

Kao believes that the vitality derived from diversity can create new value for society. To this end, as a company, we strive to have all employees to maximize their passion and skills in an organizational culture that accepts the diverse personalities and values of individual employees, and to combine their abilities to enhance our overall capabilities.

Kao's creating value to address social issues

Social issues we are aware of

Social values and lifestyles are undergoing significant changes and are diversifying. In addition, as business becomes globalized, economic and social uncertainty has increased.

In this changing society, the number of employees who are working while dealing with problems in their lives is growing, and so is the number of employees who need to adopt different workstyles.

For a business enterprise to realize sustainable growth, it is vitally important to be accepting of diverse employees, and also to adopt a proactive approach toward social change.

Kao's creating value

By giving employees with different backgrounds the opportunity to fulfil their potential, and by pooling the capabilities of each individual employee, we can enhance the creativity and innovation of our organization, and can continue to provide products and services that realize even higher satisfaction than in the past to customers with a sense of urgency.

We will improve the work environment where employees can work regardless of personal attributes (such as nationality, gender, sexual orientation, gender identity, age and disability), and promote support for balancing work with childcare, nursing care, or family care with the aim of improving the comfort of all employees and maximizing the results of our operations.

Risks related to realization of our vision by 2030

We believe that a company that is unable to employ diverse human resources would find it difficult to achieve continuous growth. A decline in employee enthusiasm and an increase in the number of employees leaving the company, as well as difficulty in recruiting talented people, may prevent the company from fully demonstrating its overall capabilities.

Opportunities related to realization of our vision by 2030

Increasing employee enthusiasm, contributing to the company's growth and expressing a global presence within the promotion of diversity and inclusion (D&I) enhance the value that society perceives the company as providing and expand the pool of future employee candidates who want to work for Kao.

Contributions to the SDGs



Policies

By including the individual personalities and values of diverse employees, and by developing employees' passion and capabilities to the maximum extent, we can invigorate our organization and enhance its overall capabilities. Taking as a foundation the relationship of trust that has been formed through smooth communication between management and employees, we are working to create an environment in which employees can focus on their work with enthusiasm, and an culture and environment in which employees strive to make effective use of their own diverse experience in their work, and in which people feel that they are properly rewarded for doing their utmost.

Through these efforts, we aim to realize a virtuous circle of organizational and personal growth.

Education and promotion

In order to make diversity a source of vitality for our organization, we are spreading awareness of the meaning of D&I, and providing the knowledge and information needed to put it into practice. There are significant differences in the current state of diversity and in the relevant issues depending on the nature of the work being performed, etc., and depending on the individual group company or unit. With this in mind, we aim to make it possible to properly identify the issues relating to D&I promotion and to formulate and implement related plans, as well as to enable each individual employee to realize improvements in relation to the action that they need to take.

Collaboration and engagement with stakeholders

Given the rapid pace at which society is diversifying, just relying on the internal exchange of views within the company will not constitute an adequate response. With this in mind, in regard to activities that are strengthening social momentum, we are striving to take a proactive attitude toward participation in such activities, in cases where we agree with their goals. We have participated as a member of the study groups of government agencies and various organizations, giving corporate case study presentations at lectures and seminars and arranging tours of our special subsidiary, etc. when possible.

Framework

We are working to promote the recruitment, cultivation and appointment of diverse human capital in each of our organizations, while also building a framework in which the fostering of a corporate culture, that values D&I, can be promoted on multiple levels.

Matters relating to promote diversity among management candidates and strategies for the group as a whole are discussed by the Human Capital Development Committee, which consists of executive officers.

Kao Corporation has a special-purpose organization to promote and firmly established D&I throughout the group. Collaborating with a

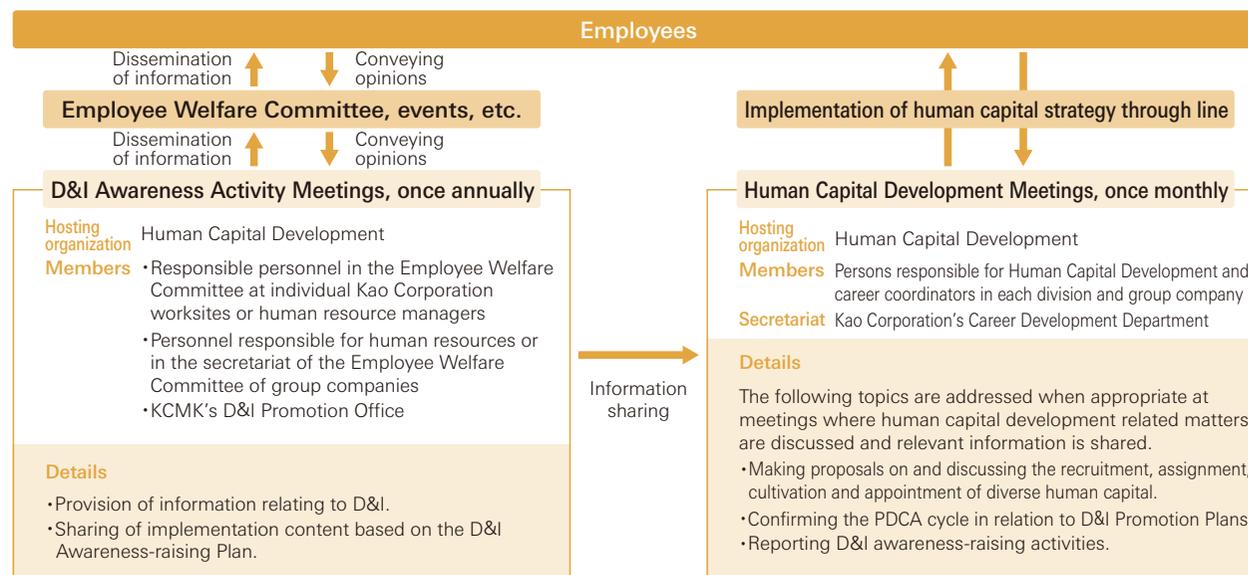
specialized organization in Kao Group Customer Marketing Co., Ltd. (KCMK) Group, and with the persons responsible for human capital development in each group company and division, we broadly share information and opinions, and deliberate, through meetings of the Human Capital Development Committee and other individual meetings.

