

Inclusive & diverse workplaces 102-12, 102-15, 103-1, 103-2, 404-2

We firmly believe that the vitality and synergy derived from diversity drives our business developments. We therefore strive to create an environment and culture where each of our employees is able to maximize their talents and individuality, and both individuals and company can develop.



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.

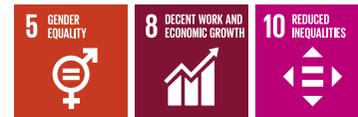
It is essential to actively approach these social changes by creating an environment where diverse employees have an opportunity to play active roles in order to create continuous corporate growth.

Kao's creating value

We work with all of our employees to upgrade the working environment of each employee and maximize the result of our operations, providing support for balancing work with childcare, nursing care or family care and putting in place an environment where employees have an opportunity to play active roles regardless of other attributes (such as nationality, gender, sexual orientation, gender identity, age and

disability). As a result, employees with diverse backgrounds play active roles, the creativity and innovation of our organization are enhanced, we are able to continue to provide products and services with speed that bring increased satisfaction in line with social changes in lifestyles and values for a diverse range of customers, and we are able to lead the way toward an increased awareness of Diversity & Inclusion (D&I) activities within society.

Contributions to the SDGs



Policies

In accordance with our corporate philosophy, the Kao Way, we have made clear our respect for diversity, recognizing that the vitality derived from diversity drives our business developments.

In order for individuals and company to grow together, we aim to become a team with diversity, respect each other as individuals, incorporate diverse perspectives and ideas, and transform them into the

power of our organization. And we also aim to create an environment where each individual can maximize their own talent and individuality.

Education and promotion

In order to make diversity a source of power 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. We conduct training (e-learning) for management, who have an important role to play here, especially in terms of emphasizing the value of diversity, and we implement educational activities for employees working with others who are in difficult situations. Furthermore, since there are great differences in diversity conditions and challenges among each division and domestic group company, we work to identify individual issues, and are also working to formulate and execute a Diversity Promotion Plan.

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Collaboration and engagement with stakeholders

In order for diversity to be a source of power for our organization, it is essential that every one of our employees understands the importance of D&I and practices it. It is also necessary that consumers, shareholders, business partners and local communities are aware of our ideas and initiatives and that we work to increase the awareness together.

Therefore, in order to promote understanding and awareness both within and outside the company, 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 also 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

Kao Corporation has a special-purpose organization (D&I, Human Capital Development) for promoting and firmly establishing D&I throughout the group. Collaborating with a specialized organization in Kao Group Customer Marketing Co., Ltd. (KCMK) Group, and the persons responsible for human capital development in each division and domestic group company, we broadly share information and opinions, and deliberate, through the Human Capital

Development Meeting and other individual meetings.

For important issues related to promoting diversity, discussion is held in the Human Capital Development Committee, which consists of executive officers.

Responsible managers and personnel of human capital development from nine Worksites of Kao Corporation and from major group companies are in charge of the dissemination of information regarding D&I promotion, and infrastructure development aimed at individual support, acceptance and retention of employees who need support.

At Kao CP Americas, not only does its Human Capital Development carry out D&I promotion

