

Kao's approach

Employees are a company's most important asset. Kao strives to create an environment and corporate culture in which both individuals and the company can grow together through maximizing each employee's potential and making a positive contribution to society.

Kao's creating value to address social issues

Social issues we are aware of

In the midst of trends such as the digital revolution symbolized by coexistence with AI, ESG management, and the advent of a super-aged society in Japan, the optimal forms of people's lives, social systems, and jobs are undergoing major changes.

In conjunction with these changes, employment and human capital management are also entering a period of innovation. Human capital strategies that anticipate these types of changes are important for the continued growth of a company.

Kao's creating value

We are expanding our support measures in relation to childcare, nursing care and long-term care needs, and we are implementing measures to promote empowerment of female employees, promote normalization (expand employment and utilization of persons with disabilities), expand the continued employment and active utilization of older employees who have already passed retirement age, promote more flexible work styles, and raise productivity by enhancing efficiency and changing attitudes. Furthermore, reflecting our awareness of the fact that employees' health represents not only a key foundation of each employee's life but also an

important asset for the company and a fundamental source of corporate growth, we are providing active support to encourage employees to look after their own health properly. We are therefore making a global effort to promote diversity and inclusion so that all employees are able to demonstrate their different characteristics and capabilities to the maximum possible extent.

We are strengthening and promoting, on a global basis, measures to cultivate human talent that can make a wide-ranging positive contribution to society through corporate activity.

Risks related to realization of our vision by 2030

It may be difficult to secure outstanding human resources as a result of the failure to systematically implement human resource hiring, development, and assignment in a manner that anticipates major environmental changes, and this poses a risk of business stagnation.

Opportunities relating to realization of our vision by 2030

By reinforcing the development of next-generation leaders who can anticipate changes, conducting business that enables each member of a diverse

workforce to perform their work in a healthy and enthusiastic manner, and achieving growth by performing work and contributing to society, we will become a company with a global presence that undergoes continuous growth.

Contributions to the SDGs



Policies

The efforts of each and every employee to pursue individual achievements by exercising his or her own abilities and characteristics to the utmost can contribute to the success of the employer. Based on this concept, we aim to create such an environment and corporate culture.

To this end, we have defined this policy as the Guidelines for Human Capital Development and have made clear what constitutes an Ideal Organization and Ideal Human Capital. With the objective of achieving this policy, we provide various opportunities and support for employees to develop their skills and capabilities within Kao's line management framework in accordance with their own level of motivation and organizational goals.

Furthermore, we clearly state roles and responsibilities and endeavor to fairly evaluate the performance of each employee on a regular basis in order to provide fair evaluations and compensation without regard for employment status, gender, or other individual attributes.

Guidelines for Human Capital Development

Continuously improve overall efficiency based on creative and innovative activities aimed at the sustainable growth of the Kao Group through *Yoki-Monozukuri*.

(Pursuit of efficiency)

Provide a work environment where each individual's dignity is respected, and which makes full use of employees' autonomy and diversity, since the enthusiasm of all employees to display their boundless wisdom is the wellspring of creation and innovation.

(Respect for human dignity)

Integrate organizational efforts and individual efforts through creative and innovative activities so as to achieve evolution for all. Make efforts to improve policies in order to offer all individuals freedom to display wisdom, and to enable combined individual efforts to lead the Kao Group to further prosperity.

(Efforts aimed at integration)

Vision of human capital development

Ideal organization

We are committed to building organizations that are characterized by openness and frankness so as to encourage people to pursue innovation, by empowerment characterized by greater transparency, and by organizational management based on the Kao Way. We also endeavor to actualize organizations in which the entire Kao Group operates harmoniously based on the concept of an "organically functional organization" that flexibly and quickly adapts to environmental change.

Ideal human capital

1. People with consistent willingness to take on challenges
Challenge & Change
2. People with high expertise
Professional Capabilities
3. People with a global perspective
Global Perspective
4. People with the team spirit needed to achieve superior performance
Communication & Collaboration
5. People with strong ethics
Integrity

Framework

To promote activities within the group in accordance with the Guidelines for Human Capital Development, we have introduced a framework that is shared and utilized globally. For example, we manage labor costs and make use of human capital information via a global human capital information system. We also improve our organizational capabilities through the employee opinion survey *Find* and bolster our human capital management and development through the establishment of job rank, evaluation and training systems and compensation policies that are shared globally.

We pursue these activities under Senior Vice President of Human Capital Development and our matrix management structures in cooperation with the human capital development divisions of each Group company, both within and outside Japan.