At each of our companies and divisions within Japan, we formulate and implement D&I promotion plans based on an analysis of the current situation in each organization, so as to promote the diversification of human capital and build organizations that are accepting diversity. In this way, we aim to realize continuous improvement.

Responsible managers and personnel from nine worksites of Kao Corporation and from major group companies undertake the dissemination of information regarding D&I promotion and plan and implement related events.

Up until 2018, we held D&I Awareness Activity Meetings at which participants reported on examples of best practice and shared information about the latest D&I-related topics. We are now examining ways to adjust this system so that we can respond appropriately to each issue in line with the circumstances at individual organizations. In 2019, the responsible managers at individual organizations were approached in relation to specific topics.

Framework for D&I promotion activities



* As of December 2019.

Mid- to long-term targets and performance

Mid- to long-term targets

Responsibility for promoting D&I is shared by all employees. Our aim is to show where we need to get to and the actions we must take to get there in an easy-to-understand manner, and ensure that all employees fully understand the meaning of deriving vitality from diversity, and are able to put this into practice. In addition, we are implementing measures aimed at creating an environment and corporate culture that encourage all employees to enthusiastically play an active role in the company, regardless of gender, disabilities, or whether they have childcare, nursing care or other family responsibilities.

Anticipated benefits from achieving mid- to long-term targets

Business impacts

- Enhanced vitality, at the level of both individual employees and the organization as a whole, through a higher sense of fulfillment and pride in one's work.
- Improved employee retention and increased competitiveness in the hiring market through becoming a more attractive company to work for.
- A greater sense of unity throughout the group by implementing measures that include overseas group companies.
- As a result of the above, reduced costs relating to hiring and employee retention, and higher revenues resulting from the contribution to business

continuity and the enhanced creativity, can be expected.

Social impacts

It becomes easier to create new value, and we are able to provide better products and services that lead to customer happiness and satisfaction.

Performance in 2019

Performance

Individual group companies and divisions are proceeding with measures that address their respective issues.

Within Japan, besides the steady implementation of measures to address issues relating to employee attributes, we have also sorted out issues including employee attributes etc., so that we can determine which segments and content we need to focus on strengthening measures for in the future.

We also implemented several discussions with top management regarding the fundamental meaning of D&I promotion within the organization.

Reviews of performance

In 2019, we engaged in more in-depth discussions with top management regarding the definition of diversity and the meaning of Kao's D&I promotion activities. Through the summarizing of these discussions, we will be formulating a more concrete picture of our new D&I initiatives in 2020. In line with this, we have amended the original plan for rolling out new initiatives throughout the whole group, including overseas worksites, so that this will now take place from 2020 onwards.

Our initiatives

Promoting Participation by Diverse Human Talent

Screening and development regardless of gender and other personal attributes

We have adopted the principle of using thorough implementation of evaluation and recruitment that does not discriminate based on personal attributes, so as to foster the appointment of and active participation by the kind of human capital that we need. In order to rapidly eliminate the disparities in gender ratios—for both the number of employees and the number of managers—issues regarding gender are incorporated into the D&I promotion plans for each department, and those plans are carried out. In addition, we set target values for selecting core human capital according to the composition of the workforce, and we are steadily implementing selecting and development regardless of personal attributes. Human capital meetings conducted by executive officers engage in discussions while confirming that women are included among the candidates for senior positions.

As the number of role models available for women is more limited than for men, we encourage female managers to participate in multiple outside study groups in other industries as a part of our positive action. In addition to study groups conducted by NPOs and public service corporations, female executive officers within Kao voluntarily plan and implement study groups in collaboration with officers from other companies.

KCMK Group

At the KCMK Group, which has a particularly large

number of women employees, in 2019, as in 2018, we cooperated with the AEON Group and HOYA Vision Care and planned a cross-industry networking event for women employees just below managerial level, so that participants could broaden their outlook through dialog and exchange with a large number of other people. A total of 30 people participated in the networking event, of which 5 were from the KCMK Group.

