

# Human Capital Development GRI 404-2

For a company to become stronger, the vitality of employees who are excited to work is essential. We strive to enhance our corporate culture, through which each of our diverse human capital has great ambition and the drive to take on challenges with dedication. As part of our corporate responsibility, we will provide a better work environment and opportunities to support employee growth.

## Social issues

In addition to intensified global competition with the development of digitalization and reforms toward the synchronization of sustainability between society and companies, since it appeared in 2020, the COVID-19 pandemic has made transformation capabilities necessary that allow for more flexibility than ever while at the same time promoting innovation.

Furthermore, values regarding individual careers and work styles are diversifying more than ever before, and in society overall, the mobility of human capital is becoming even more prevalent.

In the midst of this, we continue to maximize each employee's power and potential and make maximum use of our diverse personnel so that we will contribute to the creation of innovation and the realization of a sustainable society.

## Policies

At Kao, we believe that diverse personnel and the efforts of each and every employee to pursue individual achievements by exercising to the utmost his or her own abilities and characteristics lead to growth as an organization and become the power of our integrated approach. Based on this concept, we aim to create such an environment and corporate culture.

The following are our three policies for human capital development:

### From equality to equity

We provide opportunities for all employees to challenge themselves.

### From the relative to the absolute

We recognize, evaluate, and reward the challenges undertaken by each person.

### From the uniform and formal to the diverse and having initiative

We foster unlimited individual features, characteristics, and motivation.

In accordance with these policies, we will develop initiatives to encourage all employees to tackle the challenges and collaborate across positions, foster corporate culture, and develop human capital to lay the foundation for highly specialized, yet diverse, personnel to fully demonstrate their capabilities and create an environment to realize effective and flexible work styles.

Furthermore, we clearly state roles and responsibilities and endeavor to appropriately evaluate the contributions and challenges undertaken by each employee in order to provide fair evaluations and remuneration without discrimination based on employment status, gender, or other individual attributes. Employee remuneration is set at levels commensurate with our company's capabilities and growth and at levels ensuring market competitiveness through verification of external markets and other factors, while giving due consideration to the cost of living.

## Strategy

### Risks and opportunities

#### Risks

If our organizational culture, work-style reform, and career, skills, and health development are insufficient for allowing diverse personnel to advance, we may be unable to retain or acquire outstanding human capital, which would pose a problem for implementing plans to realize Vision by 2030.

#### Opportunities

By conducting business in a way that enables each member of our diverse workforce to constantly tackle challenges and grow in a healthy and enthusiastic manner and by encouraging collaboration across various positions premised on maintaining positive labor-management relations, we will become a company with a global presence that contributes to the realization of a sustainable society.

### Strategy

The basic concepts of the Mid-term Plan 2025 (K25) are: (1) Become an essential company in a sustainable world, (2) Transform to build a robust business through investment, and (3) Maximize the power and potential of employees. We believe we can become an essential company in a sustainable world by transforming our business with our vibrant, motivated employees who have great ambition while respecting and enhancing each other and fully committing to overcoming challenges.

To Maximize the Power and Potential of Employees, we are promoting various human capital development measures and environmental improvements based on

# Human Capital Development GRI 3-3

the two pillars of our human capital strategy: “providing opportunities for people to grow” and “providing a good work environment.”



Management Strategy and Mid-term Plan 2025 (K25)  
<https://www.kao.com/global/en/corporate/strategy-and-mid-term-plan/>

## Social impact

- Secure employment through the creation of an environment where diverse personnel can actively participate
- Better products and services and the realization of a sustainable society through making maximum use of human capital
- Contribution to solving social issues by proactively placing human capital in external organizations, such as government agencies and trade associations

To achieve our objectives, we verify and work to improve the activities of our employees and the organization and the conditions of career development, work styles, and remuneration broadly across the organization.

## Contributions to the SDGs



## Business impact

- Retention and acquisition of outstanding human capital by becoming an organization that enables more active participation from diverse personnel
- New business creation and making existing businesses more resilient, which lead to addressing social issues by fostering and implementing a culture that encourages collaboration in tackling challenges

## Governance

### Framework

After the Board of Directors discusses policies for human capital development, we discuss and deliberate the various issues and initiatives and share our progress at the monthly Human Capital Development Committee, whose members consist of top executives. In concrete terms, the committee discusses and deliberates on essential, newly established organizations and reorganization, the appointment and dismissal of key positions, plans for personnel and personnel costs, and the establishment, modification, and elimination of essential personnel initiatives. After implementing these changes, the committee conducts a review, which leads to further improvements.

