

Communication with consumers 102-15, 103-1, 103-2, 103-3

By engaging in-depth communication with consumers, we ensure that feedback from customers is utilized to enhance ESG-driven *Yoki-Monozukuri* and the services we offer, while providing lifestyle information that helps consumers of all ages solve their own problems. The world in which consumers live and their mindset are significantly changing. These changes include the COVID-19 pandemic, increased natural disasters due to climate change and improved awareness of SDGs. Consumers' interest in businesses is diversifying to encompass initiatives for a sustainable society in addition to products and services. However, with such excessive information, it is becoming difficult to find what you want or accurate information.

We aim to be a trusted partner to consumers, offering support 24 hours a day, 365 days a year with a focus on the changes taking place in consumers' living environments, and we will continue to proactively develop new communication measures for consumers.

Social issues and Kao's creating value

Social issues we are aware of

1. Societal ideals and current issues

Achieving a sustainable society requires action from businesses to facilitate consumers' ethical consumption behavior beyond the effective and safe products or services they develop or provide. Therefore, they are required to provide products and services that are more ESG-focused than ever before. In addition, with the popularization of the internet and smartphones, distribution methods for these products and services are expected to diversify and make further advancements. The number of foreign nationals living in Japan is also expected to increase in the future. As such, new means of communication that are conscious of information and communication technology and diversity are also required to communicate with consumers.

2. Our current state and assets (including production systems and equipment, intellectual property, human capital, internal and external networks, investments, etc.)

We collect consumer feedback received by the

consultation desk in the Kao ECHO System, and the more than 3 million pieces of wide-ranging consumer feedback collected here from people within and outside Japan are shared company-wide. After analyzing this from different consumer-driven perspectives, each division in our company leverages this analysis to facilitate global quality improvement activities, develop sustainable products and information and foster a relationship of trust with consumers. By aggregating the CRM system which performs these tasks individually, a system to customize the receipt and dissemination of information for each stakeholder is implemented.

3. What is Kao aiming for?

To achieve ethical and safe consumer behavior that takes society and the environment into consideration, we aim to develop products and services and provide information while being cognizant of consumer purchasing and consumption behavior from product selection to disposal and repeat purchase when companies provide products and services. More than just the products and services we offer, we aim to become indispensable to consumers by helping to resolve the issue they face in their lives.

Risks related to realization of What Kao Aims to Be by 2030

- Dissatisfaction with the lack of information in response to demands for disclosure of ingredients, safety information and so on as a result of rising consumer awareness regarding safety and security
- Delayed response or inadequate consideration (environmental, safety) for substances of concern
- Use of products in other countries that were developed for domestic use
- Inadequate consideration for cultural and other differences
- Greater scope of damage from accidents with products occurring within and outside Japan, and from delays in product safety determinations
- Reduced consumer convenience from production stoppages and delays, increased social unrest from products being out of stock
- Loss of communication capacity with consumers during disasters, pandemics and the like
- Loss of corporate credibility from leaks of obtained personal information
- Spread over social media of inappropriate advertising expression, scandals involving celebrity spokespersons, etc.
- Spread over social media of incorrect usage

Communication with consumers 102-12, 103-1, 103-2, 103-3

directions, mistaken product information, etc.

- Delayed switch over of products that are difficult to recycle, sort and dispose and have a heavy environmental impact

Opportunities related to realization of What Kao Aims to Be by 2030

- Provision of diversified communication channels
- Ensuring communication capacity distributed across place and time
- Provision of diversified work styles leveraging digital technologies
- Provision of accurate product information relating to ingredients, safety, etc.
- Disclosure of reliability information relating to security and safety
- Development of new products and opportunities for improvement proposals through global sharing of consumer inquiry information
- Opportunities to call for improvements in developed products, sold products, advertisements, etc.
- Proactive release of information about how to get products and the stores that carry them
- Publication of product information based on the lifecycle assessments

Kao's creating value

At our consumer support desk inside our Consumer Communication Center, we take feedback from individual consumers seriously and strive to understand their feelings, solve their problems and

understand the background to the problems to support ESG-driven *Yoki-Monozukuri* based on the principles of the Kao Way.