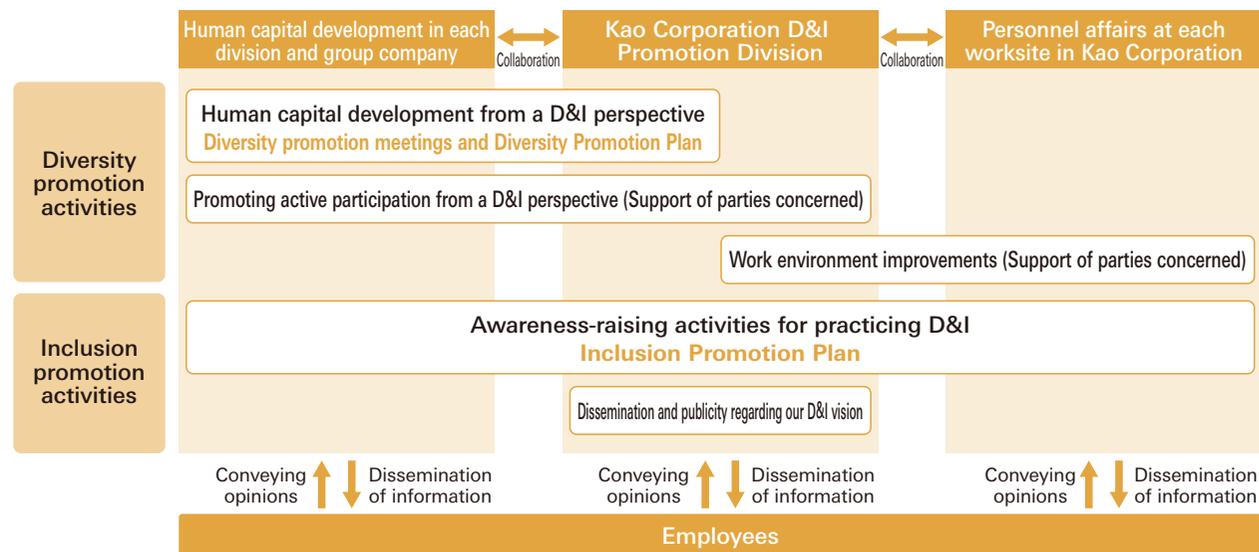
activities, it has established an Inclusion & Diversity Advisory Board, consisting of employees outside of the department, that promotes organizational change from a D&I perspective in collaboration with the Human Capital Development.

In EMEA, we have established an EMEA Diversity & Inclusion Taskforce which includes each of our employees from each country in EMEA as members, as a promotional organization to spread D&I to organizations in each country.



→ p. 18 ESG promotion structure

Framework for D&I promotion activity (within Japan)



* As of December 2020

Mid- to long-term targets and performance

Mid- to long-term targets

In order for our employees to practice D&I, it is necessary for each one to deeply understand their importance. To this end, we strive to make all our employees aware of our D&I goals and their significance, and implement measures aimed at creating an environment and corporate culture that encourages all employees to play an active role in the company.

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
- Providing better products and services to customers through ideas and innovation from a multitude of perspectives
- Improved employee retention and increased competitiveness in the hiring market through becoming a more attractive company to work for

Social impacts

Raising D&I awareness by society as a whole through the expansion of D&I in business

Performance in 2020

Performance

Within Japan, in order to more effectively carry out D&I promotion activities, we clarified the roles of Kao's D&I, HCD and personnel in charge of human capital development at each department, worksite and domestic group company.

After diversity promotion meetings discussing issues with Kao Corporation's D&I, HCD, human capital development in each division and domestic group company formulated a Diversity Promotion Plan regarding the promotion of human capital development activities from a D&I perspective.

Aimed at promoting D&I practices from our employees, Kao Corporation's D&I, HCD formulated an Inclusion Promotion Plan. Based on the plan, we implemented awareness-raising activities, including publicizing an educational video, making improvements to the D&I portal site, holding seminars on family care and spreading good examples of D&I practices in the company. Information was made available through intranet and online to prevent the spread of COVID-19 and be accessible without time and location restrictions.

Kao CP Americas highlights a different Diversity and Inclusion topic each month on the intranet. Over the course of the year, we invited a guest speaker featured on Black History Month to promote an inclusive workplace by strengthening understanding of racial background, conducted five Unconscious Bias training sessions to promote an inclusive workplace by increasing understanding and awareness of the biases that may impact the workplace, and implemented Employee Resource Group (ERG) activities to address the needs of specific

employee populations, such as women and young professionals. Our ERG's are led by passionate employees who help to foster a culture where talented individuals of varying backgrounds, experience and perspective can feel connected, valued and respected.

