

Kao's approach

Good health is a fundamental requisite for employees to be able to get the most out of each day, both at work and in their personal lives. We understand that we can develop our business and contribute to society only if our employees and their families have healthy lives. As disseminating the Kao Group Health Declaration in 2008 to both inside and outside Group companies, we are committed to Health and Productivity Management by actively implementing support programs for health and healthy lifestyles of employees and their families, which form the foundation of human resource utilization. We launched the GENKI project to help employees and their family members stay healthy, as part of our Mid-term Plan 2020 (K20) in 2017, and are promoting initiatives throughout the group companies.

Kao's creating value to address social issues

Social issues we are aware of

- Attenuation of global aging and increase in chronic diseases.
- Increase in medical expenses from decreasing birthrate and aging population in Japan.
- Increase in bedridden elderly.

Kao's creating value

At Kao, we implement initiatives to support the health of employees and their families in cooperation with the Kao Health Insurance Society. We aim to improve our corporate activities by helping to increase the number of healthy employees and family members, and by creating lively and spirited workplaces.

We continue to endeavor to limit excessive increases in medical expenses through preventive initiatives including the promotion of lifestyle improvements and active implementation of various health guidance measures. We are focusing our efforts on the control of long working hours through promotion of modulated work styles and mental health training for managers from the perspective of promoting pleasant workplaces.

Risks related to realization of our vision by 2030

The increase in senior employees brings with it the risk of an increase in diseases such as cancer and musculoskeletal disorders in addition to the risk of lifestyle-related diseases.

Opportunities related to realization of our vision by 2030

Health promotion programs for Kao employees are also made available for external use and are being deployed in the promotion of health in local communities and other workplaces. We hope that the initiatives at Kao will have a positive influence on local communities and society as a whole, and contribute to increased lifespans and a healthier society.

Contributions to the SDGs



Policies

The Kao Health Declaration

To spend every day in lively good health

We aim to become a company which inspires engagement with the promotion of healthy bodies and minds alongside our customers while helping to realize healthy and enriched lives through the creation of lively and spirited workplaces

Cultivation of employees with high health literacy

We are working to make our health promotion activities more visible, engaging in Health and Productivity Management using the PDCA cycle to increase employee health, with the aim of increasing the number of employees with high health literacy.

We consider employees with high health literacy as the following employees:

1. Reviews and improves lifestyle independently, based on health check-up results.
2. Consults with private physicians in regard to health check-up results as needed rather than just consulting occupational physicians.
3. Maintains awareness of their mental health, and confers with appropriate professionals as needed.

Five health promotion initiatives

Rather than merely fulfilling the minimum requirements for health management that we are required to meet as a company, we implement health promotion in line with the five core themes below. Health promotion refers to the independent maintenance and improvement of employee's own health.

1. Lifestyle diseases
2. Mental health care
3. Smoking cessation
4. Cancer
5. Women's health

Framework

Increase the visibility of the Health Promotion Management System As part of this initiative to increase visibility, we have, since 2009, provided 18 health consultation rooms nationwide with a statistical summary of health data not specified individually (medical interviews, health check-ups, occupations, diseases, etc.).