Promoting the recruitment of non-Japanese employees at Kao Corporation's Research and Development

In relation to recruitment of researchers in Japan, Kao Corporation's Research and Development is actively recruiting non-Japanese researchers, and has set a target for the number of non-Japanese researchers to be hired. By developing collaboration among employees with diverse backgrounds, the aim is to both foster a corporate culture conducive to new value creation and help employees to achieve personal growth. To this end, besides recruiting from among foreign students studying at Japanese universities, we are also working with Kao Germany GmbH to recruit directly from overseas universities.

Some of our workplaces are making an effort to ensure that meeting materials are available in English and to foster English communication in the workplace. In addition, English-language lunch meetings for colleagues from different countries are organized by volunteers, helping to build ties beyond the directly work-related relationship.

LGBT training

To promote employee understanding of LGBT issues, we conducted e-learning for all employees in Japan, held periodic training sessions and lectures, and installed relevant signage on our multi-function toilets, etc. In 2019, we provided training for cosmetics brand staff, with 32 people participating. Since 2015, training of this kind has been held in seven sites across Japan, with a cumulative total of 425 people participating. In addition, basic information regarding LGBT issues is made available on the company intranet, so that employees can check it whenever they need to.

In coordination with the measures outlined above, we also continue to conduct ALLY* recruiting, and approximately 320 employees made declarations to date (as of December 2019). Employees who make an ALLY declaration are issued with special straps which they are asked to wear.

* ALLY participants are people who may not necessarily be LGBT themselves, but who express understanding and are supportive of LGBT people.

KCMK Group

In 2019, the KCMK Group used e-learning to promote a basic understanding of LGBT issues (for around 8,000 employees). In 2020, there will be a focus on practical application, with preparations underway for providing practical training in dealing with LGBT customers for *Kanebo* and *Sofina* beauty advisors.

Promoting better understanding of disability and promoting the employment of persons with disabilities

We position support for people with disabilities as an important part of our D&I efforts, and have formulated a basic policy of “Striving for a society where people with and without disabilities work and live together, we create workplace environments for employees with disabilities that make life easier for them and foster a sense of pride in one’s work.”

Promoting normalization

- Every year, we administer a questionnaire to employees with disabilities, asking about the current status of their disability and any problems they may be experiencing at work. Based on the answers given, where necessary we coordinate with relevant Kao personnel and provide support to help resolve the employees’ problems.
- We also assign Vocational Life Consultants for Persons with Disabilities to worksites nationwide to conduct consultations for employees with disabilities. We hold an Employees with Disabilities Support Meeting once each year to help the consultants upgrade their skills and strengthen the overall support system for persons with disabilities.
- We prepared a Disabled Person Employment Manual and a Fact Sheet for Understanding Disabilities and distributed them on the intranet to promote mutual understanding among employees with disabilities and their colleagues.
- We introduced UD Talk voice-recognition software to support communication with employees who have hearing impairments.
- For prospective employees with disabilities, we provide information about the support that the company

provides for disabled employees before they join the company, and by confirming in advance what support each employee will need, we help to reduce worry for these employees after they join the company.

- We periodically hold seminars, tours of our special subsidiary, and other events for all employees to increase understanding of disabilities. In 2019, diversity seminars focused on the Paralympics and parasports were held at two locations—Kayabacho and Ehime—with a total of 116 participants.

KCMK Group

The KCMK Group provided training for new employees with disabilities. The training aimed to get new employees thinking about how to communicate with others regarding their disability and the support they needed. It also provided opportunities for practicing this through role-playing activities with senior employees. Trainees also acquired the mindset that was needed to function properly as a working adult, for example by learning effective communication methods, sales techniques and how to build relationships with customers, etc.

Kao (Australia)

Kao (Australia) has formed a partnership with Wallara Australia Ltd., a social enterprise which helps people with disabilities to participate more fully in society. In 2019, the two companies collaborated on the establishment of a new logistics center in Melbourne, which employs people with disabilities. Around 30% of Wallara employees are now working at this logistics center.

At the Leadership Summit of Kao (Australia) that was

held in October 2019, one of the employees working at the logistics center gave a presentation about how working there had boosted the employees’ motivation. Many of the leaders attending the Summit were impressed by the employee’s comments, which they felt had deepened their understanding of diversity.

Measures implemented at special subsidiaries

Kao Peony, a special subsidiary, has actively employed persons with severe disabilities, primarily persons with intellectual disabilities, since 2005, and the production division has achieved the same production volumes as those on lines operated by persons without disabilities. The new Office Support Department that Kao Peony established in 2017 has been working to expand the scope of its business activities and employment. In 2019, Kao Peony took on a number of new tasks, including the digitalization of Kao’s internal newsletter and support for the implementation of Visceral Fat & Lifestyle Checkups, etc.

As of January 2020, a total of 61 employees work at Kao Peony, including 48 with disabilities.