In addition, 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 make use of human capital information via a global human capital information system and bolster our human capital management and development through Objectives and Key Results (OKRs). We have established job ranking, evaluation, training system, and remuneration policies that are shared globally. We pursue these activities

under Senior Vice President of Human Capital Strategy in collaboration with the human capital development divisions of each group company, both within and outside Japan.

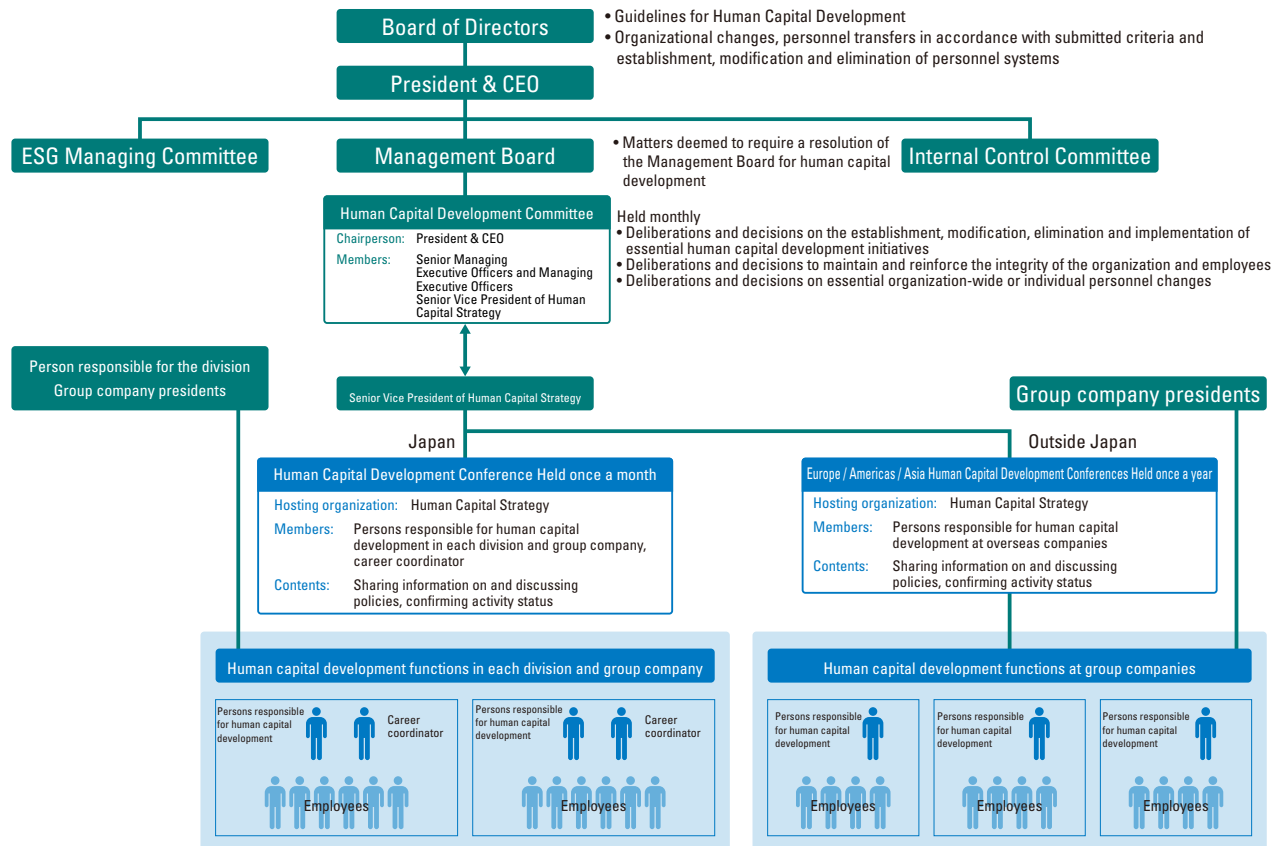
Furthermore, we have set up human affairs functions within major divisions in Japan while also establishing on-site career coordinators who oversee the nurturing of each employee and provide assistance with career development.

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

**P18** Our ESG Vision and Strategy > Governance

# Human Capital Development GRI 3-3, 404-2

## Human capital development structures



## Education and promotion

Through our internal intranet, we provide an environment where our employees can review our various policies and initiatives on human capital development at any time. We are also working to ensure that these policies and initiatives are disseminated as widely as possible by sharing them in various ways, including training for employees who have just been appointed to managerial positions and training designed to cultivate global leaders.