In the EMEA, we began discussing the future agenda within the D&I Taskforce. We tried to clarify the needs in the region with an employee survey as starting point.

Reviews of performance

Within Japan in 2020, we focused on educational activities to help employees realize how D&I is related to them. By making these activities available online, we were able to provide more employees with useful information for practicing D&I, regardless of where they work or their personal time constraints. In order to further raise employee awareness of D&I, in 2021 we will work on developing new efforts to instill the purpose and significance of D&I within the Kao Group as we continue our educational activities. In Europe and the Americas, we promoted activities based on their respective characteristics. In the future we plan to further improve and promote these activities by sharing efforts between Japan, Europe and the Americas.

Our initiatives

Promoting participation from diverse talent

Screening and development regardless of gender and other personal attributes

We thoroughly promote and evaluate employees based on their individual ability regardless of other attributes. In order to rapidly eliminate the disparities in gender ratios—for both the number of employees and the number of managers—issues regarding gender within each of our divisions and domestic group companies were discussed at diversity promotion meetings and we formulated a Diversity Promotion Plan. 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.

Diversity promotion meetings

As a new activity in 2020, we began implementing diversity promotion meetings. Under a larger theme of

human capital development from a D&I perspective (recruitment, evaluation, education and promotion, etc.), in 2020 we especially focused on female employees and those with disabilities. Individual sessions (16 in total) were held with the persons responsible for human capital development in each division and domestic group company. During this process, while coming to understand the unique current situation and different issues, we exchanged opinions toward clarifying action plans and goals for future promotion with each department and group company. In the future these diversity promotion meetings will be implemented as a place for regular exchange between Kao Corporation's D&I, HCD and each organization, and in addition to checking the progress of our 2021 action plan, aim to improve cooperation toward further enhancing D&I promotion activities within the entire Kao Group.

Devising tools for accelerating inclusion promotion activity

Conventional D&I awareness-raising activities have been implemented, mainly targeting our employees at each worksites and group company of Kao Corporation, but from 2020, at the same time Kao Corporation's D&I, HCD started taking the initiative to form an Inclusion Promotion Plan, we began aiming to accelerate inclusion promotion activities throughout the entire Kao Group in Japan by shifting

to a style that also targets other surrounding employees (superiors, colleagues, etc.).

With the spread of COVID-19, we have taken difficulties in conducting in-person group training as an opportunity to eliminate location and time restrictions by making effective use of online tools, and to devise ways to easily and frequently deliver measures to more employees.

For example, as part of our family care seminar, in addition to enabling live broadcasts and recorded viewings using online conference tools, we have established a system where employees can take classes covering three different themes per request every 30 minutes.

Regarding educational content on childcare and work compatibility, disability, LGBT and different cultures, we switched from a conventional method of distributing materials to a method of delivering short videos comprised of smaller themes five to seven minutes in length, which has been well-received due to how easy they are to understand and watch in one's free time.

Furthermore, the D&I portal site has undergone a complete renewal, where information sent to employees such as guidebooks and handbooks can be accessed and viewed easily.

Moving forward we will continue developing inclusion promotion activities to promote the realization of a positive working environment for every employee and the creation of a better organizational culture.



Portal site main page and various educational content

Development of communication measures aimed at employees unfamiliar with working in Japan and worksites accepting them (Kao Corporation)

At Kao Corporation, where there are a growing number of employees unfamiliar with Japan employed by Japanese workplaces, we created a “Communication sheet -- For person unfamiliar with Japan” distributed for trial use at relevant locations.

This sheet is a tool that aims to create an environment where people can work comfortably, promoting mutual understanding and active communication in the workplace, by sharing customs and values toward work and daily life between employees unfamiliar with Japan, their superiors and other members in advance.

Targeting main development in 2021, we are working to improve its content and conduct hearings at worksites where it is distributed.