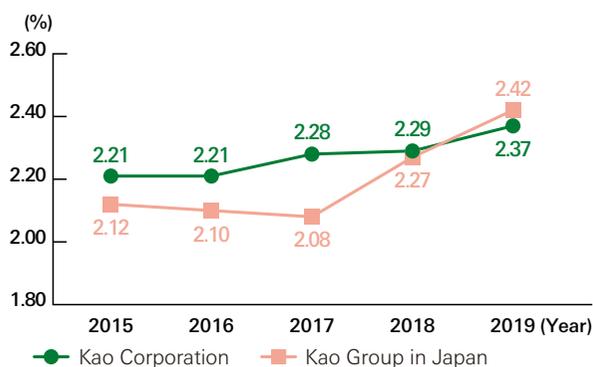


Kao Peony Office Support Department

Employment rate of persons with disabilities (Japan)

Currently, persons with disabilities account for 2.42% of the total workforce of the Kao Group in Japan, exceeding the statutory minimum rate of 2.2% (As of June 2019).

Kao Group employment rate of persons with disabilities*



As of June 1, 2019.

* Scope:

Thirteen domestic affiliates that are required to employ people with disabilities (Kao Corporation, Kao Group Customer Marketing Co., Ltd., Sofina Beauty Counseling Co., Ltd., Kanebo Beauty Counseling Co., Ltd., Kao Field Marketing Co., Ltd., Kao Professional Services Co., Ltd., Kao Sanitary Products Ehime Co., Ltd., Kao Logistics Co., Ltd., Kao Business Associe Co., Ltd., Kanebo Cosmetics Inc., e'quipe, LTD., Kao Cosmetic Products Odawara Co., Ltd. and special subsidiary Kao Peony Co., Ltd.).

Fostering active participation by senior human capital

In an era in which more and more people can expect to live to 100, Japan has been working to build an employment environment that encourages people to work longer, through the amendment of relevant laws etc., with the aim of creating a society in which diverse human talent can remain active for longer. As part of the adjustment of our personnel systems, the Kao Group in Japan has been working to expand the employment system for senior citizens, implementing measures that are focused on the following two key areas.

Expanding the scope for active participation by senior human capital

Since 2016, Kao Corporation has held open recruitment for people aged 55 or over. We are implementing careful matching of human talent with positions, expanding the opportunities for senior citizens to use their experience, specialist expertise and other strengths to include not only positions within our company but also positions at NPOs or NGOs and at intermediary support organizations, etc. In 2018, we set up a dedicated page on our intranet, which is used to disseminate relevant information and provide individual career consultations.

Support for self-directed career development

Kao Corporation organizes three seminars (with voluntary participation) for employees aged 45, 50 and 55 respectively, with the aim of getting employees to think about “What kind of lifestyle, and what kind of working style, do I want to have in the future?” from both life planning and financial planning

perspectives. These seminars are implemented in conjunction with a career consultation interview at the age of 55, to provide the support that older employees need in order to change their mindset and behavior to be ready for the future, and so that they will be aware in advance of the things they will need to learn and preparations they will need to make. Kao Group Customer Marketing Co., Ltd. and Kanebo Cosmetics Inc. also implement seminars and interviews, and we are aiming to roll out these activities throughout the group.

In the future, we will continue to expand the range of working styles available to older employees, and we will be working to expand the range of opportunities—both within and outside the company—for senior employees to utilize the experience and specialist expertise that they have accumulated at Kao to remain active and make positive contribution.



Kao Corporation's 50+ Career Seminar

Realization of diversified work styles

With the aim of making it possible for diverse employees to maximize their potential in different workplaces, we are undertaking efforts to develop environments and personnel systems that will improve workplaces and facilitate more flexible work styles.

We believe that it is important to cultivate a corporate culture where employees can make full use of the current personnel systems, and we are disseminating information and conducting training and various other programs to that end.

Systems to realize diversified work styles

The Kao Group in Japan is implementing measures to increase work-related time and location options and facilitate diversity in work styles. The systems that we have adopted include a flextime system (with no required core hours) and a working-from-home system.



→ p. 172 Main systems for supporting diversified work styles (Kao Corporation)

Starting from this year, staff at several worksites, including our Kayabacho head office, will be permitted to wear casual business clothing all year round, as we strive to create an atmosphere in which people can work in a way that feels natural to them.

Proactive utilization of ICT tools, starting with Kao Corporation's Enterprise Information Solutions

At our Enterprise Information Solutions, for meetings where the content needs to be shared with every member of the division, Microsoft Teams workplace chat software is used for relaying and recording the meetings. In this way, employees can take part in the meeting from home or while away on business trips, and employees who are unable to participate at all can view the recording content at a later date. This system also facilitates thorough sharing of the topics to be addressed at each meeting in advance, reduces the amount of time needed for meetings, and allows employees to take part in only that part of the meeting that is relevant to them. In this way, we aim to enable individual employees to use their time more efficiently. The scope of this initiative is being expanded through sharing of meeting content on our company intranet, etc., with other departments also being able to make use of video-conferencing and workplace chat functions.

We are also working to improve our information and communications technology (ICT) environment so that employees can connect to each other and utilize information systems wherever they are, by

further strengthening our document server usage environment and security measures.

