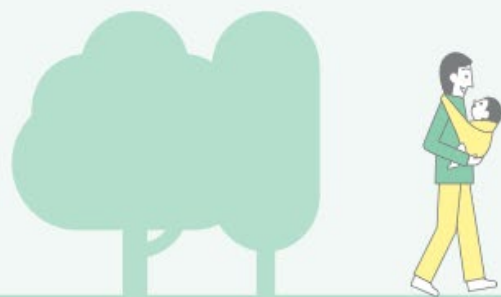


Kao Consumer Communication Center Activity Report 2019

January 1, 2018 – December 31, 2018



Enriching lives,
in harmony with nature

Kao

Opening

Continue Aiming to Be a Great Partner for Consumers

Eighty-five years ago in 1934, the Housework Science Laboratory, the predecessor of the Consumer Communication Center (CCC), was established. In line with the aims of Tomiro Nagase, the second president of Kao, it offered workshops, lectures, symposiums, study tours, magazines, educational movies, and other events that turned a scientific eye to the subject of housework in order to improve people's lives. We have old pictures and records of the laboratory and the events. We also found a speech delivered at the founding ceremony that contained the message, "The best thing about establishing the Housework Science Laboratory is that it will create a closer relationship between Kao and consumers."

We position ourselves as "an interface between Kao and consumers that is responsible for providing information to both Kao and consumers and connecting them to each other." We listen to consumer feedback regarding Kao's business activities and products. We consider it our role to respond to feedback such as inquiries and complaints, and to consider ourselves in consumers' shoes as we address their issues while serving as a bridge between Kao and consumers. We believe that our predecessors would be glad to see that we are striving to be a great partner for consumers, just as they did in the past.

In addition, Tomiro Nagase left us the message that he believed that the Housework Science Laboratory would teach us the necessity of creating products in good faith by feeling how consumers feel. We will promptly detect changes in consumers and society, and connect Kao and consumers through effective communication. We will contribute to *Yoki-Monozukuri* as our mission.

We hope that you read this Activity Report 2019 and send us your comments. Your feedback is highly appreciated.

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The Kao Way

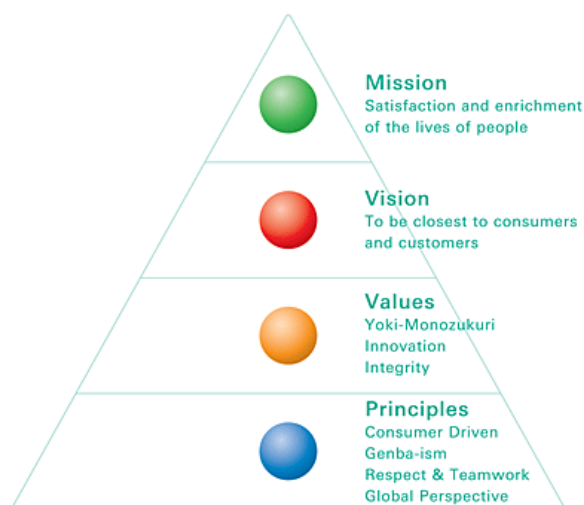
Foundation of the Kao Group

The Kao Way embodies our corporate philosophy and is the foundation of the business activities of the Kao Group. As our cornerstone, the Kao Way provides consistency to Group activities from the formulation of mid- to long-term business plans to each business decision that we make every day.

Always Acting from the Consumer's Perspective

The Kao Way declares Consumer Driven and *Genba*-ism (importance of observing things “on-site”) as Principles. In particular, Consumer Driven is positioned as the most important of the Principles. Based on this, the Kao Group remains devoted to pursuing wholehearted *Yoki-Monozukuri* from the consumer's perspective.

The Kao Way



Details: http://www.kao.com/jp/en/corp_about/kaoway.html

Kao received the Minister of State Commendation for Best Practices in the First-Year Selection of Consumer-Oriented Management Companies

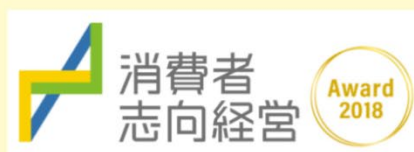
We independently released the Declaration of Consumer-orientation in January 2017 in accordance with the consumer-oriented management promoted by the Consumer Affairs Agency.

Then in November 2018, we received the Minister of State commendation for best practices in consumer-oriented management in the first-year selection of the award. This commendation was awarded for our long-term consumer-oriented management in recognition of the companywide Kao Way philosophy and various activities we have conducted based on the philosophy.

We at the Kao Group will continue to promote and develop consumer-oriented management.

Declaration of Consumer-orientation (Japanese)

<https://www.kao.com/jp/corporate/sustainability/declaration/customer-first/>



1

Roles and Activities of the Consumer Communication Center

Promoting activities that can contribute to society through *Yoki-Monozukuri* utilizing consumer feedback and providing lifestyle information

● Take feedback seriously and respond to consumers sincerely to resolve inquiries and complaints

Every member of the CCC participates in consumer communication activities.