In addition, we strive to foster understanding between senior management and employees by facilitating opportunities for mutual dialogue, with the objective of developing a sense of unity throughout the group.

We continuously promote these activities and widely share with our employees the direction the company is going and the issues we are facing.

## Collaboration with stakeholders

We hold various activities involving the exchange of views and ideas between senior management and employees as opportunities for dialogue.

We promote mutual understanding between senior management and employees by providing opportunities for the senior management to explain priority issues, such as the company's current situation, policies, and human capital development to employees as well as responding to employees' questions.

In addition, by conducting engagement surveys, questionnaires and studies on work styles, we have established an understanding of the genuine concerns and opinions of employees, which then feeds into ongoing measures to improve human capital development policies and the workplace environment as well as improve our employees' motivation to work.

# Human Capital Development GRI 3-3

Platforms for regular dialogue with employees include Employee Welfare Committees at each office and branch, Employee-Management Meetings at every group company, and the Kao Forum for the group as a whole.

The Kao Forum is held in both Japan and EMEA (Europe, the Middle East, and Africa), with employee representatives from Kao Corporation, Kao Group Customer Marketing Co., Ltd., Kao Professional Services Co., Ltd., Kao Sanitary Products Ehime Co., Ltd., and Kao Transport & Logistics Co., Ltd. participating in the Kao Forum in Japan.

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 of the content of the discussions and information shared at each meeting is implemented for all employees through employee representatives and Employee Welfare Committees.

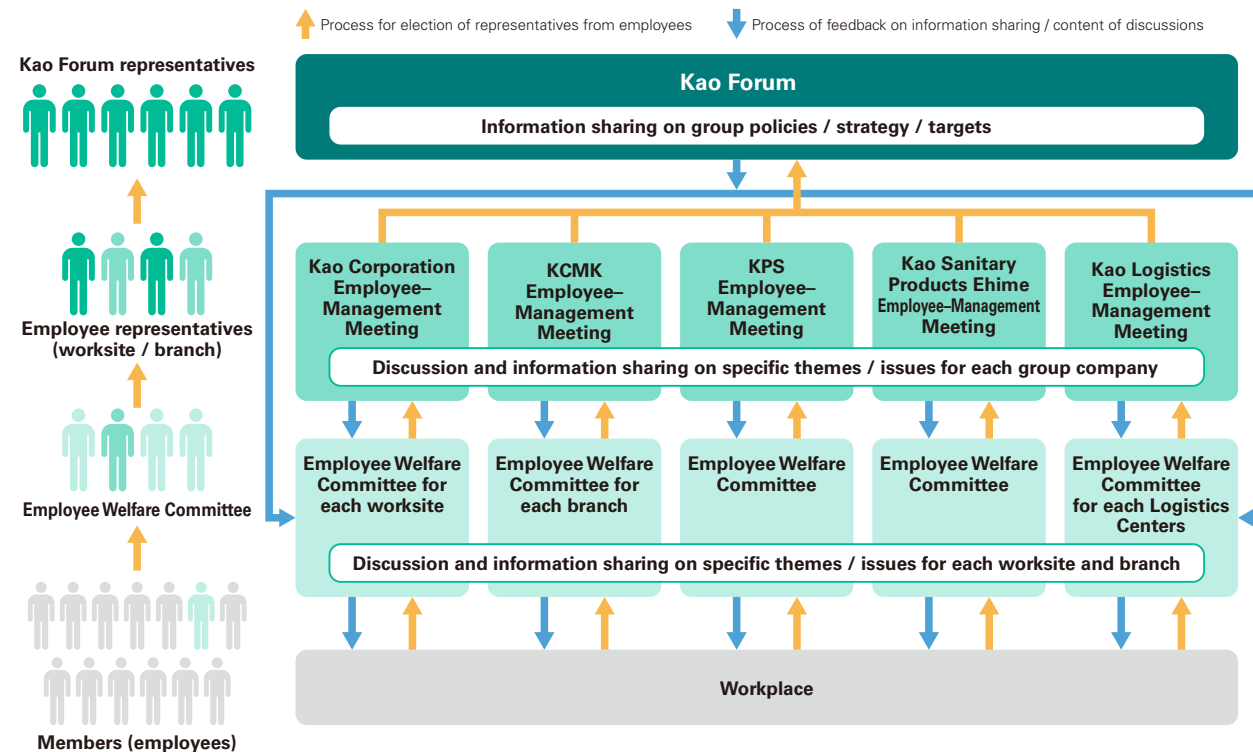
We share company policies with the local union of Kao Corporation's Wakayama Plant and Sakata Plant and the trade union of Kao Group companies and promote understanding through labor-management consultations, thereby reflecting the views of employees in management initiatives.