We are taking various steps to serve the needs of different consumers. Based on the concept of Universal Design (UD), we have set up a support desk with dedicated sign language support to serve people with hearing impairments. For people with visual impairments, we have added descriptive text to the images and tables in our product catalog on the Kao website that can be read by text-to-speech software. We have also set up telephone support desks able to handle inquiries in English, Chinese and Korean to serve tourists visiting Japan as well as foreign nationals living in Japan.

Using our websites, we provide product catalogs and communicate information via FAQs so that people attempting to solve problems on their own are able to do so with accurate information. Another way we are engaging in proactive communication with consumers is by providing official support using the Q&A service Yahoo! Chiebukuro.

We are also adopting multi-lingual labeling of product information to ensure accurate understanding of our products by foreign visitors and residents in Japan. Two-dimensional codes are being added to product information provided in stores so that consumers can immediately access product information in Chinese or English on the Kao website.

We are also striving to communicate information that is essential in daily life, including COVID-19

prevention measures, in multiple languages on our websites.

Contributions to the SDGs



Policies

We are committed to offering products, services and information that benefit consumers based on the principles of the Kao Way. We will ensure consumers' confidence in us and contribute to ESG-driven *Yoki-Monozukuri* for people, society and the planet as is suitable for a sustainable society by avoiding various major risks such as those related to quality, and environmental or societal issues arising during support while also diversifying our communication methods through digital transformation and expanding consumers' abilities to solve problems on their own. Through the establishment of a pandemic-proof support framework and work style reform for communication, we aim to be a trusted partner to consumers, offering support 24 hours a day, 365 days a year, and we will continue to proactively develop new communication measures for consumers.

Communication with consumers 102-43, 404-2, 417-1

Education and promotion

We implement regular external evaluations and training to maintain a high-quality support and consultation and continue to improve this. We strive to provide consistent service and information, by checking the quality of our support with the Quality of Telephone Support Survey conducted by a research firm. With the Support Satisfaction Survey targeting consumers, we identify customer satisfaction through a net promoter score and their willingness to continue using the product.

Apart from the Consumer Communication Center, we hold trainings on handling consultations for members who handle consultations (Kao Professional Services, Chemical Division, DX Strategy Promotion Center, *e'quipe*), and workshops for business divisions to study cases based on customer feedback gathered in the ECHO System.

We also proactively conduct activities to deepen employees' understanding of consumers' perspectives and leverage the voice of consumers.

Collaboration and engagement with stakeholders

Exchanging information with consumer affairs centers and consumer groups

We strive to maintain positive relationships with external institutions and organizations, as well as have our approach be better understood, by exchanging information about the Consumer Communication Center's annual report, recent consumer trends and noteworthy inquiries once a year with public bodies and consumer groups, including consumer affairs centers led by regional government agencies.

Implementation of exchange activities involving consumer-oriented events

At events such as public lectures and consumer fairs, we offer to consumers a wide range of information concerning laundry, proper hand-washing techniques, housecleaning, oral health care, bathing, UD and other topics. We position these events as opportunities to directly understand the various issues faced by consumers from a different avenue than the support desks and connect them to ESG-driven *Yoki-Monozukuri*.

Framework

The Consumer Communication Center consists of three departments that are active at the Sumida Office, Osaka Office, and eight branch offices of Kao Group Customer Marketing Co., Ltd.

Consumers Relations collects the consultation details including consumer feedback and opinions through open communication with consumers and immediately registers these details in the ECHO System. In addition, it is responsible for internal training and disseminating and responding to information on risks such as quality and societal issues.

Product Relations conducts activities that contribute to ESG-driven *Yoki-Monozukuri*, such as addressing quality risks from the consumer's perspective and improving products and displays from analysis of consultation data.

Communication Business Promotion helps to ensure smooth operation for consumer communication, which encompasses managing the ECHO System, preparing information, disseminating Q&As about products on the website, gathering information on technology and society, drafting information for external organizations and managing overall operations.