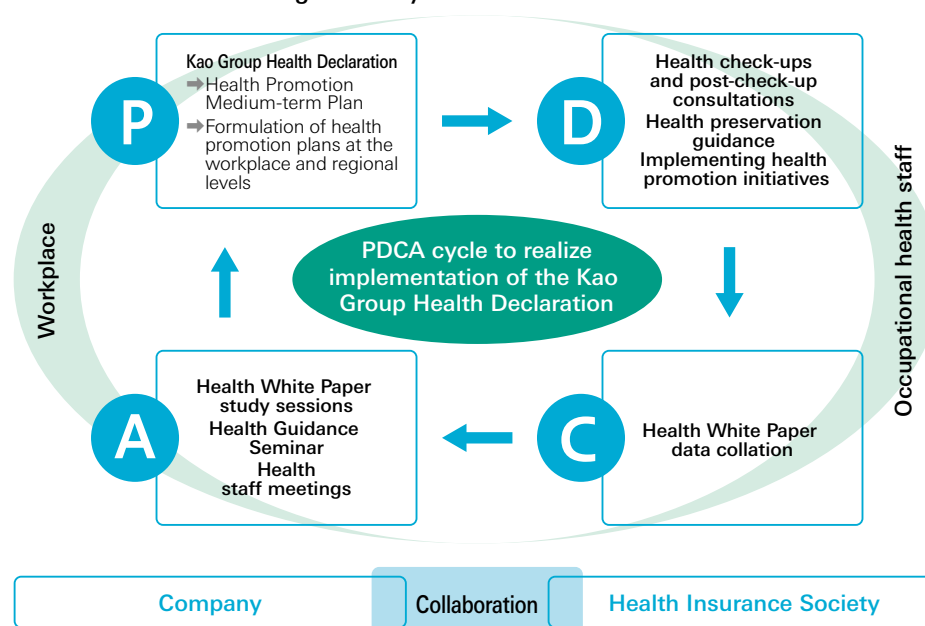
Each health consultation room then drafts and implements a health services plan based on the health data for their respective regions.

Since 2009, we have held annual White Paper on Health Seminars so that employees in charge of Human resource and General Affairs and occupational health nurses can learn together methods of analyzing the various types of health data and of formulating measures.

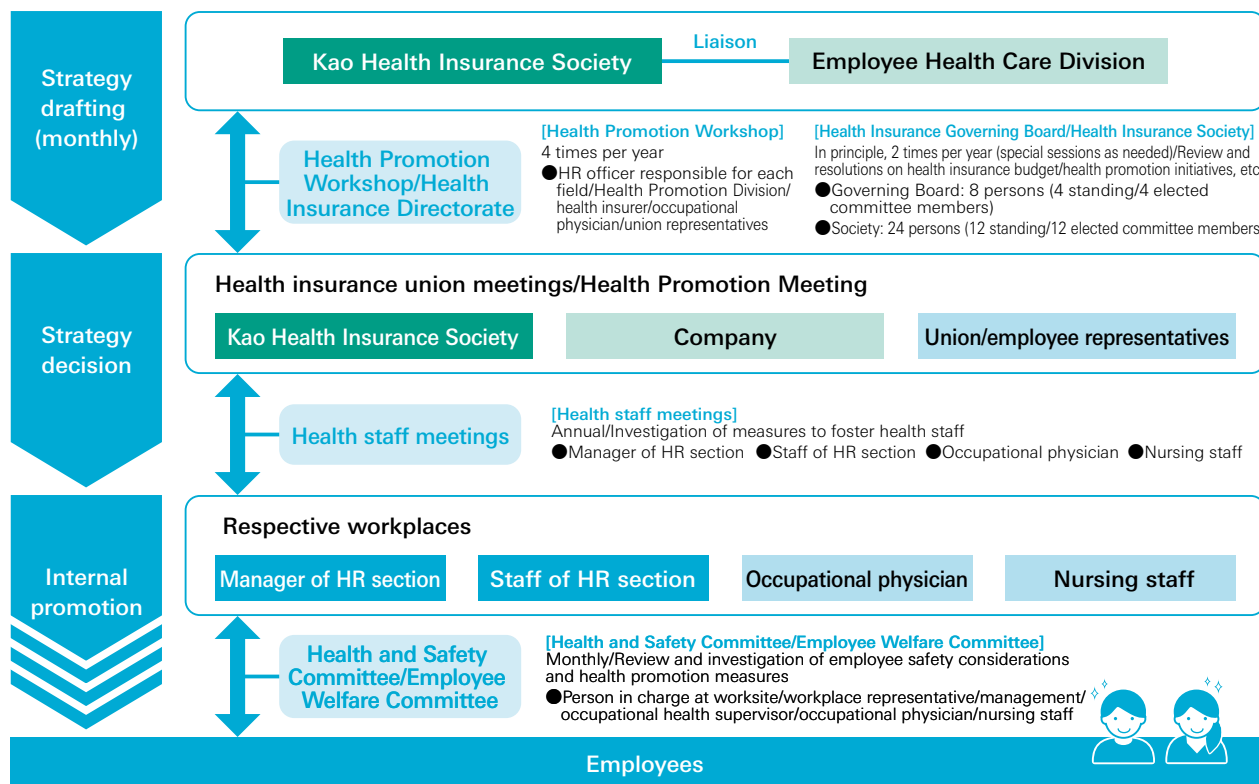
Systematization of the health promotion framework