LGBT training (Kao Corporation)

To promote employee understanding of LGBT issues, we published basic LGBT materials on our D&I portal site so that employees may refer to them at any time.

In addition we are continuing recruitment for ALLY* while providing ALLY information through educational videos, where approximately 425 employees have made statements in support of it to date (as of December 2020). Employees who make an ALLY declaration are issued with special straps which they are encouraged to wear.

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

LGBTs Lecture (KCMK Group)

Within our KCMK Group, in 2020 LGBTs lectures were held as part of Advanced Master Training for Board Certified Behavior Analysts to learn more about practical customer service.

Lectures contained group work with lively discussions on how to better serve in store customers. In addition, we are making efforts to improve our environment by creating a place for information exchange and interaction with LGBT employees utilizing online conference tools and the exchange of various opinions.

EYPIC activities (Kao CP Americas)

In Kao CP Americas, a new ERG activity, EYPIC (Empowering Young Professionals—Inspiring Change) was launched to create a network of young

professionals that will promote personal and professional empowerment tailored to their unique skills and mindsets. It aims to bridge the gap between millennials and other generations in the work place, to develop young professionals through conversations, pathways and plans tailored to young professionals, to allow all Millennials in varying departments to connect and meet, and to increase exposure of Kao to the community using the unique skillsets of millennials and young professionals within the Kao organization. Through the EYPIC Newsletter, in conjunction with Corporate Communications, we will highlight employees within Kao organization that have a story to tell about volunteering at their local animal shelter, coaching a youth sports team, or speaking out against racial injustice.

Implementation of mentoring programs (EMEA)

EMEA Mentoring has been implemented since 2014 as a successful instrument for supporting the career development of talented employees to a higher management level. We are able to ensure that expertise-transfer, corporate knowledge, networking and succession planning are handled properly, and are actively perceived from successful leaders as a value-added contribution.

In particular, women should be encouraged to pursue a career in the senior ranks and dare to pursue this path. In 2020 we have continued on this path with a total of 26 mentoring relationships.

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 Communication Sheet and distributed them on our D&I portal site to promote mutual understanding among employees with disabilities and their colleagues.
- We introduced UD Talk voice-recognition application 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 2020, as mask wearing and the implementation of social distancing measures were promoted as a response to COVID-19, we introduced communication response examples on the intranet for employees who have hearing impairments and experience major communication difficulties.
- On April 1, 2020, we acquired the Wasa Welfare Factory from Sumiya Social Welfare Corporation in Wakayama City in Wakayama Prefecture, and began handling its operation as the Kao Wakayama Plant.

The Wasa Welfare Factory was established in April of 1993 as a place supporting financial and mental independence as well as social participation, providing work to people with disabilities along with lifestyle guidance and health management, in cooperation with medical institutions and under Wakayama City and Wakayama Prefecture guidance and subsidies. Currently a total of 28 employees, including 22 with disabilities, fill smaller sized bottles of shampoo and conditioner as well as an assortment of Kao travel sets.

M2M Project (KCMK Group)

Our KCMK Group launched the M2M Project (minority ⇄ majority) aimed at generating a vitality of diversity by encouraging employees with disabilities to express themselves. As part of this project, in order to increase the presence of employees with disabilities and to fully demonstrate their aptitudes and abilities, discussion were held from various perspectives and we implemented two initiatives during the Week for People

with Disabilities in December. We will continue the expansion of these activities from 2021 onward.

Measures implemented at special subsidiaries

Kao Peony Co., Ltd., a special subsidiary, has actively employed persons with severe disabilities, primarily persons with intellectual disabilities, since it was established in 2005, and the Production Division has achieved the same production volumes as those on lines operated by persons without disabilities. Office Support that Kao Peony established in 2017 has been working to expand the scope of its business activities and employment, and as of January 2021, a total of 73 employees work at Kao Peony, including 57 with disabilities.