Furthermore, we have set up human affairs functions within major divisions in Japan while also establishing on-site career coordinators who oversee the nurturing of each employee and provide assistance in career development.

The Human Capital Development Conference, which is made up of the persons responsible for human capital development in major divisions and group companies in Japan, meets monthly, while persons responsible for human capital development overseas meet annually to share information on and discuss policies relating to human capital development throughout the group and the status of activities at each Group company.

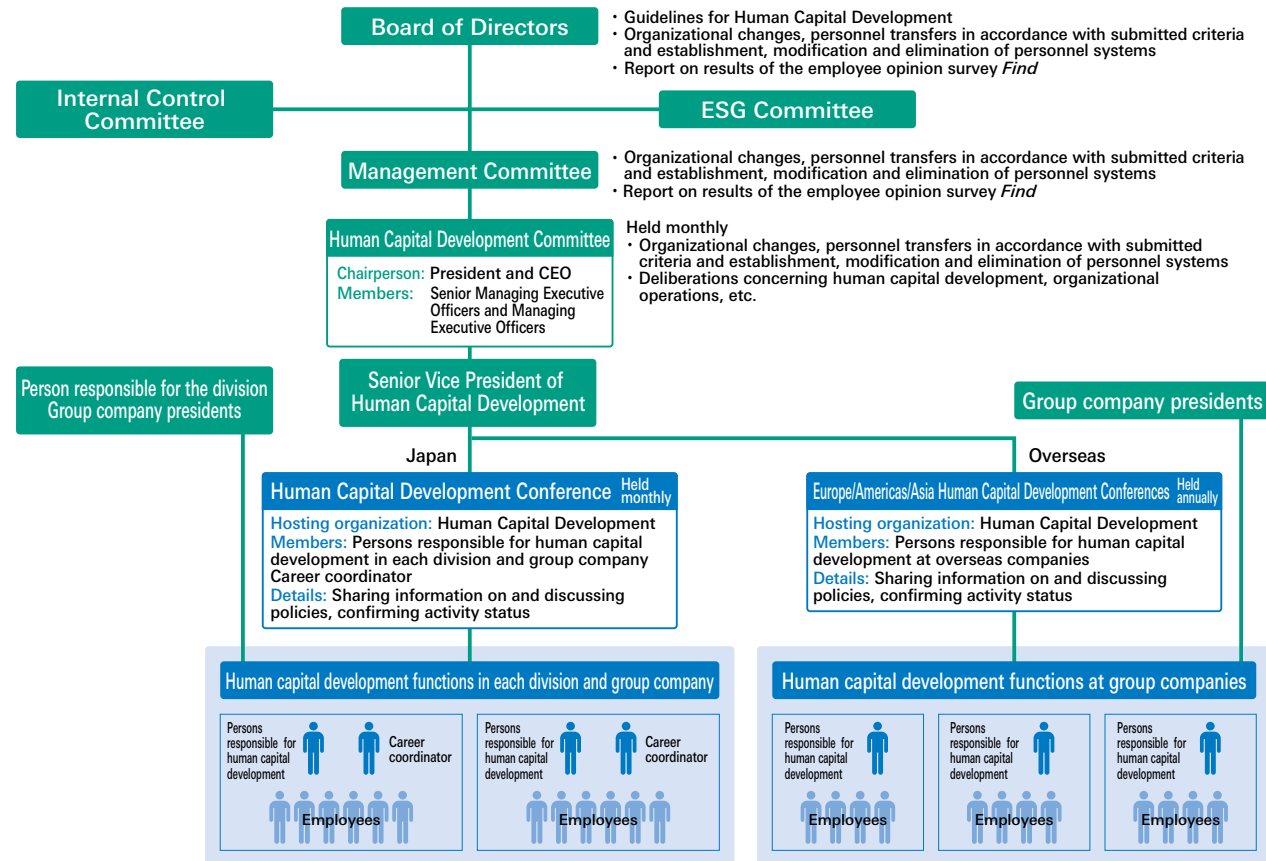
Major organizational changes, personnel transfers in accordance with submitted criteria and establishment, modification and elimination of personnel systems are deliberated on by the Board of Directors, Management

Committee and Human Capital Development Committee.

In addition to the above, the officer responsible for the Human Capital Development Division reports on human capital development policies and the results of the employee opinion survey *Find* to the Board of Directors.

The Human Capital Development Committee, where top executives participate as members, meets monthly to discuss human capital development, organizational operation and other matters in addition to deliberation matters pursuant to submitted criteria.

Human Capital Development Structures



* As of December 2018.