Encouraging employees to take vacation time

Since 2018, we have continued to implement activities aimed at achieving the following targets: 80% or higher average vacation time usage rate for the Kao Group in Japan; 50% or higher minimum usage rate for individual employees. Each individual worksite and office is continuing its efforts to raise the vacation time usage rate, for example by designating particular days as Vacation Time Usage Promotion Days and organizing Anniversary Leave systems.

In addition, in April 2019 a change in the law made it obligatory for companies to arrange annual paid vacation periods. In response, we are encouraging employees to take five days of planned paid leave on an annual basis, with employees who do not take such leave receiving individual reminders to do so.

Support for balancing work and childcare or family care responsibilities

Seminars for employees returning from childcare leave (Tatsuno-oshigoto Seminars)

Each year, we conduct seminars for employees who are about to return to work from childcare leave (Tatsuno-oshigoto Seminars) at Kao group companies in Japan. The seminars present a concrete image of life after returning to work and help employees prepare their attitudes and raise their awareness regarding reinstatement.

Employees of Kanebo Cosmetics Inc. and other group companies can attend the seminars held at our Kayabacho head office, and these seminars are also relayed throughout Japan so that employees at all worksites can benefit from them.

Kao Corporation is also encouraging employee's partners to participate in the training with the aim of building cooperative relationships with partners in home life and career development.

In 2019, more than 80% of the employees attending these seminars were accompanied by their partners. In order to provide an environment conducive to participation by employees' partners, we arrange childcare facilities that can be used during the seminar. We will continue with these initiatives in the future, working to provide support so that more employees can realize an appropriate work-life balance together with their family members.

In the KCMK Group, these seminars place particular emphasis on raising motivation, and they include a message from the president as well as talks by female employees who already have experience of returning to work after taking childcare leave and by managers who are supervising employees who have returned to work after childcare leave. In 2019, the seminars were held on weekdays, with the aim of fostering greater understanding among both supervisors and partners and of getting employees back into the mindset of returning

to work. We also encouraged supervisors to participate actively in the seminars. In 2020, besides encouraging male employees and supervisors to participate, we also intend to roll out these seminars throughout all branches in Japan.



Kao Corporation Seminars for Employees Returning from Childcare Leave (Tatsuno-oshigoto Seminars) in 2019

F&M (Fathers & Mothers) Meetings

Kao Corporation and other group companies in Japan hold a variety of events aimed at bringing together employees who are currently, or plan to be, engaged in providing childcare, so that they can share information and communicate with one another regarding the best ways to achieve a proper work-life balance. With F&M (Fathers & Mothers) Lunch Meetings at which employees can exchange views about various pre-set topics, Senior Employee Mentoring Seminars at which employees' direct superiors discuss their own experience of balancing work and childcare responsibilities, and seminars given by external experts, we are holding these activities on an ongoing basis with different targets and in different formats. Over the past few years, there has been a steady increase in the number of male employees taking part in these events, and the level of satisfaction expressed by participants has risen, with comments such as "We were able to listen to frank opinions expressed by working mothers and fathers."

External evaluation of childcare support measures Awarding of Platinum Kurumin certification and Kurumin certification

In 2016, Kao Corporation was awarded Platinum Kurumin certification for creating a supportive workplace for employees with children, in accordance with the provisions of the Act for Measures to Support the Development of the Next Generation. Kanebo Cosmetics Inc. and Kao Group Customer Marketing Co., Ltd. (KCMK) were awarded Kurumin certification in 2009 and 2011 respectively. In 2019, Kao Transport & Logistics Co., Ltd. was also awarded Kurumin certification.



Awarding of "Yamagata Child Care and Nursing Care Support Lively Companies" certification from Yamagata Prefectural Government

In 2019, both Kao Corporation's Sakata Plant and the Yamagata Office of the Tohoku Branch of Kao Group Customer Marketing Co., Ltd. (KCMK) were awarded Diamond level certification as a Yamagata Child Care and Nursing Care Support Lively Companies certification. This certification is awarded to those business enterprises, among firms that have implemented measures to foster women's advancement and support the maintenance of work-life balance (particularly in relation to child care and nursing care) that meet certain criteria specified by Yamagata Prefectural Government. While there are three levels of certification, depending on the measures implemented, both of the recipient companies were awarded Diamond certification, the highest level, on this occasion.



Family care support measures

In accordance with our fundamental policies of enabling each individual to act independently and providing assistance based on a spirit of mutual support, we are taking measures to educate employees and to promote mutual understanding in the workplace with the aim of preventing employees from leaving work the cause of family care obligations. In 2019, internal seminars were held on topics including the provision of care for persons suffering from dementia, etc., with a total of 225 people participating. We also undertake the provision of information—including introduction of family care handbooks—and provided consultation services where appropriate.

