

Kao's approach

Kao strives to develop good workplace environments on the basis of the recognition that favorable relationships and communication with employees are one of the most important aspects of the corporate culture. In addition to creating various opportunities for dialogue with employees, we conduct employee opinion surveys periodically.

Kao's creating value to address social issues

We eliminate authoritarian approaches and place great importance on a corporate culture in which top management and employees collaboratively work together to achieve business goals.

In order to build favorable labor relations, we provide opportunities for sharing and discussion with employee representatives with regard to our current situation and policies as well as measures for human capital development.

Contributions to the SDGs



Policies

We strive to foster understanding between top management and employees by facilitating opportunities for mutual talks, with the objective of developing unity throughout the Kao Group and enhancing employee motivation. We promote mutual understanding between senior management and employees by providing opportunities for the exchange of opinions and views whereby the senior management explains priority issues such as the company's current situation, policies and human capital development to employees as well as responding to their questions. In addition, we establish an understanding of the genuine concerns and opinions of employees through actively conducting exchanges of opinions which then feed into ongoing measures to develop human capital and improve the workplace environment, among other undertakings.

We also conduct employee opinion surveys periodically to realize the goal of creating a "Great place to work." We then confirm the respective strengths and areas where improvement is needed of each organization by visualizing the organizational status using numerical data. Subsequently, we identify our challenges based on analyses of these results, and set and implement effective action plans. In these ways, Kao endeavors to consolidate the RPDCA cycle*

to improve its organization and workplaces.

* RPDCA cycle

This adds "Research" (which equates to "analysis of the current situation") to the PDCA cycle for operational improvement. Doing so has allowed us to strengthen our ability to respond to changing circumstances.

Framework

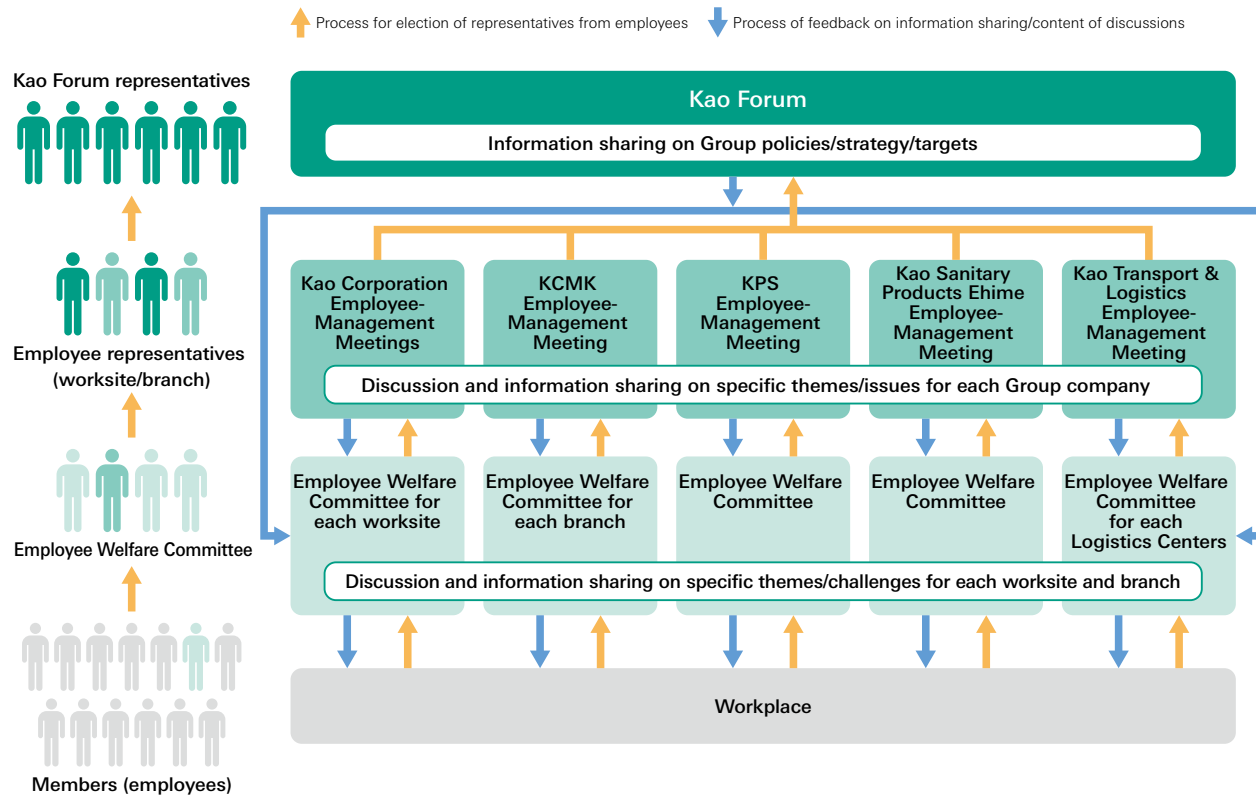
Platforms for regular dialogue with employees include Employee Welfare Committees at each worksite and branch, Employee-Management Meetings at every Group company, and the Kao Forum for the group as a whole. Employee representatives from Kao Corporation, Kao Group Customer Marketing Co., Ltd. (KCMK), Kao Customer Marketing Co., Ltd. (CMK), Kao Professional Services Co., Ltd. (KPS), Kao Transport & Logistics Co., Ltd., and Kao Sanitary Products Ehime Co., Ltd. participate in the Kao Forum. Meetings of the Employee Welfare Committee are conducted monthly, and the Employee-Management Meetings and Kao Forum are conducted twice a year. Continuous mutual information sharing on the content of the discussions and information shared at each meetings is implemented for all employees through the employee representatives and Employee Welfare Committees.

