

Modern Slavery Act Transparency Statement for Fiscal Year 2017

The purpose of 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 2017 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 24 overseas countries (with 13 companies incorporated in Japan and 35 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 2017

The Company established CSR Division in FY 2017 and has been working to promote CSR extensively and professionally.

We revised our Corporate Guiding Principles in FY 2017. "3. Respect for Human Rights" of the Guiding Principles still prohibits violations of human rights in the KYB Group as well as forced and child labor, and "12. Supply Chain" sets out that the Company acknowledges that it has social responsibility to its supply chains as well and also sets out that it is opposed to forced and child labor. In addition, its commitment to creating an employee-friendly working environment, ensuring health and safety and respecting workers' rights are also stated in the Guiding Principles.

A pocket-size version of the new Corporate Guiding Principles was prepared and handed out to the employees of the Company and its group companies in Japan so that they can check them whenever necessary. The new Corporate Guiding Principles will be distributed in 14 languages to the employees of its overseas group companies so that they will be understood correctly. In Japan, in order for employees whose first language is not Japanese to be able to check the Guiding Principles whenever necessary, the pocket-size version will also be translated into other languages and handed out to the employees.

In FY 2017, we provided our first-tier suppliers in Japan with training on the Modern Slavery Act and explained to them what modern slavery is. In addition, we conducted an audit of 505 companies (through questionnaires and some requests). In the audit, we confirmed whether they had in place rules and regulations on the prohibition of forced and child labor as well as on appropriate wages and working time management, requested them to have our second-tier suppliers in Japan receive training on the prohibition of human rights violations and slavery as well as on the Modern Slavery Act and also requested them to conduct relevant audits. This audit helped us understand the present situation of our suppliers. Based on the audit results, we will develop an action plan and conduct training and audits for further improvement according to the plan.

4. Our Future Steps

We will expand our training and audits conducted in FY 2017 to overseas and carry out various relevant activities on a global basis.

In addition, to ensure that the new Corporate Guiding Principles are communicated throughout the KYB Group, we will hold information sessions in the KYB Group's offices in Japan and overseas, incorporate the changes made to the Corporate Guiding Principles in our stratified training which has been provided for employees of the KYB Group, and carry on with our activities through online training and by other means.

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, 2018 and signed by Yasusuke Nakajima, Representative Director and President Executive Officer.

June 20th, 2018

A handwritten signature in black ink, appearing to read 'Y. Nakajima', with a horizontal line drawn underneath it.

Yasusuke Nakajima
Representative Director and President Executive Officer