Main support for balancing work and childcare responsibilities

- Distributing a leaflet with information on systems that support the life-work balance targeting male employees
- Conducting pre- and post-childcare leave interviews
- Encouraging communication between employees on leave and their workplace supervisors using childcare leave reports
- Holding seminars for employees returning from childcare leave (Tatsuno-oshigoto Seminars)
- Provision of an on-site day care facility (*Merries Garden*)
- Holding of F&M (Father & Mother) Meetings (discussion meetings and seminars, etc. for employees who are working mothers and fathers)
- e-learning for managers (“Work and Life Balance Management”)

Main support for balancing work and family care responsibilities

- Holding family care seminars
- Provision of family care handbooks
- Reinforcement of family care consultation skills by human resources personnel
- Establishment of an external family care consultation service

General work-life balance measures

- Individual guidance before using leave systems
- Encouraging employees to make full use of relevant allowances and services
- Provision of the Work and Life Balance Guidebook

Collaboration with stakeholders

In 2010, we signed the Women’s Empowerment Principles, which are international guidelines for women’s participation in society based on UN Women and the UN Global Compact.

Main case study presentations in 2019

- Kao Corporation President & CEO Michitaka Sawada has signed a declaration confirming Kao’s support for the 30% Club, a campaign to raise the share of female executive officers at major companies to at least 30%, and for the Declaration on Action by a Group of Male Leaders who Will Create a Society in Which Women Shine, an initiative organized by the Gender Equality Bureau of the Cabinet Office.
- Kao Corporation President & CEO Michitaka Sawada signed Kao’s declaration of support for the approach and initiatives of The Valuable 500, an international initiative established to get companies playing a leading role in building an environment in which people with disabilities can participate actively in business, society, and the economy in general, etc.



- p. 166 Our initiatives: Promoting better understanding of disability and promoting the employment of persons with disabilities
- p. 50 Universal product design

- Kao Peony Co., Ltd., our special subsidiary, has been providing support to help people with disabilities secure employment, including proactively arranging workplace visits and workplace training opportunities for students from

special needs schools.

- The division of Kao Corporation “Business Planning & Management, ESG Promotion” have collaborated with Kao Peony Co., Ltd., our special subsidiary, on holding hand washing classes for children and students with intellectual disabilities, with Kao Peony employees providing support for class implementation.



→ Corporate citizenship activities: Education for the next-generation through providing education in the classroom and educational materials
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sus-db-2020-e-all.pdf#page=77

We have given corporate case study presentations for government agencies and other organizations, with the aim of contributing to the promotion of D&I throughout society.

- Gave a case study presentation at the Japan Association of Technology Executives (JAOTEX) on the measures that we have taken for promoting women’s advancement in the workplace.
- Our case study for family care support measures is posted on the website of the Ministry of Health, Labour and Welfare (MHLW).
- Appeared at a lecture held by the Shikoku Productivity Center and reported on our family care support measures.

Inclusive & diverse workplaces

Topic External Evaluation

Kao was selected for inclusion in the 2019 Bloomberg Gender-Equality Index

In January 2019, Kao was selected for inclusion in the Bloomberg Gender-Equality Index (GEI). The GEI identifies companies that are committed to transparency in gender reporting and to advancing equality for women in the workplace. In 2019, a total of 230 companies were selected for inclusion in the GEI, of which 14 were Japanese companies.



Kao was selected by the Ministry of Economy, Trade and Industry (METI) as a Semi-Nadeshiko Brand

In March 2019, Kao was selected for the Semi-Nadeshiko Brand list as a company that has made outstanding achievements in advancing women's participation in the workplace. Semi-Nadeshiko Brands are companies whose performance was almost up to Nadeshiko Brand standard. A total of 22 companies, from all industries, were selected for inclusion in the list. Kao was recognized for undertaking evaluations and employment based on enthusiasm and ability, regardless of gender, and for developing systems that facilitate diverse work styles.



Kao ranked first in Nikkei Woman's list of the 100 Best Companies Where Women Actively Take Part

In May 2019, it was announced that Kao was ranked first overall (out of 538 companies) in the list of the 100 Best Companies Where Women Play an Actively Take Part compiled by Nikkei Woman magazine and the Nikkei Womenomics Project. Kao also ranked first in the Diversity Workstyle Promotion section. The rankings are based on a survey of the state of women's participation in each company from the two perspectives of how

female workers are motivated and how they are treated and/or appointed. The rankings are compiled based on four indicators: promotion to managerial positions, active use of women's ability, work-life balance, and diverse workstyle promotion.

Kao received the Prime Minister's Award for Leading Companies Where Women Shine from the Cabinet Office of Japan

In December 2019, Kao received the 2019 Prime Minister's Award for Leading Companies Where Women Shine, in recognition of our efforts in building a workplace environment conducive to women's advancement and in relation to disclosure of information regarding related measures and performance.

Kao was praised for its analysis of organization-specific issues and implementation of measures to address these issues, the way it encouraged employees' partners to attend seminars for employees returning from childcare leave, and its proactive approach to publicizing these measures outside the company.