We recommend policy to government agencies via our participation as a member of the subcommittees of Keidanren (Japan Business Federation). We are also active in the chemical industry association and external employment-related organizations where we present case studies via external lectures, etc.

Note: Within the group as a whole, the percentage of employees who are union members is 29%.

Note: This figure excludes Kao Group member companies that do not track the number of employees who are union members. Due to reasons of information protection and freedom of association within the countries/regions where they operate, some employers do not have the right to confirm union membership.

## Employee dialogue framework



# Human Capital Development GRI 3-3

## Risk management

The Human Capital Strategy Division deliberates risks related to human capital development by using various legal revisions, social trends and statistical data from elements such as personnel, recruiting, retirement, diversity, remuneration / personnel costs / labor productivity, employment, and health management to understand trends while listening to employees through Employee-Management Meetings and engagement surveys along with other information such as the opinions of outside experts.

The risks found through these activities are confirmed by the Internal Control Committee, while issues that need to be addressed are identified at the Human Capital Development Meeting in which the supervisor of the Human Capital Strategy Division and the supervisors of human capital development at each division and company participate. Discussions on response measures and measures with major, company-wide impact are discussed by the Human Capital Development Committee, which consists of senior management, before any of them are implemented.

**P33** Our ESG Vision and Strategy > Risk Management

## Targets and metrics

### Mid- to long-term targets and 2022 results

#### Mid- to long-term targets

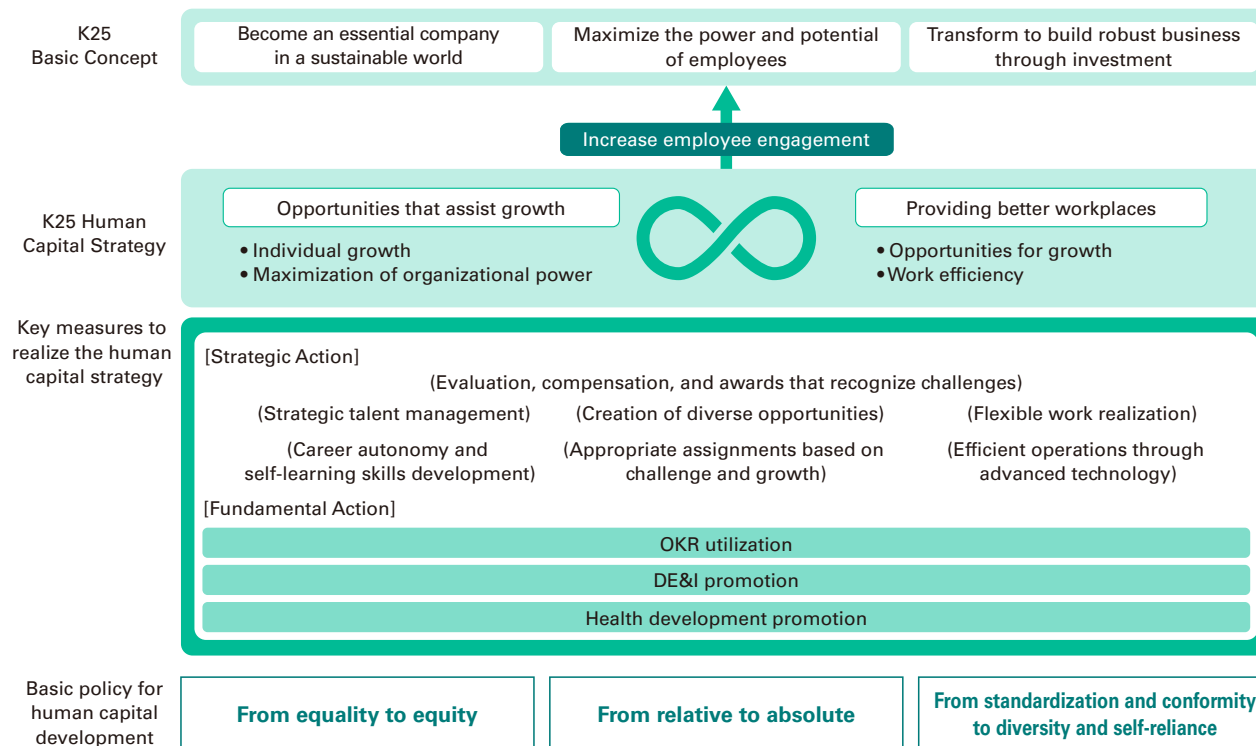
To realize the two pillars of our human capital strategy, “providing opportunities for people to grow” and “providing a good work environment,” we emphasize

the following four perspectives in measures we implement.