Communication with consumers ⁴¹⁷⁻¹

Mid- to long-term objectives and performance

Mid- to long-term objectives

- Create conditions that allow consumers to seek out information and advice whenever they want and using the mode of communication that suits them
- Offer information about reliability, ingredients and products related to safety and security as well as solutions to problems consumers face in daily life through diversified consumer communication channels, and contribute to increasing corporate value
- Share and mobilize consumer feedback in many related internal divisions through the ECHO System, and develop new products and improve products not just for Japan but for global markets
- Strengthen information security in our response to consumers and make available diverse work styles not tied to specific times or locations to maintain our communication capacity with consumers

Main initiatives to realize the mid-term objectives

1. Answering consumer inquiries by means such as telephone, e-mail, chat bot and live chat
2. Providing practical information on our website
3. Providing active support for questions posted on a Q&A board (Yahoo! Chiebukuro)
4. Proposals for ESG-driven *Yoki-Monozukuri* solutions

from the consumer's perspective at internal meetings such as the Quality Improvement Study Meetings

5. Exchanging information with consumer groups and consumer affairs centers
6. Implementation of exchange activities involving consumer-oriented events
7. Collaboration with industry organizations

Anticipated benefits from achieving mid- to long-term objectives

Business impacts

- Higher efficiency of consumer communication by providing various means of communication
- Enhanced information disclosure leads to higher resolution of issues by consumers on their own, increasing consumer satisfaction and brand loyalty.
- Higher efficiency of handling consumer inquiries through virtual responses using AI
- Multi-lingual support by consumer support desks increases satisfaction and brand loyalty among non-Japanese consumers.
- Sustained consumer loyalty to the Kao brand through control of rumor diffusion

Social impacts

- Realization of ethical, environmentally friendly consumption behavior
- Improved quality of life from the perspective of diversity as a result of enhanced information

provision, multi-lingual support, and diversification of the means of obtaining information

- Improved quality of life and improved hygiene awareness from having accurate product knowledge and being able to select products with confidence

Communication with consumers ⁴¹⁷⁻¹

Performance in 2021

1. Answering consumer inquiries by means such as telephone or e-mail (Global)

In 2021, Kao Corporation, Nivea-Kao Co., Ltd. and Kanebo Cosmetics Inc. answered a total of around 181,000 consumer inquiries in Japan received via telephone, e-mail and other means (+1% year on year). Telephone support for inquiries, which is a major communication channel, was suspended for two months in 2020. The hours of operation were shortened until August 2021, and this affected the number of inquiries received, which was 16% lower than in 2019.

E-mail inquiries fell to 22,000 (-28% year on year). One factor for the decrease was the substantial increase in e-mail inquiries received during the period when telephone support was suspended. E-mail inquiries increased 9% compared with 2019.

By business division, the Home Care Business had a significant decrease in inquiries related to COVID-19, and the Skin Care Business, which had higher hygiene-related inquiries in 2020, received fewer inquiries at approximately 20,000 (-32% year on year). In addition, Cosmetics (Sofina, Curél and Kanebo Cosmetics) received approximately 45,000 inquiries (+11% year on year), which is 28% lower than in 2019.

Among the inquiries related to COVID-19, those related to hygiene for sanitizing and viral disinfection decreased, and the nature of the inquiries changed to include ones about vaccinations and feedback about products that advertised viral disinfection ability.

Excluding Japan, globally we received approximately 32,000 inquiries (-8% year on year). Typically, fewer inquiries are received by telephone, while many inquiries are received through e-mail and other communication channels. In addition to social impacts from the COVID-19 pandemic, inquiries were also substantially affected by the contraction in economic activities, including a downturn in MK activities and suspension of retail store operations.

We hold periodic online meetings for members engaged in consumer support at Kao companies in Asia, which are opportunities to share inquiry information and improve the quality of our inquiry support.

2. Providing practical information on our website (Japan)

Consumers now have better understanding of sanitization and viral disinfection, and we received fewer inquiries about viruses at our support desks.

Similarly, views of our product Q&A about infection control measures also stabilized.

Traffic to the website that summarizes information on inquiries about infection control measures that have recently increased fell sharply in 2021 to just 10% of 2020 traffic. Traffic to website product Q&A pages in 2021 came to approximately 4 million UU* (-52% year on year). Meanwhile, traffic to product Q&A pages for products other than those related to infection control increased 25% year on year.

