

## Kao's approach

The ultimate objective of human capital development is drawing out the unlimited potential of individual employees. Diverse employees of the Kao Group tackling challenging work that corresponds to their aptitudes and achieving growth leads to further demonstration of creativity at Kao.

## 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 how people live, social systems and jobs are undergoing major changes.

Along with this, for companies to understand the external environment and promote corporate transformation, it is a key that they encourage innovation in their human capital development by redefining the critical thinking and specialized knowledge and skills that are expected and develop their human capital.

### Kao's creating value

Providing environments in which individual employees can fully demonstrate their potential is the driver that creates new business opportunities and growth. We are strengthening and promoting, on a global basis, measures to cultivate human capital that can make wide-ranging positive contributions to society through our corporate activities.

### Risks related to realization of our vision by 2030

If we do not systematically implement human resource hiring, development and assignment in a manner that anticipates major environmental changes, we will not be able to achieve ongoing growth.

### Opportunities related to realization of our vision by 2030

By developing next-generation leaders who can steer us through change and developing the careers of our diverse employees, all employees can perform their tasks with enthusiasm and achieve growth by performing work and contributing to society. This in turn allows us to become a company with a global presence that realizes continuous growth.

### Contributions to the SDGs



## Policies

While continuing to forcefully advance our business, we cultivate leaders who embody the behavior and values of the Kao Way, which is the Kao Group philosophy and the source of our strength, and who represent a repository of wisdom. We also promote career development for every employee in every organization within the Kao Group, aiming to provide attractive opportunities for professional development 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.

# Human capital development 103-1, 103-2, 103-3, 404-2

Kao's approach

## 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	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)		BLDP Basic Sales	<ul style="list-style-type: none"> <li>•SCM Training</li> <li>•Global Techno-school</li> <li>•Global Engineer School</li> <li>•"High Pressure Academy"</li> <li>•"Anti-microbial Technology Academy"</li> <li>•Quality On-the-job Training (OJT)</li> <li>•SHIC</li> </ul>		Science Basics Academy
LS Level	Training Program for International Assignment	"Marketing University" (Master Level)	Exchange Program			
	Business Skills Facilitation, negotiation, project management	"Marketing University" (Basic Level)	AC Training	Key Account Management Excellence		
S Level	Kao Way  Integrity	Marketing Fundamentals II	Introductory Training	Field Sales Excellence		
	New Employee Orientation	Marketing Fundamentals I		Monozukuri Skills Transmission C	"Freshman Forum"	Specialist IT Training for New Employees

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

#### 2020 mid-term 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 high-profile international business schools to implement intensive training. Besides working to enhance trainees' management skills, we are also working to expand opportunities for them to encounter the latest discoveries in a wide range of fields and to build their personal networks. Liberal arts studies are also included as a way to cultivate a depth of insight and a strong value system.

###### **Providing employees with diversified development 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. 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 can challenge themselves while working toward forward-looking goals. We are also rolling out, in stages, our Self Education & Development Scheme (SeEDS), which aims to support individual skills and career development.

##### 3. Fair and transparent evaluations and treatment

- The basic concept of our human capital development, "highly transparent evaluations and treatment based on the role and results," is applied to employees regardless of employment type, and forms the basis for performing fair evaluations and treatment without discrimination.

- In addition to clarifying employees' duties, roles and responsibilities, we operate a system globally in which individuals' performance is regularly and fairly evaluated and reflected in treatment and compensation. We have standardized our performance management system with some of our affiliates in Japan, Europe, the Americas and Asia, and have fully put into operation infrastructure to facilitate fair and transparent evaluations using common metrics.

#### Anticipated benefits from achieving mid- to long-term targets

##### **Cost reductions or profit increase**

Higher levels of employees' skills and sense of purpose as well as retention of human capital are promoted, and individual employees fully demonstrate their abilities. With the organization as a whole generating high performance, we will be able to offer even better products and services for society, the environment and consumers. As a result, we can realize expanded profit and cost reductions.

##### **Impacts on society**

When employees boldly take on challenges without fearing change in workplaces where they feel a sense of purpose, ideas that potentially solve social problems are generated, and we can offer even better products and services aimed at realizing a sustainable society.

## Performance in 2018

### Performance

#### 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 Group companies study Kao's management challenges from a broader perspective and make proposals to top management.

The program had 31 participants in 2018 (16 from Kao Group companies outside Japan, and 15 from Kao Group companies within 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 among other means.

In addition, we have implemented the roll-out of the Managing Human Performance Program (MHPP) in countries around the world to strengthen line management capabilities.

In 2018, a total of 381 employees (189 male employees and 192 female employees) underwent MHPP training in Japan. A revised MHPP program has been implemented 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 development support

Starting in 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

	2017	2018
Average training hours	13.0	12.6

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

	2016	2017	2018
Expenditure on education and training	66,000 yen	58,000 yen	56,000 yen