- Individual growth
- Maximize organizational strength
- Create an environment for growth
- Work efficiency

These three fundamental and seven strategic actions toward priority measures will act as the foundation for developing and carrying out specific initiatives.

### Position of human capital development activities achieving K25



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## Metrics and targets for realizing the human capital strategy (Updated May 2023)

Human capital strategy and actions to achieve it	KPI	2022	Target 2025
Increased engagement	• Response rate to employee engagement survey	97% <sup>*2</sup>	95%
	• Ratio of highly motivated employees Affirmative answer rate in our employee engagement survey Category: Employees' vitality	68% <sup>*2</sup>	80%

Key Initiatives	Strategic Action	Opportunities that assist growth	
		• Individual growth	• Maximization of organizational power
Providing better workplaces	Strategic talent management	• Number of candidates planned for the position for which a successor is needed (multiplier)	3.3 times <sup>*4</sup> / 7 times
		• Percentage of appointments from potential successors	17% <sup>*4</sup> / 80%
	Career autonomy and self-learning skills development	• Career recruitment (DX human capital/specialized human capital)	0.9 times (vs. 2020) / 3 times (vs. 2020)
		• Investment in employee training	1.3 times (vs. 2020) / 2 times (vs. 2020)
	Evaluation, compensation, and awards that recognize challenges	• Challenge-oriented human capital	25% <sup>*1</sup> / 50%
		• Affirmative answer rate in our employee engagement survey Category: "Organizational culture that encourages challenge"	79% <sup>*2</sup> / 75%
	Creation of diverse opportunities	• 01Kao proposal fulfillment rate	25% / 50%
		• Retention rate for the first 3 years of employment	68% / 80%
	Appropriate assignments based on challenge and growth	• Number of human capital dispatched to external organizations/companies	70 people / 200 people
		• Number of rotations across departments	438 cases / 500 cases
Flexible work realization, Efficient operations through the use of cutting-edge technology	Work satisfaction Affirmative answer rate in our employee engagement survey Category: Effective and flexible work style	74% <sup>*2</sup> / 70%	
		Workplace satisfaction Affirmative answer rate in our employee engagement survey Category: "Workplace satisfaction"	75% <sup>*2</sup> / 80%
	DX Human Capital	1.5 times <sup>*3</sup> (vs. 2020) / 3 times <sup>*3</sup> (vs. 2020)	
	Total annual hours worked per person	1,803 h / 1,810 h	

Foundational Actions	OKR utilization	• OKR implementation rate	62% / 90% <sup>*3</sup>	75% / 95% <sup>*3</sup>
		• Affirmative answer rate in our employee engagement survey Category: "Inclusive organizational culture"	69% <sup>*2</sup>	68%
	DE&I promotion	• % of female managers	31% (% of female employees: 53%)	70% of " % of female employees"
		• Affirmative answer rate in our employee engagement survey Category: "Degree of GENKI (being energetic, lively, bright)"	77% <sup>*2</sup>	80%
	Health development promotion	• Decrease in average number of long holidays	182 days <sup>*5</sup>	126 days <sup>*3</sup>
		• Long-term absenteeism rate	2.74% <sup>*5</sup>	1.5% <sup>*3</sup>

\* Counted in Kao Group unless otherwise noted.

\* Employees include those who are regular employees and those in full-time indefinite-term employment who are non-regular employees

\*1: Employee awareness survey

\*2: Of Kao Group in Japan, Kao Transport and Logistics Co. Ltd. and Inogami Co., Ltd. are not included.

\*3: Only Kao Group in Japan

\*4: Only Kao Corporation

\*5: Of Kao Group in Japan, Inogami Co., Ltd. is not included.

### Reviews of 2022 results

OKR (Objectives and Key Results), a new human capital revitalization system\* we introduced in 2021, is a mechanism\* for maximizing the organization's power by encouraging individual growth and by pooling the power of individuals in line with the company's direction.

As of 2022, we have expanded the OKR system to 90% of our employees in Japan and 62% globally. By further linking evaluation, compensation, and awards, we are creating a culture in which each of our diverse human capital has ever higher aspirations and willingness to take on challenges. In addition, we have further enhanced our programs that encourage autonomous learning to achieve the OKRs that employees have set themselves, as well as expanded programs to develop managers who can encourage growth by challenging members of the organization. We believe it is important to develop these measures in conjunction with the development of 0★1Kao, an autonomous challenge system that transcends divisions, to enable further employee growth.

