

## Kao's approach

The ultimate goal of human capital development is to unlock the latent potential that every individual employee possesses. Kao's workforce is characterized by a high degree of diversity. By helping all employees to take on work that is tailored to their individual capabilities and that challenges them and helps them to grow, Kao will be able to demonstrate even higher levels of creativity in the future.

## Kao's creating value to address social issues

By the year 2030, the group aims to have established itself as a business group with a global presence. The key to realizing this vision is Challenge & Change. As an enterprise that genuinely cares about how consumers feel, we view the cultivation of human talent that is capable of responding to changes in society in the environment in which the group operates, and that is capable of operating effectively on the global stage, as a key issue.

### Contributions to the SDGs



## Policies

While continuing to promote the strengthening of our business operations, we are also working to cultivate leaders who embody the behavior and values that are the source of Kao's strength, and who represent a repository of wisdom. We are also striving to promote career development for every employee in every organization within the Kao Group, aiming to provide attractive opportunities for cultivation and growth.

In addition, we are endeavoring, on a global level, to motivate employees to develop their capabilities and careers, with support from the company, and to find, nurture and promote across the group as a whole those employees with motivation and skills, ultimately leveraging their maximum potential.

## Framework

Kao Group Global Common Training Program and Specialist Programs

		Marketing	Sales	SCM	R&D	Information Systems
SMP Level	Global Leadership Development Program II					
	Global Top Management					
MP Level	Revised Training for Promotion to G3 Level					Stage 3 Integrated IT Training
	Global Leadership Development Program I		BLDP Advanced	SC Leadership Training	Specialist Programs Managers and Supervisors Forum	Stage 2 Methodology Training (Application) Applied Application Training Applied Technology Training
	Managing Human Performance Program (MHPP)	"Marketing University" (Master Level)	BLDP Basic Sales Exchange Program	SCM Training • Global Techno-school • Global Engineer School • "High Pressure Academy" • "Anti-microbial Technology Academy" • Quality On-the-job Training (OJT) • SHIC		Science Basics Academy
LS Level	Training Program for International Assignment	"Marketing University" (Basic Level)	AC Training	Key Account Management Excellence		Stage 1 Methodology Training (Basic) Basic Application Training Basic Technology Training
	Business Skills Facilitation, negotiation, project management	Marketing Fundamentals II				
S Level	Kao Way  Integrity	Marketing Fundamentals I	Introductory Training	Field Sales Excellence	"Freshman Forum"	Specialist IT Training for New Employees
	New Employee Orientation					

SMP Level: Senior management/senior professional level  
 MP Level: Management/professional level  
 LS Level: Leading staff level  
 S Level: Staff level

## Mid- to long-term targets and performance

### Main targets

#### 1. Training program to cultivate self-directed learning and the ability to guide change

##### Global leader cultivation

- In cultivating future leaders who can drive our global business development, we collaborate with world-renowned international business schools to implement intensive training. Besides working to enhance trainees' management skills, there is also a concerted effort to build human networks and to embody and disseminate the values associated with Kao's *Yoki-Monozukuri*.

##### Providing employees with diversified cultivation support

- In-house trainers are cultivated at individual Kao business locations around the world, working with speed and attention to detail to ensure that all employees absorb the Kao Way and Kao's emphasis on integrity.
- By expanding opportunities for cross-industry exchange when employees are reaching milestones in their careers, and building networks to expand employees' perspectives, we provide stimulus for intellectually creative activity.

- We also make effective use of new learning tools such as e-learning and other Internet-enabled tools for language learning, etc. besides creating new learning environments in this way, we also actively support employees' own self-directed learning efforts.
- In Japan, recognizing the growing importance of career development that takes into account the work styles appropriate for employees who wish to continue working after the age of 60, we are implementing programs such as the Life Plan Seminar for middle-aged and older employees.

#### 2. Fair and transparent evaluation and career development support

##### Fair and transparent evaluation

- We clearly state the roles and responsibilities of our employees, and endeavor to fairly evaluate their performance on a regular basis and appropriately reflect achievements in rewards and compensation on a global basis. (Since January 2013, we have standardized our performance management system with affiliates in Japan, Europe, the Americas, and parts of Asia, and have put into full-scale operation

infrastructure to facilitate fair and transparent evaluations using common metrics.)

##### Career development support

- We have been formulating and implementing integrated career development plans and new employment policies, with the aim of realizing systematic recruitment, assignment and cultivation for the group as a whole.
- We are promoting individual career development throughout the group for all employees regardless of which Group company they are employed by and regardless of the type of employment, and are building an environment in which all employees have the opportunity to challenge themselves while working toward the achievement of forward-looking goals. (In November 2013, we also rolled out our Self Education & Development Scheme (SeEDS), which aims to support individual skills and career development, and we are moving to successively deploy and operate this scheme at Group companies in each country.)



## Performance in 2017

### Establishment of the new knowledge creation division

We have spun off the Career Development Division's education and training functions and its counseling functions to create an independent Learning & Development Division, with the aim of further strengthening the development and effective utilization of human capital, which is our most important asset.

To enable every Kao employee to unleash and combine their "wisdom" (in the sense of the innate ability to pursue essence of things and to create new value, which everyone possesses ) and generate an organizational creative innovation, the Learning & Development Division has undertaken following:

- ① Strengthening our general training program (including leadership development, intensification of training in specialist areas, and transmitting the Kao Way.)
- ② Cultivating an ethos that emphasizes self-directed learning, and creating opportunities for exchange and fusion in relation to external knowhow.
- ③ Strengthening the counseling function so that every individual employee can develop their capabilities and work with enthusiasm and drive.

Through these measures, we will be promoting the cultivation of human capital that is "capable of change, and of guiding change," to support the implementation of the Kao Group Mid-term Plan 2020 (K20.)

### Training program to cultivate self-directed learning and the ability to guide change

#### Global leader cultivation

The Global Leadership Development Program has been implemented as a global program common to all Group companies, in which members selected from individual Kao Group companies study Kao's challenges from a broader perspective and make proposals to top management.

The Program had 37 participants in 2017 (17 from Kao Group companies outside Japan, and 20 from Kao Group companies inside Japan). Since 2016, we have been working to strengthen cultivation of the next generation of leaders, by incorporating participation in business school open lectures focused on specific topics and individual presentations, etc.

In addition, we have implemented the roll-out of the Managing Human Performance Program (MHPP) in each country across the globe to strengthen line management capabilities.

In 2017, a total of 220 employees (166 male employees and 54 female employees) underwent MHPP training in Japan. Implementation of the revised MHPP program has been launched in Kao Group companies outside Japan since 2017, to foster closer coordination and collaboration throughout the group and strengthen management.

Each of these programs has received high evaluations from participants.

### Providing employees with diversified cultivation support

Starting from 2017, we have implemented a new 50+ Career Seminar for employees who have reached the age of 50 (starting with Kao Corporation), in addition to the existing Life Career Design Seminar for employees who have reached the age of 45 and the Life Plan Seminar for employees in their late 50s.

### Average training hours per employee in 2017 (consolidated): 13.0 hours

#### Expenditure on education and training per employee (consolidated)

	2015	2016	2017
Expenditure on education and training	69,000 yen	66,000 yen	58,000 yen