We not only listen to feedback and consumers' opinions of our products, but also strive to understand consumers' thoughts and their lifestyle that lies behind them. Our motto is to help consumers who have any concerns accurately, quickly and courteously.



Consumer Communication Desk

● Contributing to the *Yoki-Monozukuri* of the Kao Group

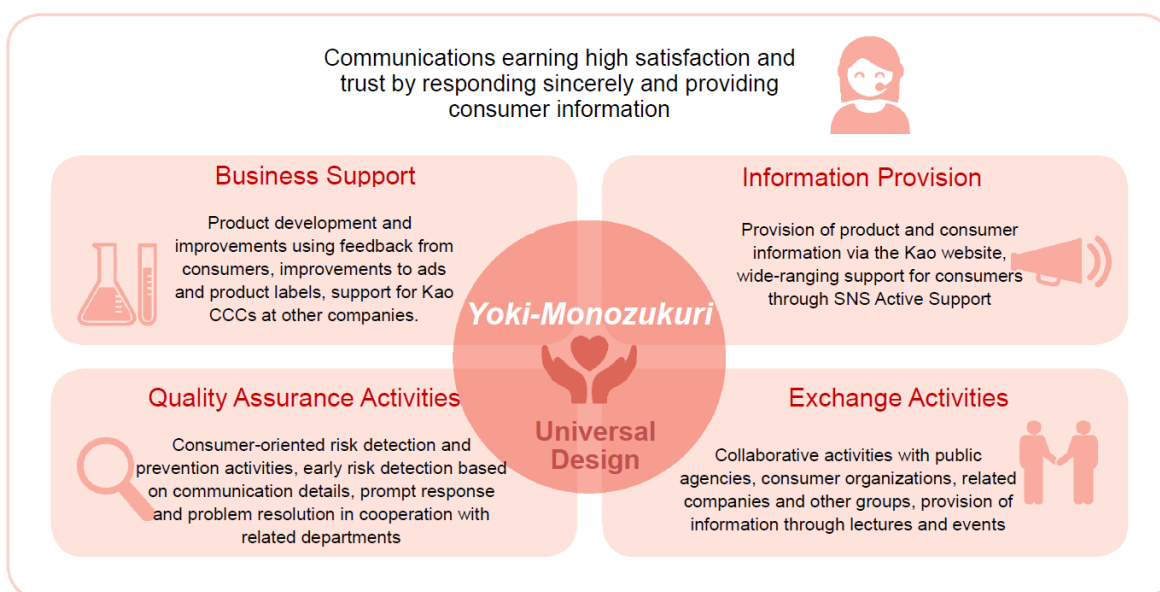
The mission of the Kao Group is to enrich people's lives and contribute to the sustainability of society through wholehearted *Yoki-Monozukuri*. We aim to reduce environmental impacts, to develop and improve products from a Universal Design perspective, and to improve the quality of our services from consumers' point of view. The CCC supports the *Yoki-Monozukuri* of the Kao Group based on our Consumer Driven principle, by sharing feedback accurately and promptly, and by proposing utilization of the feedback in product development.

● Contributing to the *Yoki-Monozukuri* of the Kao Group

We provide useful information for consumers via product catalogs, product Q&A, newspaper columns, and SNS Active Support.

Inquiries along the lines of "I want to send Kao products overseas," and "I want to confirm that the products are not categorized as dangerous goods under the Civil Aeronautics Act" are increasing year after year. We received 4,600 inquiries on these subjects in 2018. In addition, we provide information on whether products are categorized as dangerous goods under the Civil Aeronautics Act on all products sold in Japan in our product catalogs on the Kao website.

Roles and Activities of the Consumer Communication Center



We strive to earn consumer satisfaction through communications, cross-department trainings and other activities

Social Activities Such as Lectures and Events

Providing lifestyle information through hands-on activities

We participate in consumer awareness activities organized by public agencies and organizations to provide information useful to consumers. At an exhibition and hands-on event for the blind and visually impaired sponsored by the Association for the Blind and Visually Impaired of Osaka City, participants touched our refill products with notches on the cap, which will allow them to identify shampoo and conditioner. Meanwhile, at the Life with Cancer Fair hosted by the Cancer Institute Hospital of JFCR, we introduced our products that can help support patients' lifestyles. These events allow us to listen to the concerns and feelings of consumers directly, which we cannot do at the Consumer Communication Desk.



A participant touching products

Real Voice Training

Listening to feedback and feel how consumers feel

We conduct Real Voice Training for employees, where employees listen to consumer feedback directly so that they can feel how consumers feel. We received comments along the lines of "My impression of listening to the person directly was so different from my impression of just reading text," and "After listening to feedback directly, the training made me reconsider with the other members our services at stores."