In addition, based on the recognition that providing a diverse range of opportunities for employees who are willing to take on new challenges will promote further growth as well as maximize organizational strength, we have been reallocating and rotating human capital based on OKRs, career preferences, and aptitude. Through



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strategic talent management, we will continue to promote sustainable organizational management in conjunction with efforts to systematically develop business leaders who will drive the transformation and value creation necessary for the Kao Group.

Furthermore, as a foundation for maximizing individual growth and organizational strength, it is important to create an environment that can encourage such growth and enhance work efficiency. In 2022, we continued our 2021 initiatives to promote flexible work styles based on departments and roles, with the aim of achieving more effective communication and facilitating work. At the same time, we are also using web conferencing, delivery, and RPA (Robotic Process Automation) to improve the efficiency of work itself and to promote a more productive, results-driven work style. By continuously promoting these initiatives, we will increase employees' satisfaction with their work styles and workplaces.

In 2022, we expanded these initiatives and policy development beyond what we achieved the previous year. We believe it is important to further promote these activities based on a recognition that they will surely lead to employee engagement and vitality.

\* All employees specify the major challenges that they will tackle to realize an ideal society and company under the three main pillars of business contribution, ESG, and one team and my dream.

# Human Capital Development GRI 404-2

## Main initiatives

### Use of OKRs

In 2022, we established a system whereby each employee's OKRs are shared with all Kao Group employees, and employees can communicate freely with one another. We are thus accelerating collaboration across countries, regions, jobs, and positions.

An employee survey on the OKR system found that approximately 25% of employees have already set their own goals as challenges and are actively pursuing them, indicating that the OKR system is providing "opportunities for people to grow." At the same time, we have confirmed that dialogue plays an important role in promoting the OKR system, so we are providing programs aimed at improving the dialogue mindset and skills of individuals to further facilitate its spread. In particular, initiatives to improve the quality and quantity of dialogue at the management level have been meticulously implemented by division and by job level.

In addition, we have held a company-wide Dialogue Festival, provided various tools, held Kao Way workshops and webinars to support individual growth, and promoted the creation of a free and vigorous organizational culture. Our research has shown that the Dialogue Festival has had an impact on changing managers' attitudes.

For middle management, we incorporate 360-degree evaluations and self-assessments to provide opportunities for ongoing leadership and management learning. We have also launched "KURUMAZA," an interactive program in which management and participants discuss the issues facing the Kao Group. We are accelerating individual growth and maximizing organizational strength by raising our investment in education.

### Evaluation, compensation, and rewards recognizing the challenges undertaken

#### OKR target setting and evaluation

Targets in the OKR system are set on a medium- to long-term time horizon in consideration of the objectives of the organizations to which employees belong. Daily progress is monitored through regular dialogue with superiors. At the end of the fiscal year, in addition to OKR progress, we evaluate contributions and processes during the year in basic roles and reward diverse challenges. In addition, we have created a corporate culture that encourages employees to take on new challenges through activities (such as challenge-sharing meetings) in which employees share and recognize their various challenges in their workplaces.

#### Rewards

The award system, which was updated with the introduction of the OKR system, rewards employees who set big goals and take on challenges daily. There is daily appreciation (Recognition) for taking small steps toward great ambitions, which are praised and encouraged in employees' regular workplaces; a "Division Award" for challenges that serve as a model for the division; and the "President's Award" for challenges beyond the scope of the division or company, which recognizes individuals and teams according to their activities and honors taking on challenges and collaboration. In 2022, further growth opportunities have been offered, leading to 2.6 times more projects and 2.4 times more employee awards than the average of the past five years prior to the renewal.

### Promotion of 0★1Kao

0★1Kao, which launched in 2021, is an autonomous challenge system based on the open solicitation of new ideas from employees. This system enables employees to freely make proposals to realize their dreams and has developed into a space that encourages them to take on new challenges.

In particular, the "Smile Toen," a diaper subscription childcare support service for nursery schools, and the "Reduction of Environmental Impact and Improvement of In-store Work Productivity through reusable folding containers," which started in collaboration with some chain stores, are contributing to Kao's ESG-driven management initiatives.

### Strategic talent management

To realize discontinuous growth for the Kao Group, we are systematically developing business leaders who will drive the necessary reforms and new value creation as well as promoting a framework to achieve sustainable organizational management.