Health promotion strategy planning is implemented in an integrated manner between Kao and the Health Insurance Society, with discussions conducted in regular monthly meetings. Major strategies are finalized at a company-wide Health Promotion Committee meeting after consideration by working groups and, the committee members of the Kao Health Insurance Society with employee representatives. The promotional strategy is implemented at each worksite and Group company by the manager and staff of the HR section along with occupational physicians and nursing staff.

Health Promotion Management System



Health promotion framework



Education and promotion

For employees

- The Kao Group Health Declaration is distributed to all employees with proclamations on Health and Productivity Management also being disseminated. These include President-issued directives for: Promotion of Health and Productivity Management in the group as a whole, with employee health as the foundation for Group growth; as well as The President will set and put into practice health targets. Individual employees are encouraged to set their health targets for the year and put these into practice.
- Various on-site campaigns, seminars and health promotion activities are deployed in line with the five core initiatives.

Deployment of company-wide health promotion activities

| Content | Performance in 2018 |
|--|---|
| Spring Walking Campaign | 6,315 participants (including family members) |
| Smoking-Cessation Campaign | 286 participants |
| Provision of health information by such means as bulletins and posters | Twice a year, reaching around 26,000 people |

Deployment of health promotion activities at all worksites (planning of events/seminars/campaigns)

| Content | Performance in 2018 |
|---|---|
| Lifestyle disease-related: exercise and nutrition seminars, strength tests, health fairs, lectures by occupational health practitioners, etc. | Held 120 times, with a total of 24,084 participants |
| Women's health: women's seminars, change-of-life seminars, turning 30 milestone course, dietary improvement seminars | Held 13 times, with a total of 1,363 participants |
| Mental health care: mental health courses, mental health training seminars for beauty advisors, new employees and newly promoted employees | Held 30 times, with a total of 6,407 participants |

Cultivation of health staff

- Annual health staff meetings are held to build consensus with regard to strategies and facilitate sharing of information. Managers and staff of HR sections, along with occupational physicians and nursing staff, attend the meetings.
- We implemented White Paper on Health Seminars to provide an opportunity to learn about how to understand health data and the formulation of occupational health plans, as well as holding Health Insurance Instruction Feedback Sessions aimed at improving health instruction by nursing staff.



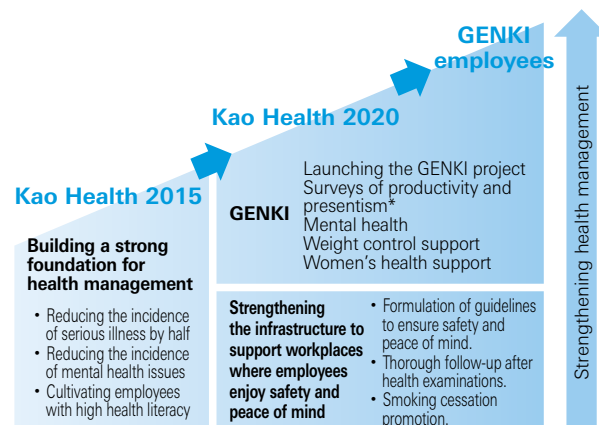
Topics for discussion at health staff meetings

Mid- to long-term targets and performance

Mid- to long-term targets (Kao Health 2020)

In 2017, we formulated the Kao Health 2020 mid-term health-related plan. This plan aims to cultivate GENKI (Healthy) employees by further enhancing health management.

Kao Health 2020



Aiming to achieve a further enhancement of health management by cultivating healthy employees who are capable of leading change, and strengthening the infrastructure to support workplaces where employees enjoy safety and peace of mind

* Presentism

Coming to work while sick or ill, and having reduced working competency and productivity as a result.