Efforts toward working from home during the COVID-19 crisis

As working styles became diversified in 2020 due to the spread of COVID-19, as part of our Office Support we introduced working from home for employees with intellectual disabilities, creating a permanent hybrid working environment where employee could work both from home and at office regardless of the degree of disability.

Combining computer and manual work according to employee work performance and proficiency, we introduced new origami pieces to be made by hand for internal ESG-related campaign usage.

Specifically, we used folded flowers in the creation of our Pink Ribbon Campaign panels exhibited at eight worksites nationwide. Many employees who viewed these panels praised them by expressing how touched they were by the warmth and care they felt put into the making of each one identical.

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PR panel exhibit (Kashima Office) Note: Masks were only removed when taking this photo.



→ Corporate citizenship activities >
Support for cancer education through the Pink Ribbon Campaign

www.kao.com/content/dam/sites/kao/
www.kao.com/global/en/sustainability/pdf/sus-db-2021-e-all.pdf#page=98

Employment rate of persons with disabilities (Japan)

Currently, persons with disabilities account for 2.61% of the total workforce of the Kao Group in Japan, exceeding the statutory minimum rate (as of June 2020).

Kao Group employment rate of persons with disabilities*



* 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 non-profit or non-governmental intermediary support organizations. 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 importance of refamiliarization and preparing for the future.

In 2020 we switched from holding in-person seminars to holding them online as to prevent the spread of COVID-19. When we asked employees who attended these seminars for their opinions, many expressed they were able to make their thoughts clear through written correspondence and interaction, and felt it was meaningful to hear ideas from other participants. Going forward we would like to improve this attendance rate so that we may provide more employees with the opportunity to think about future work and life styles.

KCMK 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.

Realization of diversified workstyles

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

Especially in 2020 as a countermeasure against COVID-19, we worked to expand opportunities to work from home and make remote work environment improvements, while making as much effort as possible to incorporate disease countermeasures at workplaces by wearing masks, installing disinfectant, washing hands and thorough disinfection.

Going forward, we aim to realize a new way of working as we strive to balance infection prevention measures and business, searching for systems suitable for each department and occupation field to conduct business, along with reviewing our personnel system.

Systems to realize diversified workstyles

The Kao Group in Japan is implementing measures to increase work-related time and location options and facilitate diversity in workstyles. The systems that we have adopted include a flextime system (with no required core hours) and a remote work system. Based on job type and nature of work, the entire Group is proceeding with studies and trials on more effective diverse working styles.



→ p. 196 Main systems for supporting diversified workstyles (Kao Corporation)

Workstyles during the COVID-19 crisis

In 2020, as a countermeasure against the spread of COVID-19, we implemented special measures for a remote work system, originally set up for employees who have specific reasons such as child care or family care, for all of our employees except for those in certain fields such as sales or production. In 2021 we are considering a remote work and related system, reviewing the conventional remote work system, in light of COVID-19.

Encouraging employees to take vacation time

Since 2018, the Kao Group in Japan has continued to implement activities aimed at achieving the following targets: 80% or higher average vacation time usage rate; 50% or higher minimum usage rate for individual employees. However in 2020 due to the effects of COVID-19 which prevented employees from leaving home, the average vacation time usage rate for the group fell below the previous year. Even as flexible workstyles are increasing with regard to workplaces and working hours, we will continue to make efforts to improve vacation time acquisition for refreshing the mind and body and achieving a well-balanced workstyle.

Flexible work system without core time (Kao Germany)

Kao Germany has adopted a flexible annual working time model without a core working time, which eliminates several stress factors for employees with family responsibilities. It includes working from home in all areas where possible.

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. In these seminars, in addition to helping employees prepare their attitudes and raise their awareness regarding reinstatement, we encourage partner participation and communicate the importance of building cooperative relationships with partners both in family life and career development.