We identify future candidates for key senior management positions early in their careers, and we systematically and proactively train them, allocate job responsibilities to them, and assign them tasks to develop human capital who will lead the Kao Group.

**P209** Inclusive & Diverse Workplaces

**P229** Employee Wellbeing & Safety



# Human Capital Development GRI 404-2

## Career autonomy and self-learning skills development

### Providing programs that promote self-directed learning

Our self-development programs offer more than 6,000 commuter, distance, and e-learning opportunities, making it easy to learn anytime, anywhere.

During the introductory period of employment, we encourage our employees to learn the Kao Way by sticking to a group-wide face-to-face meeting format, which also serves to help them build an internal network. We also have an autonomous career development program for 45-, 50-, and 55-year-olds, which prompts them to think for themselves about their careers and reskilling as needed.

Managing Human Performance Program (MHPP) training by in-house instructors is provided on an ongoing basis for middle management, who are the key personnel for maximizing organizational strength. At each *KURUMAZA*, a different board member literally sits in a circle with participants to engage in direct dialogue and the frank exchange of ideas. With such *KURUMAZA*, participants are expected to deepen their understandings of management policies and to better link their activities to the organization's strategy. Through dialogue and resonance, we aim to help them realize the importance of collaboration and to become a driving force for expansion that transcends divisions and departments.

### DX human capital development

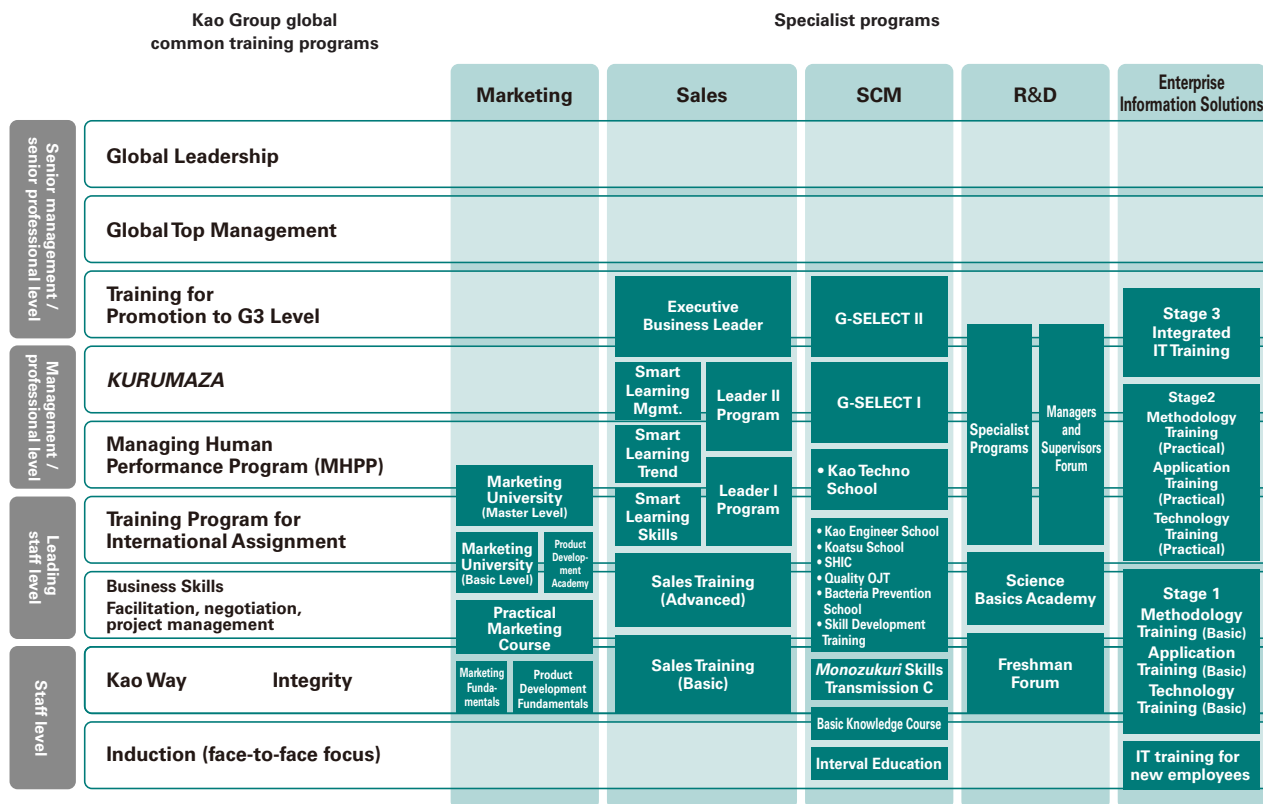
We are actively promoting learning offerings to triple our DX human capital. We provide e-learning programs for applicants to learn about AI, data science, programming, and other topics as well as to encourage the use of digital skills in their work. In

addition, each division offers detailed learning proposals for acquiring the necessary skills for DX.