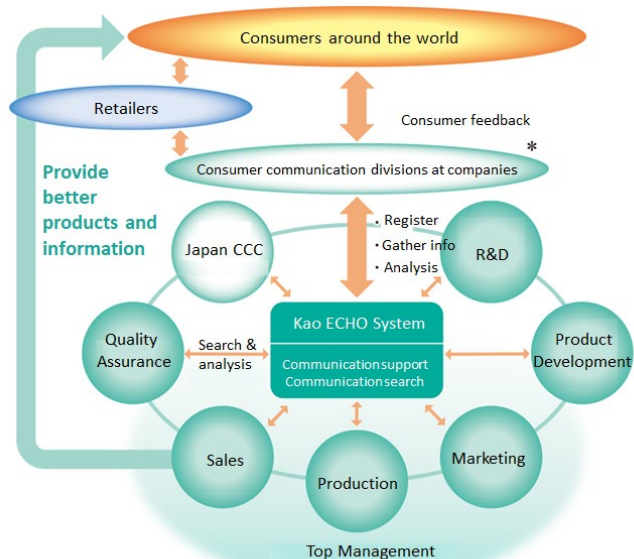


Listening attentively to consumer feedback at the training

Visualizing consumer feedback and sharing it internally to respond promptly and enhance cooperation

Consumer feedback received from around the world is shared in the Kao Group and utilized for *Yoki-Monozukuri*

Inquiries and requests we receive from consumers around the world are responded to promptly and accurately by the consumer communication division in each country, and then registered in the Kao ECHO System. In Japan, the CCC is the organization that handles this. Feedback collected in the Kao ECHO System is shared internally and utilized in *Yoki-Monozukuri*. Divisions analyze the feedback and conduct global quality improvement activities, develop sustainable products, and develop information for consumers. In addition, the CCC supports other countries' consumer communication divisions to improve the quality of activities globally.



* Consumer communication division in Japan is Japan CCC

2 Summary of Diverse Communication with Consumers

We received approximately 216,000 communications in 2018.

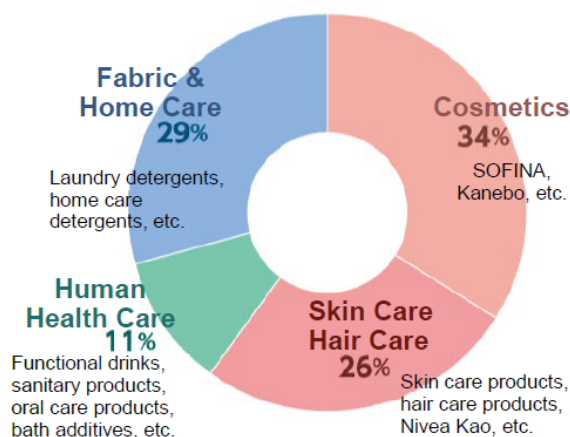
● The number of communications via telephone is decreasing, accounting for 80% of all communications

In 2018, we received approximately 216,000 communications (99% of the number received the previous year) via telephone, e-mail, letter, and in-store comments. Communications via telephone are trending downward, accounting for 80% of all communications we received. In addition, we established a system to deploy our members in eight offices around Japan in 2017. Therefore, the amount of consumer feedback via stores increased, allowing us to receive feedback more promptly as well.

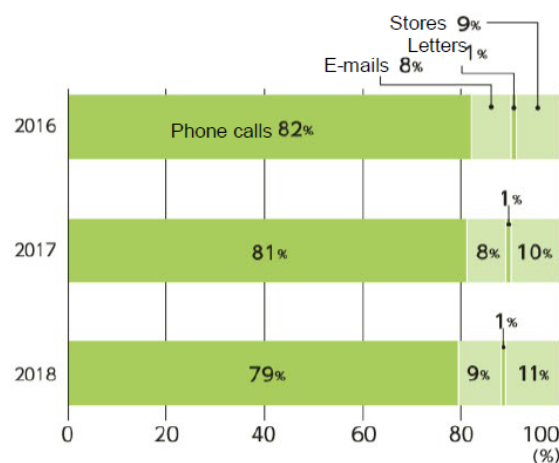
We received many communications regarding how to obtain products and the expiration dates of the products. We also received many communications from consumers interested in our new product *Rerise Hair Color Server for Gray Hair*. The number of communications about skin and hair care increased.

The proportion of consumers in their 60s and older is increasing every year. In 2018, this group accounted for 45% of all consumers who contacted us. In the older age group, the number of communications from men was higher than for other age groups. Men accounted for 30% of all consumers in their 70s who contacted us.