Currently, the content of these seminars were broadcast nationwide simultaneously from our Kao Corporation Kayabacho head office, and they were conducted in a group training format through lectures and group work with employees at worksites in various regions and at group companies such as Kanebo Cosmetics. To prevent the spread of COVID-19, in-person group training was suddenly cancelled in 2020 and various training sessions were conducted online as an alternative using a conference tool to transmit recordings. Due to the advantage this provided by making it easy for employees to take the course online at their own convenience, from 2021 we plan to review content and management methods in order to switch to conducting seminars entirely online.

KCMK Group

At our KCMK Group we are establishing New Normal reinstatement support during the era with COVID-19.

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In 2021 we will shift our efforts to improving reinstatement follow-up measures and a move toward self-chosen support options, in order to meet the diverse needs of those returning to work. We plan to give enhanced necessary support to alleviate worries in preparation of returning to work and counseling regarding concerns after. Additionally, in order to promote men's childcare leave, we are planning a seminar led by those who have taken childcare leave.

Conducting a survey about men's childcare roles

Since 2010 we have conducted regular surveys on our male Kao Group employees with newborns regarding men's roles in childcare.

We conducted this survey in 2020 as well, regarding ease when making use of the childcare support system, their impressions on taking paternity leave and so on, for the purpose of understanding current situations and issues so that male employees can actively participate in housework and childcare. In the future we strive to create an environment where men can take participative roles in childcare by referring to the responses given to this survey.

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 and KCMK and Kao Logistics were respectively awarded Kurumin certifications in 2009, 2011 and 2019.



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 2020 we held our first online seminar for employees nationwide (291 participants). In 2021 we plan to distribute a wide range of information, including a recording of this seminar, for those who could not attend.

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

- Conducting pre- and post-maternity / paternity leave interviews
- Encouraging communication between employees on maternity / paternity leave and their workplace supervisors using maternity / paternity leave reports
- Holding seminars for employees returning from maternity / paternity leave (Tatsuno-oshigoto Seminars)
- Provision of an on-site day care facility (*Merries Garden*)
- Distributing a leaflet with information on systems that support the life-work balance targeting male employees
- Conducting a survey about men's childcare roles
- Diversity Management e-learning (for managers)

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

Examples of 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.

In 2019, Kao Corporation President and Chief Executive Officer 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. The President and Chief Executive Officer also signed a declaration 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.

Key aspects of performance in 2020

- Kao Corporation President and Chief Executive Officer participated in 30% Club TOPIX Presidents' Committee where members exchanged and discussed their opinions. In addition, employees participated in a mentoring program planed by the PM team* for young women and female candidates for executive positions. In addition the President and Chief Executive Officer gathered female candidates for executive positions in each company, holding a mentorship program exchange meeting.

* PM team

Consists of the representatives and managers responsible for promoting female empowerment (and D&I) within their companies

- With regard to The Value 500, in 2020 we worked on sharing conditions and exchanging opinions with related departments within the company and global survey responses received from our member companies.



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- Kao Peony, our special subsidiary, has been providing support to help people with disabilities secure employment, including arranging workplace visits and workplace training opportunities for students from special needs schools.
- 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.
- We introduced our efforts to promote D&I at a seminar about women empowerment in Ibaraki Prefecture.



External evaluation

Kao was selected for inclusion in the 2020 Bloomberg Gender-Equality Index

In January 2020, Kao was selected for inclusion in the Bloomberg Gender-Equality Index (GEI) for its second year in a row. The GEI identifies companies that are committed to transparency in gender reporting and to advancing equality for women in the workplace. In 2020, a total of 325 companies were selected for inclusion in the GEI, from 42 countries and regions.