Anticipated benefits from achieving mid- to long-term targets

Cost reductions or profit increase

- Prevention of manpower loss due to decreases in long-term absenteeism.

- Reduction in costs of specific health guidance due to decrease in numbers of employees receiving specific health guidance.
- Enhanced productivity from increase in highly motivated employees.

Impacts on society

- Enhanced productivity and provision of improved products and services to society.
- Provision of exemplary case studies in promotion of health management to society.

Performance in 2017*

Employee health promotion status

| Item | Performance in 2017 |
|---|---|
| Percentage of employees undergoing periodic health examinations | 100% |
| Percentage of employees who underwent follow-up examinations | 91.3% |
| Percentage of employees who eat breakfast at least three times a week | male employees: 77.2%; female employees: 74.3% |
| Percentage of employees who exercise at least once a week | male employees: 55.9%; female employees: 31.8% |
| Percentage of employees who get adequate sleep | male employees: 68.4%; female employees: 63.7% |
| Percentage of employees who do not smoke | male employees: 70.5%; female employees: 80.0% |
| Percentage of employees who are at risk of developing metabolic syndrome (35 and older) | male employees: 30.8%; female employees: 6.4% |
| Percentage of employees receiving specific health guidance | male employees: 18.1%; female employees: 6.6% |
| Specific health guidance implementation rate | 71.6% |

* Planned to summarize the performance in 2018 at the end of April 2019.

Collaboration with stakeholders

The effective health services developed at Kao are also made available to workplaces other than Kao, as well as to local communities. These are being put to use in tackling social health challenges such as metabolic syndrome and locomotive syndrome. We are also furthering joint research with external bodies.

The influence of Kao's health services on local communities and society as a whole

Visceral fat checkups

We provide visceral fat measurement services and related lifestyle improvement advice in local communities and at workplaces. In 2018, these services were provided at a total of approximately 130 locations and used by around 15,000 people.

- Visceral fat visualization station (visceral fat measurement sessions organized in collaboration with the Japan Obesity Prevention Society): External 27 sessions with a total of approximately 6,400 participants.
- Lifestyle diagnostic meetings:
Internal: 30 locations with approximately 2,400 participants
External: 68 locations with approximately 6,600 participants

Awareness of Smart WASHOKU

We have also been working to spread awareness of the Smart WASHOKU dietary method for eating well without increasing visceral fat.

- Workshops for public health nurses, nutritionists and other professionals: 8 external sessions implemented, with 220 participants.
- Serving of Smart WASHOKU in employee canteens: implemented internally at 11 locations, and externally at 8 locations

Get walking program

As part of a program to encourage physical activity and strengthen communication, we have distributed our unique HocoTouch pedometer devices and hold Basic Walking Capabilities Testing Sessions to provide detailed analysis of walking "quality."

- HocoTouch:
Internal spot locations: 67 locations with approximately 8,200 participants.
External contracted locations: 20 locations with 124 spots and approximately 3,600 participants.
- Basic Walking Capabilities Testing Sessions
Internal: 6 sessions with approximately 500 participants,
External: 1 session with approximately 70 participants.

Health insurer information exchange with other corporations

We implement information exchange at meetings and seminars hosted by the General Incorporated Payer's Association for Better Healthcare (PAB). This includes identifying and discussing issues relating to health insurance, and the presentation of case studies of improvement efforts. The results achieved through these exchanges of information are presented and reported on at PAB's Annual Conference.

Expansion of consortium projects focused on the senior citizens

We are engaged in collaborative projects with five health insurers, including the Japan Soap and Detergent Association, as part of our health initiatives to connect promotion of senior-tier health with local authorities.

- Lifestyle habits survey and personalized advice sheets for persons who have not undergone health screening: 231 participants (72%).
- Lifestyle habits improvement and prevention program provided by specialists: 48 participants (21.6%).
- Needs survey and identification of challenges toward cooperation on health with local governments: 234. Responses from local authorities (82.9%).