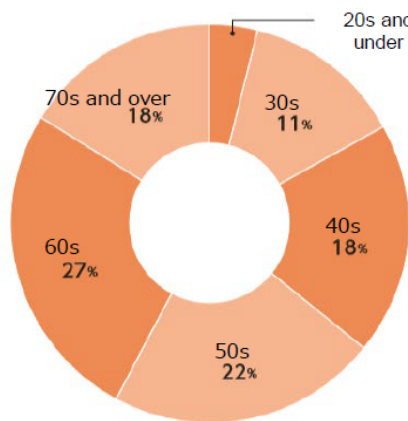
Number of Consumer Communications
(Breakdown by Business Unit)



Communication Method

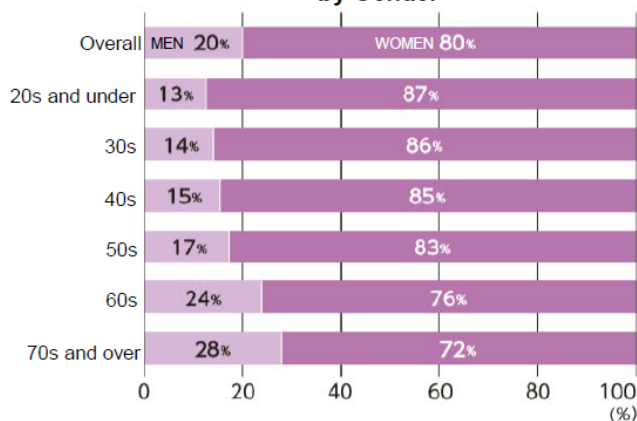


Composition of Communications by Age Group



*Ages may be estimated. Excluding consumers whose age is unknown.

Composition of Communications by Gender



*Ages may be estimated. Excluding consumers whose age is unknown.

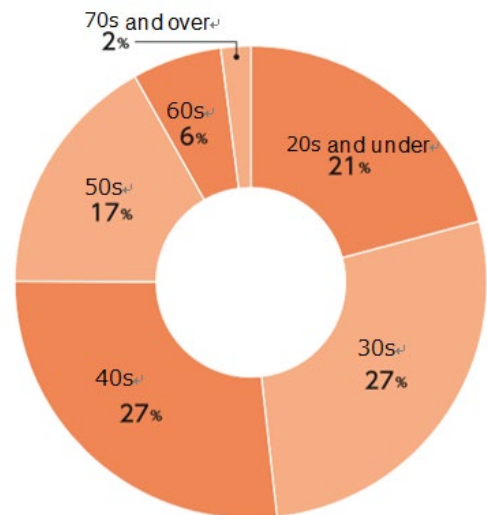
We provide solutions for problems experienced by younger generations via e-mail and SNS Active Support

● We receive communications via e-mail from various generations, including young people

We received 19,000 communications via e-mail in 2018, 8% higher than in 2017. E-mail was used to contact us 9% of the time. Compared to communications via telephone, which we receive from many consumers in older generations, we receive many communications via e-mail from all generations.

One characteristic of e-mail communications is that consumers often contact us casually, along the lines of “I am disappointed that the product I have been using for a long time is no longer sold,” as well as comments on products, online marketing campaigns, and TV commercials among other topics. Meanwhile, we also receive serious concerns via e-mail. We take consumers’ feelings seriously, reading between the lines of e-mails and sharing the contents within the Group. We may call consumers depending on the content of their e-mail to communicate with them directly.

Composition of Consumers by Age (E-mail)



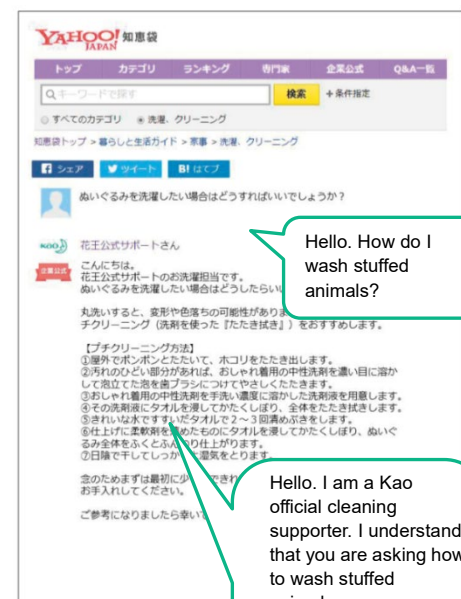
*Ages may be estimated. Excluding consumers whose age is unknown.

● Answered approximately 2,600 questions on housekeeping and beauty via the Q&A website “Yahoo! Chiebukuro”

We started Active Support from July 2015 on “Yahoo! Chiebukuro,” which is Japan’s biggest Q&A website, and answered questions regarding housekeeping and beauty care. We answered approximately 2,600 questions, with the answers receiving 1.59 million views. We are earning a good reputation and a Best Answer rating 94% of the time. We have provided a cumulative number of approximately 6,800 answers, with total views of approximately 3 million. About 70% of all answers we provided were on beauty care including cosmetic products, hair care, and skin care, which younger people are highly interested in.