Awards ceremony

Inclusive & diverse workplaces 401-3

Main systems for supporting diversified work styles (Kao Corporation)

| Main systems | Content | |
|---|---|---|
| | Childcare related | Nursing care and family care related |
| Leave | In principle, childcare leave can be taken until the first April 30 following the child's first birthday. Paid leave is provided for the first five days after the commencement of childcare leave. | Nursing care and family care leave can be taken for a maximum period of one year. During the period in which nursing care and family care leave is permitted, such leave can be taken in a maximum of three blocks of time. |
| Reduced working hours and staggered working hours | These are available until the child completes the third grade of elementary school. Either specified working hours can be reduced by up to two hours per day, or the specified time for starting work or finishing work can be adjusted. | Along with flexible working hours, this system can be utilized for a period of up to three years. Alternatively, this benefit can be taken in up to two blocks of time within the three-year period. Either specified working hours can be reduced by up to two hours per day, or the specified time for starting work or finishing work can be adjusted. |
| Flexible working hours | In principle, this can be implemented, on the request of the company, until the first April 30 following the child's first birthday. Employees can either work three days a week, or work a half day five days a week. | Along with reduced working hours and staggered working hours, this system can be utilized for a period of up to three years. Alternatively, this benefit can be taken in up to two blocks of time within the three-year period. Employees can either work three days a week, or work a half day five days a week. |
| Restriction on extra working hours | Up until the first April 30 following the child's enrollment in elementary school as a first grader, the employee can request either limits or exemption to perform work outside normal working hours, work on holidays, or work late at night. | Employees who have family members requiring nursing care or family care for a period of more than two weeks can request either limits or exemption to perform work outside normal working hours, work on holidays, or work late at night either. |
| Special leave for nursing care and family care | Special leave is available for employees who need to fulfill nursing care or family care responsibilities (up to a maximum of either 40 days a year or 20 days a year). | Special leave is available for employees who need to fulfill nursing care or family care responsibilities (up to a maximum of either 40 days a year or 20 days a year). This leave can be taken in increments of either one day, half a day, or one hour. |

| Main systems | Content | |
|--|---|--|
| | In common | |
| Flexitime system | With the exception of some shift workers, flexitime is applied to all employees, regardless of grounds. There is no required core time period. The times for the start of work and end of work are set within a flexitime range of 07:00-20:00. Settlement periods have been set at one-month units. | |
| Working-from-home system | With the exception of some shift workers, the working-from-home system is applicable to all employees. Grounds for applying to work from home include the need to provide family care or nursing care, the need to provide childcare (for children up to age of completion of the third grade in elementary school), the need to receive medical treatment for injury or illness, or operational requirements. Working-from-home can be performed in the employee's own residence, in the home of the person for whom the employee is providing family care or nursing care, or in the residence of an employee posted away from their family. Working-from-home can be utilized up to twice per week, and employees can choose either to work at home for an entire day or for only part of the day. | |
| Ability to take annual paid leave in hourly increments | Annual paid leave can be taken in hourly increments up to a maximum of five day-equivalents within any one-year period, regardless of the reason. | |
| Family leave for overseas assignments | Where an employee's spouse is on an overseas assignment and the employee wishes to accompany the spouse, a period of leave of at least one year and no more than two years can be taken. | |
| Special leave for personal injury or sickness | Special leave is available for employees who incurred a personal injury or sickness (up to a maximum of either 40 days a year or 20 days a year). In principle, this is available for periods of leave of at least 8 days. | |
| Special leave for volunteering activities | Special leave is available for employees who participate in volunteering activities approved by the company (up to a maximum of 5 days a year). This leave can be taken in increments of either one day or half a day. | |
| Refreshment leave | This leave is granted to employees who have completed 10, 20, 30 or 40 years of service with the company (up to a maximum of 5 days a year). | |

Inclusive & diverse workplaces 102-8, 401-1, 405-1

Number of Kao Group employees in 2019 (regular employees)

| | 2019 |
|---|--------|
| Total (persons) | 33,603 |
| Male (persons) | 16,946 |
| Female (persons) | 16,657 |
| Female employees as percentage of total (%) | 49.6 |
| Japan | 22,101 |
| Male (persons) | 10,809 |
| Female (persons) | 11,292 |
| Female employees as percentage of total (%) | 51.1 |
| Asia and Oceania (excluding Japan) | 7,170 |
| Male (persons) | 3,900 |
| Female (persons) | 3,270 |
| Female employees as percentage of total (%) | 45.6 |
| Europe and the Americas | 4,332 |
| Male (persons) | 2,237 |
| Female (persons) | 2,095 |
| Female employees as percentage of total (%) | 48.4 |