Kao was selected by the Ministry of Economy, Trade and Industry as a Nadeshiko Brand

In March 2020, Kao was selected for the Nadeshiko Brand list as a company that has made outstanding achievements in advancing women's participation in the workplace. The Nadeshiko Brand is a joint effort between the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to accelerate government efforts to promote women's advancement as the core of its growth strategy, with plans to select and publicize companies that are promoting active participation by women, including the creation of an environment where they are able to continue working. At Kao, in order to promote a more flexible and diverse workstyle, we have established a flextime system (with no required core hours), leave taken in hourly increments, and—to be more compatible with family care including caregiving and childcare—one with reduced hours, a system for taking leave and working-from-home system, which we encourage our employees to use. These efforts and financial performance were thoroughly evaluated.



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Main systems for supporting diversified workstyles (Kao Corporation)

Main systems	Content	
	Childcare related	Nursing care and family care related
Leave	In principle, maternity / paternity 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 be 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 2020 (regular employees)*

	2019	2020
Total (persons)	33,603	33,449
Male (persons)	16,946	16,814
Female (persons)	16,657	16,635
Female employees as percentage of total (%)	49.6	49.7
Japan	22,101	22,038
Male (persons)	10,809	10,715
Female (persons)	11,292	11,323
Female employees as percentage of total (%)	51.1	51.4
Asia and Oceania (excluding Japan)	7,170	7,202
Male (persons)	3,900	3,914
Female (persons)	3,270	3,288
Female employees as percentage of total (%)	45.6	45.7
Europe	-	2,830
Male (persons)	-	1,514
Female (persons)	-	1,316
Female employees as percentage of total (%)	-	46.5
Americas	-	1,379
Male (persons)	-	671
Female (persons)	-	708
Female employees as percentage of total (%)	-	51.3

* Excluding Board of Directors and Audit & Supervisory Board Members in Japan

Status of regular employees (Kao Corporation)*

	2016	2017	2018	2019	2020
Regular employees (persons)	7,195	7,332	7,655	7,905	8,135
Male	5,568	5,631	5,831	5,979	6,077
Female	1,627	1,701	1,824	1,926	2,058
Female employee ratio as percentage of total (%)	22.6	23.2	23.8	24.4	25.3
Female manager ratio as percentage of total (%)	14.0	15.5	16.8	18.2	20.1
Female managers (persons)	336	381	432	479	546
Female executive officers ratio as percentage of total (%)	8.8	8.6	5.7	8.3	8.3
Female executive officers (persons)* ²	3	3	2	3	3
Average age (years)	41.2	41.0	41.8	40.6	40.5
Male	42.0	41.7	42.6	41.2	41.0
Female	38.5	38.6	39.4	38.8	38.9
Average length of employment (years)	18.3	17.4	17.8	17.7	17.4
Male	19.4	18.4	19.2	18.7	18.3
Female	14.5	13.9	13.5	14.6	14.7
Number of recent graduates hired (persons)	283	269	304	306	264
Male	214	196	214	218	176
Female	69	73	90	88	88
Employee turnover (%)	0.5	0.6	0.7	0.9	0.7

* Excluding Board of Directors and Audit & Supervisory Board Members.
Executive officers includes Board of Directors, Audit & Supervisory Board Members and executive

