We actively strive to create opportunities for dialogue with all stakeholders, and we attach great importance to building a long-term relationship of trust by responding with integrity to stakeholders’ diverse hopes and expectations, and by deepening mutual understanding.

In FY2019, we engaged in the following types of dialogue.

We strive to provide appropriate, timely product and lifestyle information through in-depth communication with consumers. As we see it, this approach is closely linked to demonstrating concern for society and for the environment, and to helping to realize safe consumer behavior. We have put in place a framework for rapid response whereby the consumer communication desk at Consumer Communication Center receives consumers’ opinions and ideas and then shares them promptly within the company. In this way, consumer feedback helps to drive Yoki-Monozukuri and service enhancement throughout the company. Information is also disseminated through our website and through the holding of lectures and other special events. In the future, we will continue to strive to implement effective dialogue with consumers, aiming to provide even better products and services, and we will promote activities aimed at further enhancing consumers satisfaction and ensuring that Kao plays a useful role in society.

In FY2019, we received a total of 214,000 telephone and e-mail inquiries in Japan.
We believe that building a corporate culture in which the views and challenges of diverse employees are reflected in management strategy, and building a healthy relationship conducive to mutual development, which in turn helps to enhance the fundamentals of our business operations.

Suppliers

Every year, we hold the Kao Vendor Summit to provide a venue for disseminating our procurement policy and for engaging in dialogue with suppliers.

In FY2019, a total of 239 Japanese suppliers and 267 overseas suppliers (in 5 different countries outside Japan) attended the Vendor Summit. In addition, we conduct a supplier satisfaction survey every three years to verify whether Kao itself is implementing procurement activities in a fair and equitable manner. On the basis of the opinions expressed by suppliers, we discuss possible methods for improvement; in this way, feedback from suppliers helps us to upgrade our operations.

Retailers

We invited retailers to attend Kao Collaboration Fair, at which we share our approach to Monozukuri manufacturing through actual products and booth displays, as well as offering solutions for retail outlet strategies that take changing consumer behavior into account. Value transmission that links every stage from R&D to sales is an area where Kao is particularly strong; by fostering direct dialogue with retailers, the Kao Collaboration Fair constitute an important venue for getting together to think about consumer-oriented solutions. In the future, we aim to make effective use of a wide range of opportunities for dialogue to realize a win-win outcome in collaboration with retailers.

Besides striving to engage in fair, equitable transactions with business partners, we also seek to build and maintain a healthy relationship conducive to mutual development, which in turn helps to enhance the fundamentals of our business operations.

Employees and their family members

We believe that building a corporate culture in which the views and challenges of diverse employees are reflected in management strategy, and building a healthy relationship with employees in which every individual employee feels that they can make their voice heard easily, with a heightened enthusiasm for participating in management, is one of the most important initiatives that can be taken to support the company’s growth. To this end, we attach great importance to dialogue between senior management and employees. We hold round-table events at which senior managers discuss directly with employees from different countries; by personally engaged in dialogue with front-line employees, senior managers are able to ensure that insights from the front-line are reflected in management strategy.

In Japan, the Kao Forum—which provides a venue for dialogue between managers and employees—is held on a regular basis. We also engage in dialogue at individual Kao Group companies, production sites and branch offices. The content of the discussions, which represents the voice of front-line employees, is reflected in management strategy.
Dialogue with Stakeholders

In order to realize sustainable growth and enhance corporate value over the mid- to long-term, besides holding shareholders meetings, we also hold presentations for investors and create opportunities for one-on-one dialogue, with the aim of expanding dialogue with shareholders and investors. We also strive to realize disclosure of information that is timely, appropriate, transparent and fair.

We provide feedback on the opinions and expectations expressed in dialogue with shareholders and investors to Directors, Audit & Supervisory Board Members and also Executive Officers; and build consensus regarding the issues that need to be addressed. By doing so, we are able to realize constructive dialogue based on a mid- to long-term perspective.

Major Investor Relations Activities

Dialogue with Institutional Investors, Analysts and Individual Shareholders

<table>
<thead>
<tr>
<th>Activity</th>
<th>Number of Meetings</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentations for institutional investors and analysts</td>
<td>10</td>
<td>Financial results conferences, business briefings, visits to facilities, etc.</td>
</tr>
<tr>
<td>Dialogue with institutional investors and analysts</td>
<td>257</td>
<td>IR meetings and telephone conferences</td>
</tr>
<tr>
<td>Visits to institutional investors in Japan</td>
<td>16</td>
<td>Visits to shareholders/investors in Japan—A total of 32 firms in FY2019</td>
</tr>
<tr>
<td>Visits to outside Japan institutional investors</td>
<td>84</td>
<td>Visits to overseas shareholders/investors outside Japan —A total of 123 firms in FY2019 (in North America, Europe and Asia)</td>
</tr>
<tr>
<td>Conferences organized by securities firms</td>
<td>55</td>
<td>Participation in conferences organized by securities firms, and holding of meetings</td>
</tr>
<tr>
<td>Presentations for individual shareholders</td>
<td>14</td>
<td>Presentations and visits to facilities for individual shareholders</td>
</tr>
</tbody>
</table>

Feedback on Views and Expectations Obtained through IR Activity

Activity Reports for the Board of Directors/Executive Officers Meeting: 7 times

The information obtained through dialogue is shared in an appropriate and timely manner, and effective use is made of this information to enhance the company’s management so as to enhance corporate value.