Joint research with Center of Healthy Aging Innovation (COI), Hirosaki University

Since 2015, we have participated in planning at the Center of Health Aging Innovation (COI), Hirosaki University, located in Aomori Prefecture, a prefecture reputed to have the lowest life expectancy in Japan. We have conducted social implementation experiments for our health services as support for daily health promotion at companies involved with health management. To date we have confirmed the effects of Smart WASHOKU and prevention of metabolic syndrome through visceral fat measurements at the Aomori Bank Ltd., with a paper on this singled out by the Journal of Japan Society of Nutrition and Food Science.

In 2018, we introduced the Kao walking support systems to the Hirosaki City taxi company Hokusei Kotsu Co., Ltd., and as a result were able to increase the number of steps and confirm the prevention of metabolic syndrome which accompanied this increase in walking.

Our initiatives

Launching the GENKI project

We are promoting the GENKI project to help employees and their family members stay healthy, as part of the implementation of our Mid-term Plan 2020 (K20). GENKI involves the provision of health management solutions that make effective use of the group’s healthcare know how, technologies, and products to our employees and their families.

Events and activities

Smart WASHOKU

Smart WASHOKU is a dietary method developed by us for eating well without increasing visceral fat levels. Rather than focusing on the overall quantity of food consumed, the Smart WASHOKU approach emphasizes three key points—(1) the ratio of protein to fat, (2) the ratio of dietary fiber to sugar, (3) the ratio of Omega 3 to fat—to provide a diet that enables people to consume plenty of amount while still keeping their visceral fat level down.

- Smart WASHOKU was provided as a lunch menu at employee canteens at 11 work sites in Japan.
- 11 Occupational physicians and nursing staff attended Smart WASHOKU master-classes. Total 56 personnel have received Smart WASHOKU Master certification. This certification will be used in future health guidance and health education activities targeting Kao personnel.
- Provision of Smart WASHOKU booklets to our employees as part of dietary education. Activities will be implemented so that our employees can also learn about the Smart WASHOKU approach.
- Published the Golden Shape Up (Comparison) Recipe Book (publishers Bungeishunju, Ltd.) containing Smart WASHOKU recipes and used this in dietary education for employees (for 1,702 persons).
- Held the Smart WASHOKU cooking class for families at ABC Cooking Studio (administered by ABC Cooking Studio Co.,

Ltd.). 60 participants (employees and their families).

Visceral Fat & Lifestyle Checkups

Visceral Fat & Lifestyle Checkups help employees to find out how much visceral fat they have, which in turn can help them to make improvements to their lifestyle in the future.

- Visceral Fat & Lifestyle Checkups were held at 30 work sites, branch offices, and stores in Japan, with 2,300 participants.

HocoTouch Pedometer Gait Measurement

We hold Gait Measurement at which analysis of how employees walk makes it possible to gauge their “walking age” and their future living functions risk. We also rent out HocoTouch pedometer device, a unique device developed by Kao, which can stimulate improvements in daily living habits.

- Gait Measurements were held at 6 Kao workplaces. 500 people took part in the gait testing.
- HocoTouch devices were rented out for use at 67 spot locations by 8,200 personnel. 57% continued to use the devices, of which 66% achieved Rank A walking steps and speeds over one day or more.

Health-related events using *Healthya*

We are working to encourage wider participation in sports- and health-related events at workplaces in

Japan. Event participants are presented with a free bottle of *Healthya*. We also held a program to help employees get healthy using *Healthya* at Kao Headquarters titled the Challenge *Healthya* Program.

- At 28 workplaces there were a total of 93 events, with 13,539 participants.



Smart WASHOKU is provided on the lunch menus at employee canteens



Smart WASHOKU cooking classes where employees can participate with their families

Campaigns and promotional activities

We implement company-wide health-related campaigns aimed at fostering the development of a healthy workplace ethos.

Weight-loss challenge

This campaign encouraged employees to try to lose 2kg in weight over the 42-day period between February 1 and March 14 (except employees with a BMI of less than 19).

- A total of 1,925 employees took part (representing a participation rate of 8.8%), of which 474 (24.6% of participants) succeeded in losing at least 2kg.
- Smart WASHOKU booklets were distributed to coincide with the campaign. Smart WASHOKU lifestyle implementation promotion.