Dialogue with employees 102-44,103-1, 103-2,103-3

Kao's approach

Our initiatives

Employee dialogue structure



Mid- to long-term targets and performance

Enhance and consolidate the RPDCA cycle toward regular implementation of employee opinion surveys and organizational improvements.

Performance in 2017

- We implemented action plans that were formulated on the basis of the results obtained in the *Find* 2016 employee opinion survey.
- In January and July 2017, Employee-Management Meetings and the Kao Forum were conducted in each Kao Group company. The Kao European Forum was conducted in the European region in May 2017, with 19 employee participating as regional representatives.

At the Kao Forum, where employee representatives from different Kao Group companies are brought together, a total of 29 employee representatives participated: 15 from Kao Corporation, 10 from KCMK, two from KPS, one from Kao Sanitary Products Ehime, and one from Kao Transport & Logistics. Questions were fielded from employee representatives, which included mid-term management strategy, questions regarding the orientation of respective business areas, product development and deployment of sales measures, and work style reform, etc. Many opinions were received from employee representatives, including: "My sense of belonging to the Kao Group has increased" and "I learned more about our direction and approaches, which will serve as a useful guide for the future."

Conservation
Community
Corporate Culture
Governance

Our initiatives

Implementation of the *Find* employee opinion survey, and drafting of action plans

The *Find* employee opinion survey is implemented regularly, once every two years. In the first year, the focus is on survey implementation, results analysis and development of action plans. In the second year, the action plans are put into practice. The implementation results are then verified in the next *Find* survey, thus ensuring the effective implementation of the RPDCA cycle.

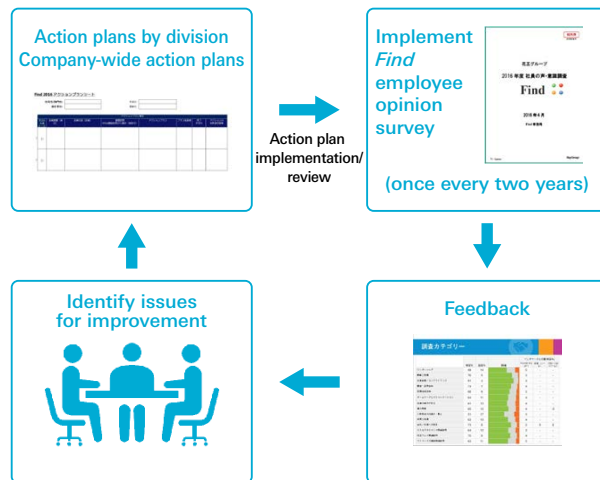
In 2017, the group as a whole worked together

to implement the action plans formulated on the basis of the survey results obtained in the 2016 *Find* survey. Taking as the basic approach the company-wide action plan that aims to "Achieve K20, foster a culture in which each employee can create changes and in which the company and the employees jointly tackle challenges," all Kao employees took a proactive stance toward the implementation of the action plans that had been formulated on the basis of existing issues in each company or division, and

after discussion with frontline employees. We have regularly confirmed progress status among the companies and employees, to ensure that action plans were put into effect properly.

The 9th *Find* employee opinion survey is scheduled to be implemented in 2018. All Kao employees will be working to strengthen the Kao Group's organizational capabilities by focusing even more closely on action plan formulation and implementation.

RPDCA to improve organizational capacities



Find employee opinion survey questionnaire items