We have launched a chat bot and live chats in the laundry and cleaning category to expand our communication channels. In the future, we will expand these to all categories of household products. Along with launching the chat bot, we are proactively posting product Q&A highlighting inquiries we frequently receive identified from analysis of call logs, and the number of Q&A we published doubled over last year.

Compared to claims which consumers communicate with the company directly and interactively, the declining trend is seen in the number inquiries in which there are means for the consumer to solve the problem on their own, without using the telephone or e-mail. The Consumer Communication Center views this as

Communication with consumers ⁴¹⁷⁻¹

indicating that its website improvements and efforts to communicate information in new channels such as the chat tools are effective and lead to consumers resolving their own problems.

* UU: Unique users

3. Providing active support for questions posted on a Q&A board (Japan)

On Yahoo! Chiebukuro, under the user name “kao_official,” Kao Official Support began providing answers to consumers’ questions posted to the service beginning in 2015. In 2021, an estimated total 900 new questions were answered. On the Q&A service, the answers to questions stay on the feed and can be read by many people with similar issues. The yearly number of views in 2021 of the past questions and answers (approximately 7,800 questions) was around 1.55 million. As a relative high proportion of questions are posed by young people, Kao support desks are able to answer questions for people unable to communicate otherwise. Problems that are different from those directly received by telephone and e-mail are among the top-viewed answers on the site.

In 2021, questions about viral disinfectant and sanitation that were prevalent in 2020 decreased, and ones about rough skin when wearing masks and concerns over bangs or smudged makeup

continued to be frequently asked. There were also reactions to the period poverty and the reward-point campaign for cashless payment, both of which drew a lot of attention in Japan.

4. External activities affected by the COVID-19 pandemic

Exchanging information with consumer groups and consumer affairs centers

Until 2019, we visited around 100 public bodies responsible for consumer affairs, primarily consumer affairs centers, to exchange information, but due to restrictions on people’s movements and in-person visits, we sent the public bodies the Consumer Communication Center’s activities report just like we did in 2020 and made efforts to communicate that we were continuing the relevant activities.

Implementation of exchange activities involving consumer-oriented events

Since there were restrictions on large crowds in 2021 as well due to the COVID-19 pandemic, in-person social activities were canceled. However, in response to requests from the consumer affairs centers, we are committed to online public lectures enabling us to hold these lectures in regions that we were unable to do so in-person in

the past. We will continue holding public lectures differentiating ones in-person and online in and after 2022 as well.

5. Initiatives compliant with ISO 10002

We announced in 2019 our compliance with ISO 10002: Quality management—Customer satisfaction—Guidelines for complaints handling in organizations, and are operating in compliance thereto. In 2021, we also conducted an internal audit confirming our compliance.

With the revision of the Kao Way in 2021, we also revised our basic policy, code of conduct and self-compliance declaration, and released them on our website.

Affiliated companies outside Japan are also starting to apply the inquiry response guidelines based on the requirements of ISO 10002.

Communication with consumers ¹⁰²⁻⁴³

Our initiatives

“Ways of Everyday World-Making” workshops to balance parenting and work

The Act on Promotion of Women’s Participation and Advancement in the Workplace (Women’s Advancement Promotion Law) came into force in September 2015. However, the rates of female employees in permanent employment or managerial roles in Japan are low even when viewed internationally, and Japan continues to have a low ranking in the World Economic Forum’s Global Gender Gap Report, therefore in reality the extent of women’s advancement is still meager. In this context, many women have concerns and anxiety about balancing work and childbirth or parenting.

Together with Takashi Iba Laboratory of Keio University, we researched and created the “Ways of Everyday World-Making” pattern language to support women who are working and raising children. It contains 34 short phrases that represent keys for living well while working and parenting. We have released a PDF of this booklet on our Lifestyle Research (Kurashi no kenkyu) website since 2017, and continue to hold workshops which provide opportunities for participants to consider how to positively balance parenting and work in their own unique way.

In 2021, these workshops were implemented continuing the online format from the previous year due to COVID-19, but with cooperation from outside

career consultants and post-childcare-leave advisors, we held 7 workshops for 55 participants. Participants outside the Tokyo metropolitan area increased, taking advantage of the workshops being online.