Status of female employees in the Kao Group*

		2016	2017	2018	2019	2020
Female employees						
Global	Percentage (%)	49.2	49.4	49.8	49.6	49.7
	No. of employees (persons)	16,332	16,590	16,748	16,657	16,635
Japan	Percentage (%)	50.6	51.3	51.4	51.1	51.4
	No. of employees (persons)	11,130	11,399	11,464	11,292	11,323
Asia and Oceania (excluding Japan)	Percentage (%)	-	-	-	-	45.7
	No. of employees (persons)	-	-	-	-	3,288
Europe	Percentage (%)	-	-	-	-	46.5
	No. of employees (persons)	-	-	-	-	1,316
Americas	Percentage (%)	-	-	-	-	51.3
	No. of employees (persons)	-	-	-	-	708
Female managers						
Global	Percentage (%)	25.4	25.1	27.3	29.4	28.8
	No. of employees (persons)	1,700	1,618	1,799	1,991	1,872
Japan	Percentage (%)	13.1	14.6	18.4	21.2	19.2
	No. of employees (persons)	573	648	847	1,006	865
Asia and Oceania (excluding Japan)	Percentage (%)	-	-	-	-	49.7
	No. of employees (persons)	-	-	-	-	545
Europe	Percentage (%)	-	-	-	-	48.4
	No. of employees (persons)	-	-	-	-	278
Americas	Percentage (%)	-	-	-	-	55.4
	No. of employees (persons)	-	-	-	-	184
Female executive officers						
Global	Percentage (%)	6.7	7.7	8.0	8.0	9.4
	No. of employees (persons)	11	14	16	16	19
Japan	Percentage (%)	4.1	4.5	6.0	5.7	6.0
	No. of employees (persons)	5	6	10	10	10

* Excluding Board of Directors and Audit & Supervisory Board Members in Japan.
Executive officers includes Board of Directors, Audit & Supervisory Board Members and executive officers.

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

	2016	2017	2018	2019	2020
Number of employees who reached retirement age*	104	93	109	129	174
Of which, Number of employees re-employed after retirement	86	73	92	110	144
Percentage	82.3	78.5	84.4	85.3	82.8

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

Employment system utilization status (Kao Corporation)

Employment system	Disclosure data			Unit
	2018	2019	2020	
Average hours worked outside regular working hours (per month)	18.7	17.7	14.4	(Hours)
Average days of paid leave taken	15.1	14.4	13.3	(Days)
Average paid leave utilization rate	78.8	74.6	69.6	(%)
Average hours of leave taken in hourly increments	3.30	2.98	2.41	(Hours)
No. of employees taking maternity / paternity leave (male)	124	115	108	(Persons)
No. of employees taking maternity / paternity leave (female)	113	84	100	(Persons)
No. of employees taking reduced working hours or staggered working hours to meet childcare responsibilities (male)	12	1	3	(Persons)
No. of employees taking reduced working hours or staggered working hours to meet childcare responsibilities (female)	102	122	68	(Persons)
No. of employees taking nursing care or family care leave (male)	2	0	0	(Persons)
No. of employees taking nursing care or family care leave (female)	2	2	0	(Persons)
No. of employees taking reduced working hours or staggered working hours to meet nursing care or family care responsibilities (male)	1	0	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)	8	8	3	(Persons)
Average number of days of special leave for volunteering activities taken	1.9	1.0	1.0	(Days)
Total number of employees taking special leave for volunteering activities	9	30	9	(Persons)
No. of employees utilizing the working-from-home system	308	584	7,218	(Persons)

Employees' voice

Improving each employee's sense of ownership

Mariko Arakawa

D&I, Human Capital Development,
Kao Corporation



We believe the key to promoting Kao Group's D&I lies in each employee's sense of ownership. We decided to focus of our educational activities in Japan based on the New Normal in the following three ways: (1) involving others (superiors and colleagues), (2) providing specific information that leads to changes in awareness and behavior and (3) improving online accessibility.

Giving focus to short videos under ten minutes as an implementation method. As our first attempt as a team, we had leaders organize content based on their current knowledge of each theme, and during the latter half of 2020 we produced five educational videos (Japanese and English) on these themes which were childcare and work compatibility, disability, LGBT and cultural differences. This D&I Short Video Series was praised for its easy-to-understand format and content supporting our practices, and viewed by employees of various age and occupation. (Each video was played approximately 1,000 times in two months after being posted.) In survey responses many said that they would like to apply what they had learned at work and in daily life and that it reaffirmed the importance of communication, and from 2021 we plan to continuously disseminate content covering a wide range of themes related to D&I.

Going forward, adjusting how we educate based on our current progress, we will continue to implement awareness-raising activities as one team, to create a better working environment.