Status of regular employees (Kao Corporation)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------|-------|-------|-------|-------|
| Regular employees (persons) | 6,970 | 7,195 | 7,332 | 7,655 | 7,905 |
| Male | 5,414 | 5,568 | 5,631 | 5,831 | 5,979 |
| Female | 1,556 | 1,627 | 1,701 | 1,824 | 1,926 |
| Female employee ratio as percentage of total (%) | 22.3 | 22.6 | 23.2 | 23.8 | 24.4 |
| Female manager ratio as percentage of total (%) | 8.7 | 14.0 | 15.5 | 16.8 | 18.2 |
| Female managers (persons) | 90 | 336 | 381 | 432 | 479 |
| Female executive officers ratio as percentage of total (%) | 8.8 | 8.8 | 8.6 | 5.7 | 8.3 |
| Female executive officers (persons) | 3 | 3 | 3 | 2 | 3 |
| Average age (years) | 41.7 | 41.2 | 41.0 | 41.8 | 40.6 |
| Male | 42.6 | 42.0 | 41.7 | 42.6 | 41.2 |
| Female | 38.6 | 38.5 | 38.6 | 39.4 | 38.8 |
| Average length of employment (years) | 18.5 | 18.3 | 17.4 | 17.8 | 17.7 |
| Male | 19.8 | 19.4 | 18.4 | 19.2 | 18.7 |
| Female | 14.1 | 14.5 | 13.9 | 13.5 | 14.6 |
| Number of recent graduates hired (persons) | 264 | 283 | 269 | 304 | 306 |
| Male | 195 | 214 | 196 | 214 | 218 |
| Female | 69 | 69 | 73 | 90 | 88 |
| Employee turnover (%) | 0.7 | 0.5 | 0.6 | 0.7 | 0.9 |

* Company officers include executive officers.

Status of female employees in the Kao Group

| | | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------------|----------------------------|--------|--------|--------|--------|--------|
| Female employees | | | | | | |
| Global | Percentage (%) | 52.5 | 49.2 | 49.4 | 49.8 | 49.6 |
| | No. of employees (persons) | 17,340 | 16,332 | 16,590 | 16,748 | 16,657 |
| Japan | Percentage (%) | 54.8 | 50.6 | 51.3 | 51.4 | 51.1 |
| | No. of employees (persons) | 12,120 | 11,130 | 11,399 | 11,464 | 11,292 |
| Female managers | | | | | | |
| Global | Percentage (%) | 27.5 | 25.4 | 25.1 | 27.3 | 29.4 |
| | No. of employees (persons) | 1,301 | 1,700 | 1,618 | 1,799 | 1,991 |
| Japan | Percentage (%) | 10.4 | 13.1 | 14.6 | 18.4 | 21.2 |
| | No. of employees (persons) | 335 | 573 | 648 | 847 | 1,006 |
| Female executive officers | | | | | | |
| Global | Percentage (%) | 6.5 | 6.7 | 7.7 | 8.0 | 8.0 |
| | No. of employees (persons) | 11 | 11 | 14 | 16 | 16 |
| Japan | Percentage (%) | 3.1 | 4.1 | 4.5 | 6.0 | 5.7 |
| | No. of employees (persons) | 4 | 5 | 6 | 10 | 10 |

* Company officers include executive officers.

Number of persons re-employed after retirement (Kao Corporation)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------|------|------|------|------|
| Number of employees who reached retirement age* | 125 | 104 | 93 | 109 | 129 |
| Of which, Number of employees re-employed after retirement | 94 | 86 | 73 | 92 | 110 |
| Percentage | 75.2 | 82.3 | 78.5 | 84.4 | 85.3 |

* Number of employees who reached retirement age = Number of retired employees + Number of reemployment after retirement

Inclusive & diverse workplaces 401-3

Employment system utilization status (Kao Corporation)

| Employment system | 2017 | 2018 | 2019 | Unit |
|--|------|------|------|-----------|
| Average hours worked outside regular working hours (per month) | 19.5 | 18.7 | 17.7 | (Hours) |
| Average days of paid leave taken | 13.7 | 15.1 | 14.4 | (Days) |
| Average paid leave utilization rate | 72.8 | 78.8 | 74.6 | (%) |
| Average hours of leave taken in hourly increments | 1.73 | 3.30 | 2.98 | (Hours) |
| No. of employees taking childcare leave (male) | 101 | 124 | 115 | (Persons) |
| No. of employees taking childcare leave (female) | 90 | 113 | 84 | (Persons) |
| No. of employees taking reduced working hours or staggered working hours to meet childcare responsibilities (male) | 11 | 12 | 1 | (Persons) |
| No. of employees taking reduced working hours or staggered working hours to meet childcare responsibilities (female) | 85 | 102 | 122 | (Persons) |
| No. of employees taking nursing care or family care leave (male) | 2 | 2 | 0 | (Persons) |
| No. of employees taking nursing care or family care leave (female) | 2 | 2 | 2 | (Persons) |
| No. of employees taking reduced working hours or staggered working hours to meet nursing care or family care responsibilities (male) | 1 | 1 | 0 | (Persons) |
| No. of employees taking reduced working hours or staggered working hours to meet nursing care or family care responsibilities (female) | 0 | 0 | 0 | (Persons) |
| No. of employees taking family leave for overseas assignments (male) | 0 | 0 | 0 | (Persons) |
| No. of employees taking family leave for overseas assignments (female) | 6 | 8 | 8 | (Persons) |
| Average number of days of special leave for volunteering activities taken | 0.9 | 1.9 | 1.0 | (Days) |
| Total number of employees taking special leave for volunteering activities | 7 | 9 | 30 | (Persons) |
| No. of employees utilizing the working-from-home system | — | 308 | 584 | (Persons) |