We received many questions about housekeeping, such as how to wash stuffed animals and how to remove stains from sheets. We share Q&A information that receives a large number of views on the Product Q&A section of the Kao website to support consumers who have similar concerns.

We will continue to respond to concerns about housekeeping and beauty care.



Kao Official Support (Japanese)
https://chiebukuro.yahoo.co.jp/my/kao_official

Caution Safety & Security Awareness Activities

Disposing of Aerosol Products Safely

Most aerosol products contain high-pressure flammable gas. Since they are able to be evenly applied to the target area using propellant, they are widely used in cosmetics as well as hair sprays and deodorants. As a general rule, only dispose of aerosol products after the contents are used up entirely. Some gas may still be present even if you think the product is used up, so please make sure to empty the contents entirely and follow the instructions of your municipality when disposing of aerosol products. It is dangerous to dispose of aerosol products inappropriately, since there is a risk of explosion and fire.



Empty the remaining contents in an outdoor location with adequate ventilation and away from open flame

In an outdoor location with adequate ventilation and away from open flame, press the button until the spraying sound stops and the remaining contents and gas are emptied. Follow the instructions of your municipality when disposing of products.

Even when using a gas drainage cap to empty the gas or disposing a product before using it entirely, never drain the gas indoors. This is dangerous and may cause a fire.



We share videos showing how to dispose of products on our website

We share videos so that consumers understand the importance of properly disposing of aerosol products. Consumers can see videos demonstrating the danger of draining gas indoors and how to drain gas completely.

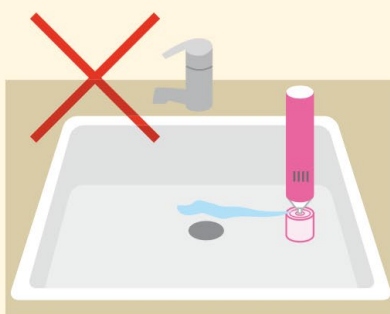
https://www.kao.com/jp/qa_cate/aerosol_09.html (Japanese)

In addition, we also share information about how to use aerosol products properly and safely and other important points.

https://www.kao.com/jp/qa_cate/aerosol_03.html (Japanese)

Never drain gas indoors

It is dangerous to drain gas indoors even when using a ventilation fan



Preventing Accidental Ingestion

Accidental ingestion of detergents, bleach, cosmetics, and other products occurs among adults as well as children. Eighteen percent of accidental ingestions reported to the Japan Poison Information Center were by adults (Japan Poison Information Center, *Annual Report 2017*).

Most accidental ingestions occur mistakenly or accidentally and involve a small amount of product. If a large amount of product is ingested, it may cause severe symptoms. Since the elderly and people with dementia may not notice any abnormality due to an impaired sense of taste, smell, or vision, caretakers also need to exercise caution. In addition, if a person vomits after accidentally ingesting a product, it may cause aspiration pneumonia.

The Kao Group has adopted safety icons on labels as one measure to prevent accidental ingestion.

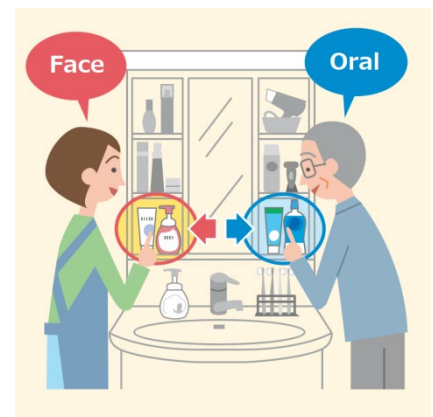


Safety icon on dishwashing detergent

Check your surroundings to ensure comfort and safety

You must be careful when you store products with different purposes in one place, such as the bathroom or kitchen. Oral products that are put inside your mouth and detergents should be stored separately.

For example, when you buy a new product, share information within your family to prevent accidental ingestion and make rules for storing products. In addition, adding a large sign may be effective at preventing accidental ingestion.



We provide awareness stickers for preventing accidental ingestion

Kao Japan published a booklet on accidental ingestion to reduce the number of such incidents. The booklet can also be downloaded from the Kao website (Japanese). We also provide “awareness stickers for preventing accidental ingestion by seniors,” which can be attached to products.

Please feel free to ask for the stickers.



