2018

This statement is to set out the steps taken to prevent slavery and human trafficking in the business and supply chains of KYB Corporation (hereinafter the "Company") together with its subsidiaries (hereinafter the "KYB Group," which includes the Company) for the fiscal year 2018 under Article 54, Part 6 of the Modern Slavery Act 2015 enforced in the U.K.

1. Summary of Our Business, Structure and Supply Chains

The KYB Group's core business is built around the manufacture and sale of automobile parts (including shock absorbers for automobiles and motorcycles) and hydraulic equipment (including for industrial use, automobiles and aircraft, special-purpose vehicles and others).

The KYB Group is headquartered in Tokyo and engages in business in Japan as well as in 23 overseas countries (with 14 companies incorporated in Japan and 33 companies incorporated overseas). The Company has a sales office in the U.K. (KYBUK), which sells the products of the KYB Group.

The KYB Group's manufacturing base and supply chains include the sourcing of raw materials and components from various suppliers in and outside Japan.

2. Relevant Corporate Policies of KYB Group

The KYB Group is opposed to slavery and human trafficking in its own business and its supply chains as a whole.

The KYB Group fulfills its social responsibility by promoting CSR activities such as the establishment of comprehensive corporate ethics including legal compliance and has set up Corporate Guiding Principles and Supply Basic Policy with specific contents aimed at forbidding child and forced labor and the use of conflict minerals.

For more information on these policies see:

(Corporate Guiding Principles) <https://www.kyb.co.jp/english/company/csr.html>

(Supply Basic Policy) https://www.kyb.co.jp/english/company/supply_information.html

3. Efforts of KYB Group in FY 2018

The Company established the CSR Division (current CSR & Safety Control Division) in FY 2017 and has been working to promote CSR extensively and professionally.

As part of our efforts to prevent human rights violations, we revised our Corporate Guiding Principles in FY 2017 to give greater focus to respect for human rights, including prohibiting violations of human rights as well as forced and child labor, and awareness of social responsibility in our supply chains. In FY 2018, informational sessions were held to inform the revised Corporate Guiding Principles across the KYB Group. To stay abreast of the revisions, after a pocket-size version of the revised Corporate Guiding Principles was handed out to all employees of group companies in Japan in FY 2017, the revised Corporate Guiding Principles, which have been translated into 13 languages so that they would be understood correctly, was distributed to employees of overseas group companies. The revised Corporate Guiding Principles is also printed in the KYB Notebooks carried by those who wish to. We are taking steps to regularly offer tutorials on the Corporate Guiding Principles using online training. Whereas we have had overseas group companies manage training on their own in previous years, an online training course was established in FY 2018 and made mandatory especially for managers and higher-level employees of such group companies.

Regarding prohibiting the use of conflict minerals, every year we ask our suppliers for their cooperation with taking a survey on the purchase of 3TG (tantalum, tungsten, tin and gold) from smelters in the Democratic Republic of the Congo (DRC) and nine surrounding countries, using a questionnaire published by the Responsible Minerals Initiative (RMI). The survey was also implemented in FY 2018.

In FY 2018, we provided our overseas group companies with training on the Modern Slavery Act and explained to them what modern slavery is. In addition, we requested our overseas group companies to conduct training to their suppliers about the prohibition of human rights violations and slavery as well as on the Modern Slavery Act and also requested them to conduct relevant audits to their suppliers. As a result, training and audits were conducted for approximately 450 companies in total.

In order to prevent, swiftly detect, and correct any wrongdoing, all employees, directors and officers in Japan and overseas can use our established internal and external whistle-blowing systems. Furthermore, the internal whistle-blowing system is open to employees etc. of our trading partners (including contractors and subcontractors) for reporting on organizational or personal violations of laws and regulations.

4. Our Future Steps

We will carry on with our awareness-raising activities for group companies and their suppliers on prohibiting human rights violations and slavery.

We believe that respecting the fundamental human rights of all people is an important element for our business and will strive to prevent slavery and human trafficking.

This Statement has been approved by the Board of Directors for the fiscal year ending March 31, 2019 and signed by Masao Ono, Representative Director and President Executive Officer.

September 25th, 2019

A handwritten signature in black ink that reads "Masao Ono". The signature is written in a cursive, flowing style.

Masao Ono

Representative Director, President Executive Officer