While the nature of parenting and work is changing due to the proliferation of teleworking, we have been receiving mostly positive feedback from the participants of this workshop. One of which stated, “This was a great opportunity to reconsider how I want myself and my family to be in the future.”

Through this activity, we will continue to consider together with consumers what a brighter future looks like for living well in combination with working and parenting and implementing this in our product and communication solutions.

Track record of workshops with pattern language

	Internal (number of participants / workshops)	External (number of participants / workshops)	Total (number of participants / workshops)
2017	120/11	250/9	370/20
2018	-	264/15	264/15
2019	-	455/23	455/23
2020	-	120/11	120/11
2021	-	55/7	55/7
Total	120/11	1,144/65	1,264/76



“Ways of Everyday World-Making” pattern language
www.kao.co.jp/content/dam/sites/kao/www-kao-co-jp/lifei/report/pdf/hibino-sekaino-tsukurikata.pdf
 (Japanese)



Lifestyle Research (Kurashi no kenkyu) website that provides expert information from Kao’s consumer research and tips useful for comfortable living

As life with COVID-19 continues, we are seeing overwhelming interest in measures against communicable diseases, how to be productive while staying home, and contributing to a sustainable society, thereby businesses as well are required to inform consumers of these matters.

We launched the Lifestyle Research website in 2014 that provides expert information from our consumer research and tips useful for a comfortable living. In 2021,

Communication with consumers 102-43

we increased the publication of new articles to three times a month, striving to release ever more timely information.

In the articles on the consumer research report, we continue to communicate how lifestyles are changing with COVID-19, encompassing perceptions of domestic work, parenting and beauty, behavior changes, and growing interest in disaster prevention and SDGs during the COVID-19 pandemic, and many readers are commenting that these insights strike a chord with them. The reports on quantitative consumer surveys, which observe lifestyle changes during the COVID-19 pandemic at fixed-points, have been widely featured in newspapers, television programs, online news and other media.

Additionally, in a lifestyle information section, we provide timely expertise to make living with COVID-19 more comfortable, encompassing remedies for inactivity or eye strain due to teleworking and staying at home and how to approach worries about measures against communicable diseases such as sweaty masks, face mask tan lines, and rough hands due to hand-washing and using disinfectant. We strive to also provide useful and reliable information which is easy to understand pertaining to facial cleansing, do-it-yourself haircuts and methods for online makeup as explained by our researchers.

The information on the Lifestyle Research website is popular with consumers, and has increasingly attracted traffic each year, with monthly page views around 200,000. We will continue to improve our provision of useful information for consumers via the Lifestyle Research website, with a focus on living in the new normal.



Lifestyle Research website
www.kao.co.jp/lifei/ (Japanese)

Consumer research reports published in 2021

Beauty and Fashion in the New Normal	February
Where to Escape? Disaster Preparation and Measures in an Era with COVID-19	March
Fixed-point Survey: Life in the New Normal That Consumers Want to Continue	April
Parent and Child Communication That Nurtures Sociability	May
The Day Robot Pets Will Become Part of the Family	June
Changing Setup of Household Chores with Teleworking	July
SDGs Connected to Living in the New Normal	September
Modern Setup of Senior Citizens' Household Chores	November
Fixed-point Survey: Looking Back on Living with COVID-19 in 2021	December

Lifestyle information published in 2021

Keys to Prevent Condensation on Windows Are Ventilation and Humidity Control: The Seven Steps	January
Gentle Hand Care You Can Do at Home	February
Learn to Cut Your Own Bangs by Watching a Video Simple Enough for Beginners (Hairstylist Initiation)	March
Tips to Make Shirts and Blouses Free from Wrinkles and Stand Out	April
Get Rid of Eyestrain! Steps to Relax Your Eyes and Self-care	May
Fresh without Sweat or Stains! How to Care for and Wash Hats	June
So Comfortable! Three Tips for Summer Masks	July
Get Rid of Your Scalp's Odor and Oiliness! Five Points for Shampoos	August
Prevent Frailty! Three Points for Daily Life	September
Kao Researchers Explain in Video: Basic Facial Cleansing as Taught by Pros	October
Pro Initiation: Simple Makeup That Is Flattering Online	October
How to Remove Troubling Stains from Children's Clothing	November
Tips to Dye and Style White Hair Roots	December