Awareness stickers for preventing accidental ingestion by seniors



Stickers on our products

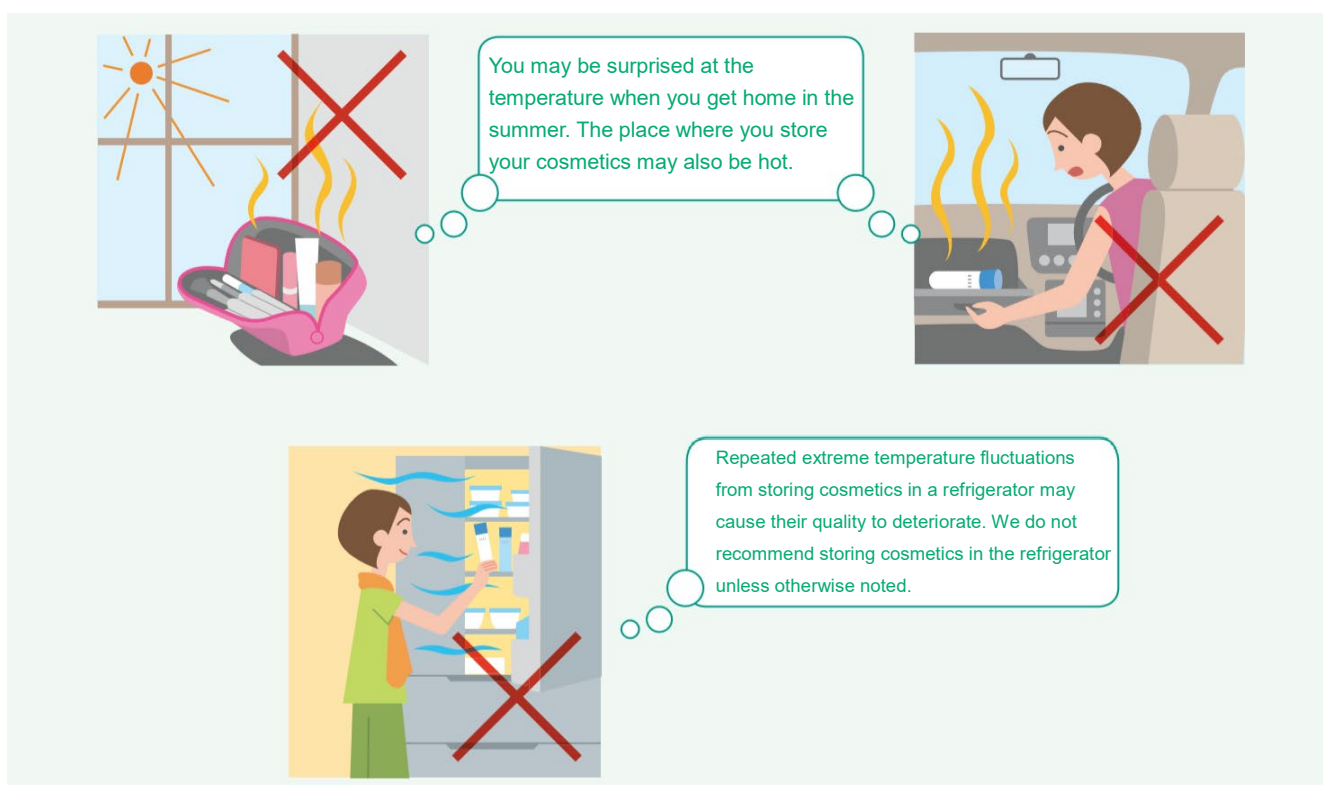
Contact for stickers: 0120-165-690

Topics

Pay Attention to Where You Store Cosmetics

We sometimes receive inquiries along the lines of “I found some cosmetics that I bought before. Do you think I can still use them?” If you store cosmetics under appropriate conditions, they will maintain their quality. However, if cosmetics are affected by temperature, moisture, light, vibration or other conditions, their quality may deteriorate more than expected. Even in homes, there are places where it is cold in the morning and at night and hot during the day. If you store cosmetics in places like this, their quality may deteriorate faster. Please store cosmetics away from direct sunlight in a place where the temperature stays constant.

Once a product is opened, it will be in contact with air. From a hygienic standpoint, we recommend using the product as soon as possible.



- **Use caution when buying cosmetics on auction and flea market websites**

Cosmetics are often sold on auction and flea market websites nowadays. It is impossible to know when the products were purchased or how they were stored, even if the products are described as new. Please use caution when buying cosmetics on auction and flea market websites since it is difficult to determine their quality.

Favorable comments from consumers

Bioré Sarasara Powder Sheet

This is very useful for me since I have a disability. I feel refreshed after wiping my skin with the sheet and it makes it easy to change my clothes. Please make a body wipe that is four times bigger.



Curél

I am a loyal user of Curél. My husband suffers from very dry skin on his face. He appreciates Curél products, which have made his skin much better. I wanted to let you know this. Thank you so much.



Medicated PureOra Foaming Toothpaste

It is difficult for me to squeeze toothpaste out of a tube since I have rheumatoid arthritis and do not have enough strength in my hands. This allows me to dispense the contents by myself with one hand. I called to say how happy I am about this.