Healthya Walking Challenge

This campaign encouraged employees to walk every day and drink a bottle of our *Healthya* every day over the 91-day period between April 1 and June 30.

- A total of 6,315 employees and their families took part (representing a participation rate of 18.2%), of which 32.3% of the 991 survey respondents succeeded in losing weight, with 84.2% reported that they had gotten into the habit of walking.

Your Weight Reduction Challenge (for employees who received specific health guidance in 2017)

This campaign encouraged employees to try to lose weight over a 42-day period two months prior to their annual health examination.

- This has been implemented 5 times, with 467 participants, of which 70 (15%) achieved significant weight-loss results.

Women's health support

We work to help prevent health issues that particularly affect women, and we have put in place consultation programs to help women obtain advice

about health concerns.

- Distributed the SUKOYAKA Women's News bulletin in January, April, July and October.
- Occupational physicians provided health consultation tailored to women at the Women's Health Consultation Service.

Survey on productivity and presenteeism

We have followed up on the factors leading to presenteeism that can bring negative impacts on productivity and are considering appropriate response strategies.

- A survey was implemented to examine the key factors behind employee performance and those behind presenteeism.



FUN + WALK *Healthya* Walking Challenge



Women's health seminars

Mental health care

We are promoting initiatives for increased effectiveness of preventive measures using statutory stress checks for employees in Japan.

Nursing staff promptly follow up on employees with high levels of stress who are assessed as requiring emergency responses in light of their responses to these stress tests. In addition, follow-up is available from nursing staff or outside EAPs (employee assistance programs) for employees who are not assessed as requiring emergency follow-up but who nonetheless have high levels of stress whether or not they indicate a wish to arrange a consultation.

We have also held briefings based on stress check group analysis at company and department levels and those at health consultation rooms. We have stipulated standards for workplaces requiring priority responses to further initiatives to improve the workplace environment.

We have multiple consultation desks (including external EAPs, internal counselors, health consultation rooms for each work site and subsidiary, etc.) that offer a range of consultation services. We also systematically implement training such as self-care training and training aimed at managers.

In addition, in the sales area, we implement self care training for all employees led by nursing staff and internal counselors in the sales domain.

Mental health care projects implemented in 2018

| Item | Performance in 2018 |
|---|---|
| Stress checks participation ratio | 96.9% |
| High stress rate | 1.4% increase |
| Training for managers | Held 9 sessions |
| Self-care training | Held 24 sessions |
| External EAP usage rate (number of usage/number of target employees) | Telephone: 170 cases; e-mail: 1,789 cases |
| Consultations with internal counselors (focused on career interviews) | 12,563 consultees |

Strengthening the infrastructure to support workplaces where employees enjoy safety and peace of mind

We are implementing several measures aimed at strengthening the health management framework and realizing workplaces where employees can enjoy safety and peace of mind.

Smoking cessation promotion

On the basis of the Kao Group Smoking-cessation Initiatives policy which was disseminated within the group in May 2016, we announced a new initiative that will prohibit smoking during work hours starting from January 2018.

- The Kao Group Smoking-Cessation Campaign was implemented in January and May 2018. A total of 285 employees participated (of which 104 succeeded in stopping smoking). (The number of participants increased by 4% compared to the previous year.)
- Kao Health Insurance Society-subsidized smoking cessation treatment was provided for 22 people.
- Online smoking cessation program led by Kao Health Insurance Society implemented. 78.7% of the 47 participants had continued to not smoke for 6 months.



No smoking during work hour campaign poster

Expansion of health checks for employees working long hours

While we are promoting reductions in long working hours at Kao, some employees still find themselves working long hours during busy periods. To address the fatigue and stress experienced by employees with long working hours, we have undertaken to implement more intensive health checks as detailed below. These will facilitate early detection of symptoms and identification of potential distress signals from such individuals.

1. Expansion of scope for meetings with occupational physicians
 Scope: Persons logging over 100 hours work outside normal working hours per month ⇒ Over 80 hours
2. Further introduction of web health checks (simple diagnostics)
 Scope: Person logging over 80 hours work outside normal working hours per month ⇒ Average of over 60 hours for 2 to 6 months