External Evaluation

Best IR Award (from the Japan Investor Relations Association)

2019 Award for Excellence in Corporate Disclosure
(from the Securities Analysts Association of Japan)

The highest award in the Cosmetics and Personal Care Industry
External Evaluation  (As of March 25, 2020)

Inclusion in SRI Indices (Socially Responsible Investment)
Companies highly evaluated not only in financial terms but also in terms of environmental, social and governance, are recognized as companies with potential for long-term sustainable growth, and receive attention from a wide range of investors. Kao has been included in the following leading indexes in recognition of having this credibility globally.

![Indices](image)


Evaluations from External Organizations

![Awards](image)
Corporate Information
(As of December 31, 2019)

Corporate Overview

Company: Kao Corporation
Head Office: 14-10, Nihonbashi Kayabacho 1-chome, Chuo-ku, Tokyo 103-8210, Japan
Founded: June 19, 1887
Incorporated: May 21, 1940
Share Capital: 85,424,265,916 yen
Employees: 7,905 (Number of employees in Kao Group consolidated companies: 33,603)
Subsidiaries: 116 (of which 95 are subsidiaries outside Japan)
Affiliated Companies: 6
Accounting Auditor: Deloitte Touche Tohmatsu LLC

Stock Information

Stock Listing: Tokyo Stock Exchange
Ticker Symbol Number: 4452
Total Number of Authorized Shares: 1,000,000,000 shares
Total Number of Issued Shares: 482,000,000 shares
Number of Shareholders: 55,234
Administrator of Shareholder Register: Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005, Japan

Status of Top 10 Shareholders

<table>
<thead>
<tr>
<th>Name of Shareholder</th>
<th>Number of Shares (thousand shares)</th>
<th>Shareholding (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>48,057</td>
<td>9.98</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account)</td>
<td>33,274</td>
<td>6.91</td>
</tr>
<tr>
<td>STATE STREET BANK AND TRUST COMPANY 505223</td>
<td>13,238</td>
<td>2.75</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 7)</td>
<td>11,193</td>
<td>2.32</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (Trust Account 5)</td>
<td>9,713</td>
<td>2.02</td>
</tr>
<tr>
<td>JPMORGAN CHASE BANK 385151</td>
<td>8,407</td>
<td>1.75</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT – TREATY 505334</td>
<td>7,848</td>
<td>1.63</td>
</tr>
<tr>
<td>SSBTG CLIENT OMNIBUS ACCOUNT</td>
<td>6,898</td>
<td>1.43</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>6,691</td>
<td>1.39</td>
</tr>
<tr>
<td>THE BANK OF NEW YORK 134104</td>
<td>6,613</td>
<td>1.37</td>
</tr>
</tbody>
</table>

Notes:
1. The number of shares in the above list may include the number of shares held in trusts or subject to share administration.
2. The ratio of shareholding for each shareholder above has been calculated based on the number of issued shares excluding treasury shares.

Share Price Range and Trading Volume (Tokyo Stock Exchange)

Share Price Range (Yen)

Monthly Trading Volume (Million shares)
Editorial Policy

From the Editor

This report summarizes financial and non-financial information, including information on business activities and strategy, business performance and the corporate governance structure, from a wide-ranging perspective, with the aim of communicating our vision for sustainable growth to a wide range of stakeholders including shareholders and investors.

The Kao Integrated Report—which this year is being published for the fourth time—embodies Kao’s approach of seeking to contribute to the sustainability of the world, building on the values expressed in the Kao Way, the corporate philosophy that has been handed down ever since the company was first established. Besides presenting the specifics of how Kao implements ESG through its business activities, the report also aims to explain our mid-term business strategy and the direction being taken to realize sustainable growth, in an easy-to-understand format.

By positioning the Kao Integrated Report as a tool for dialogue with stakeholders, we hope that it will assist in the sustainable enhancement of corporate value. In the future, we will strive to further enhance the report, and to release information in ways that are easy to understand to further deepen understanding of our business.

In drawing up this report, reference was made to the Guidance for Collaborative Value Creation published by Japan’s Ministry of Economy, Trade and Industry (METI).

Junya Kumazawa
Corporate Business Planning and Coordination, Corporate Strategy

Disclaimer on Forward-looking Statements

Forward-looking statements such as earnings forecasts and other projections contained in this report are based on information available at the time of publication, and on assumptions that management believes to be reasonable. These statements are not guarantees that Kao will achieve its targets. Actual results may differ materially from Kao’s expectations due to various factors.

Scope of This Report

In principle, this report covers the activities of the Kao Group (Kao Corporation and its subsidiaries and affiliates). However, environmental and social data covers only Kao Corporation and its subsidiaries. In the event that the data does not apply to the Kao Group, the scope of such data is specified accordingly. “Kao” refers to the Kao Group within this report. In cases where it is necessary to specify the scope of reporting, this report lists the applicable institution individually.

Reporting Period

FY2019 (January 1, 2019–December 31, 2019). However, certain sections of this report include information on activities from periods prior to FY2018 as well as on expected activities from FY2020 and onward. Also, this report covers periods outside of the reporting period in cases where it is appropriate to provide past details and data or recent examples.

Cover Explanation

The scene shown on the cover of the Report embodies Kao’s vision of a Kirei future. The bubble-like objects represent the combination of Kao’s vision of a sustainable future in which Kao provides support for people’s lives while responding to constant change, and technology.