Nyantomo Seiketsu Cat Litter

My cat developed kidney stones. I put new litter in the box and collected a urine sample. The urine did not contain any ingredients from the litter and provided good conditions for the urine tests.



We have received many favorable comments from consumers such as those above. We treasure these comments and strive to provide products and services that are gentle and easy for everyone to use in line with the Kao Universal Design Guidelines.

3

Products Created from Consumer Feedback

Primavista LONG KEEP BASE EX

A makeup base for preventing oily skin, specially formulated to create non-oily, smooth-feeling skin



Consumer Needs



● We received many communications from consumers whose makeup smudges from too much sebum

- “I have so much sebum on my skin. My skin gets oily around noon even if I apply a sebum care primer.”
- “I am troubled by sebum on my face. It is much better if I use a sebum care primer, but I have kind of given up solving this problem.”

For Yoki-Monozukuri



● Limited-edition products were launched for consumers who want smoother-feeling, less oily skin

Primavista LONG KEEP BASE EX was launched as a limited-edition product in the summer of 2018 in addition to LONG KEEP BASE for consumers concerned about oily skin. The concentrated anti-sweat and anti-sebum formula helps keep facial skin feeling smooth for a long time. The product was sold via e-commerce channels that provided detailed information to enable consumers to determine whether the product was right for them. (It became a regular product sold in certain online stores from April 2019.)



LONG KEEP BASE EX



LONG KEEP BASE

Consumer Feedback



When I first used this product, I was so surprised and I looked in the mirror many times. Before I used this product, it was so stressful for me to look at my oily face every time I touched up my makeup. But now this feeling is gone and I love to touch up my makeup. I also no longer worry about whether my face is oily when I talk to someone. Please make this product a regular product.

Rerise Hair Color Server for Gray Hair

Simple gray hair care supplementing natural black shades



Consumer Needs



● “I want to feel like myself forever, lively and beautiful.” We received concerns about gray hair.

- “As I get older, my gray hair keeps growing out and showing even though I dye my hair frequently. It is so troublesome to color gray hair at home.”
- “I want color products for gray hair that do not damage my hair.”
- I have allergies to hair color products. I gave up coloring my hair.

For Yoki-Monozukuri



● Easy to use after shampooing. No patch test needed

We launched a home hair color product made with 100% naturally derived “melanin for black hair*.” Gray hair gains natural black shades each time the product is used without causing damage. The server container was adopted to make it easier to use in the bath. The dispenser button can be depressed easily without slipping, even with wet hands. There are two color variations: *Re-black*, which covers gray hair, and *Gray Arrange*, which makes gray hair look more naturally beautiful.

*Coloring ingredient: dihydroxyindole



Consumer Feedback



- I was afraid of an allergic reaction and gave up on coloring my gray hair. My concern was that I looked older than my age. It is easy to color my hair with this product while bathing and I feel happy now.
- I have a lot of gray hair, but only the top of my head was unevenly black. After I used *Gray Arrange*, my hair became more beautiful. It stopped looking like I had noticeably dyed hair.

3 Products Created from Consumer Feedback

Relief Ultra-thin Adult Diapers Low-rise Pants
Aim to be selected as underwear with absorbency instead of as disposable diapers



Consumer Needs



● More stylish and sporty products were wanted

- “I want to enjoy stylish clothes, so I prefer low rise pull-ups.”
- “I use pull-ups when I play sports. I prefer thinner products.”

For Yoki-Monozukuri



● No peeking out of jeans. More like underwear

We launched *Relief ultra-thin* adult diapers low-rise pants (150ml absorbency) for consumers who have never worn incontinence pull-ups even if they worry about leaks. We launched this product to be an option instead of underwear. With this low-rise style pull-up, which did not exist in the past, users do not have to worry about the pull-up peeking out of their pants and they can enjoy stylish clothes and sports without worry.

Extra-thin, flexible material gently hugs the body. Highly breathable material is used throughout to reduce dampness. In addition, the material is formulated with antibacterial and anti-odor ingredients to powerfully block odors. The pull-up is compact and slim fitting, and designed with added absorbency at men's and women's respective urination points.



Comparison with *Relief thin type* with *Relief 3-go absorbency*



For women



For men

Consumer Feedback



- They are comfortable to wear. I can go to work and out without worrying about how I look. I am excited.
- I felt pressure on my body with the previous Relief Thin Type since the rise was deep. This slim fit is very comfortable on.
- I wanted to let you know that these are very comfortable. The color is beautiful and cheery. I like pink, so they make me happy.

Bath Magiclean Refill

Refill with wet hands while cleaning



Consumer Needs



● Consumers had difficulty opening the spout, and it was not easy to refill the container

- “I was not able to open the spout every time I tried, even though it says that you can tear it open with your hands on the label.”
- “This is the most difficult refill product I have ever encountered. I am disappointed since it is a wonderful product.”



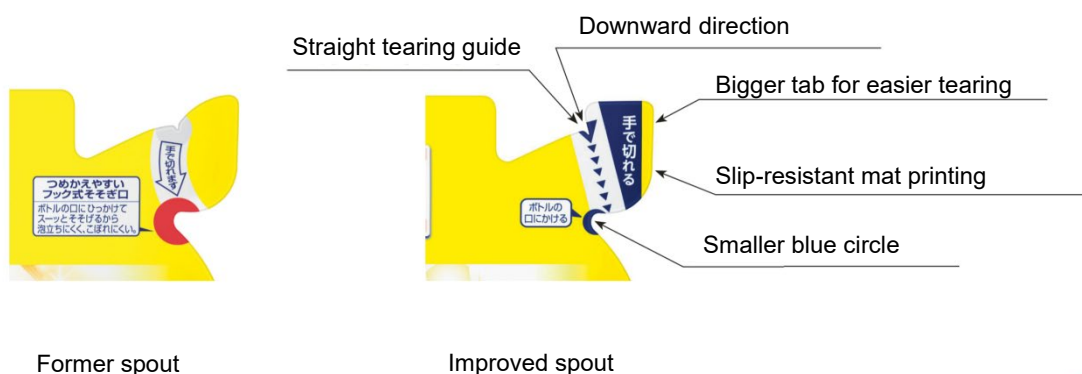
Failed to tear open

For Yoki-Monozukuri



● The spout is easier to open even with wet hands

We asked consumers and found out that they were able to open the refill pack without problem when their hands were dry, but could not open it when their hands were wet. In addition, we found that some consumers tried to tear the tab upwards instead of downwards because they mistook the red hook guide as an indicator to begin tearing. The improved refill pack is easier to hold with wet hands. The tab was improved to be bigger to make it easier to grip and designed with mat printing with small bumps to prevent slipping. We made the text “You can tear with your hand” bigger to make it easier to read. The tear guide was improved so that consumers can easily see to tear the tab from up to down. In addition, the hook guide was changed to blue circle to attract less attention. After these improvements, the number of complaints about the refill pack being difficult to open and use fell dramatically to almost none.



Consumer Feedback



- It was stressful since I could not open the pack properly and the liquid dripped out. I was able to refill the container without dripping yesterday. I was so happy about it that I made this call.
- I have presbyopia and have trouble using refill packs. I used the new refill pack and was impressed by the new tear guide on the spout.

Product Inquiries

PHONE	Hair Care / Skin Care Products	0120-165-692
	Oral Care / Bath Additives / Thermo Patch / <i>Success</i>	0120-165-696
	Beverages (<i>Healthya</i>)	0120-165-697
	Functional Foods (<i>Refine</i>)	0120-665-455
	Diapers / Sanitary Products	0120-165-695
	Laundry / Cleaning / Dish Washing Products	0120-165-693
	Pet Care	0120-165-696
	SOFINA/est	0120-165-691
	Kanebo Cosmetics	0120-518-520
	NIVEA / 8 x 4	0120-165-699

Office hours: Mon–Fri, 9:00–17:00 (excluding national holidays)

*Emergency calls such as calls about accidental ingestions will be answered 24/7 at the numbers given above.

*Your call will be recorded for quality assurance purposes.

E-mail	Kao and Nivea-Kao: https://ssl.kao.com/jp/soudan/ Kanebo Cosmetics: https://ssl.kao.com/jp/kanebo-soudan/ *Please contact us using the online form on our website
Fax	03-5630-9380
Letter	Kao Consumer Communication Center Kao Corporation 2-1-3 Bunka, Sumida-Ku, Tokyo 131-8501
Sign Language	Software: Skype Supported Language: Japanese Sign Language & Signed Japanese Skype ID: Kao and Nivea-Kao – kao[at]shur.jp Kanebo Cosmetics – kanebo[at]shur.jp Office Hours: Mon-Fri 9:00 – 17:00 (excluding national holidays)

Websites

Kao Product Catalog Product Q&A	www.kao.com/global/en/ www.kao.com/jp/products/ www.kao.com/jp/qa/
Kanebo Cosmetics	www.kanebo-cosmetics.co.jp/
Nivea-Kao	www.nivea-kao.jp/

Send comments to
consumer@kao.co.jp

Personal Information Protection

The Kao Consumer Communication Center handles various kinds of personal information. We recognize that personal information is a valuable asset and adhere to the Privacy Policy of Kao Group Companies in Japan.

Privacy Policy of Kao Group Companies in Japan

<https://www.kao.com/jp/corporate/privacy/privacy-en/>

Kao Corporation

Kao Consumer Communication Center Activity Report 2019

Published: May 2019

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