# Human Capital Development GRI 404-2, 404-3

## Globally common programs and divisional specialized programs

Strengthen the development of human capital that has a high level of expertise and creativity as a source of innovation and that can maximize the potential of the Kao Group by understanding diversity, collaboration, and cooperation based on the Kao Way.



## Appropriate assignments based on challenges and growth

Based on the belief that the abilities and potential of our employees are unlimited, we aim to realize career development that enables each and every employee to play an active role. Under the “Self Education & Development Scheme (SeEDS)\* and the career coordinator system,” we carefully ascertained employees’ career aspirations, determined their aptitudes, and transferred or assigned them to internal or external positions in coordination with their supervisors.

In 2022, as a foothold to realize the Medium-term Plan, we implemented 438 cross-divisional rotations to develop the skills and careers of employees from a long-term perspective, and to strategically concentrate human capital in new businesses and areas to be strengthened, which we call Another Kao.

\* SeEDS (Self Education & Development Scheme): A system whereby employees report once a year on the skills they have acquired through their work and the directions they wish to take in their careers, and through interviews with their superiors, individual career development is promoted in a planned manner.

## Diverse opportunities for working actively

We are expanding the dispatch of employees to government and industry partner organizations with the aim of utilizing the skills and expertise of our employees in working to solve major issues that society must address. As of December 2022, 70 employees are working outside the Kao Group while making the most of their experience cultivated within the Kao Group.

# Human Capital Development GRI 404-2

## Realization of flexible work

Since the spread of COVID-19 in 2020, we have expanded remote work, such as telecommuting programs, to diversify our work locations and environments. In 2022, to further promote communication, collaboration, and co-creation among employees, we are promoting a work style that permits employees to come to work for a certain amount of time that remains appropriate for their duties and roles. As a result, at present the overall attendance rate in Japan is generally 50%.

In promoting this flexible work style, we have developed and introduced an application called SWS (Smart Work Support), which enables visualization of the telecommuting work situation. Through such measures, we will create an environment in which employees can work safely and efficiently.

## Operational efficiency through the use of advanced technologies

As hybrid work styles that combine remote work and office work are becoming more common, the office environment is changing to facilitate more flexible work styles that enable employees to exercise their creativity, such as through the development of a web conferencing environment.

Moreover, although we have been reducing and streamlining tasks related to inquiries from the past by using RPA and chatbots, we are also actively making efforts toward process improvement and efficiency by developing apps.

We are also building a system to develop the internal DX human capital needed to promote such initiatives, including training in collaboration with external organizations.

## Improvement of employee engagement

In 2022, we conducted an employee engagement survey of the Kao Group in Japan. This is the first time in four years (since 2018) that the content of the survey was significantly revised from the previous survey. With the aim of maximizing employee vitality, the Job Stress Assessment implemented under Japan's Industrial Safety and Health Act was included.

The survey results indicate that the positive response rate in the areas of "willingness to contribute," "attachment to the workplace and pride in work," "sense of purpose and satisfaction (motivation)," and "trust in management," which are considered key factors for engagement, are well above half. However, there are some items that have relatively low affirmative answer rates, such as "vitality through work" and "job satisfaction," and we will take appropriate measures to improve them. Regarding "clarity of management policy" and "opportunities to reflect employees' opinions when there are changes in the organization or work," which showed similar trends, we provide opportunities for direct dialogue between management and the Human Capital Strategy and employee representatives, such as Kao forums, employee-management meetings, and labor-management discussions with the trade union. The content will be widely disseminated and shared with employees through the company website and workplace welfare committees, leading to improvements. We will then proceed to achieve our medium- and long-term targets, while confirming and verifying the results of the annual employee engagement survey.

# Human Capital Development

## Employees' opinions

### One employee's passion can change the future of Kao Corporation

#### Takato Kondo

01Kao Secretariat,  
Corporate Planning, Corporate Strategy,  
Kao Corporation



01Kao started in July 2021 as a program that calls for ideas from all employees including commercialization and internal structure reform. Since then, the passionate ideas that have been proposed have inspired many employees to share their wisdom and offer technological support to shape these ideas and various other ideas within and outside the company, of which many have begun to come to life. On the other hand, the secretariat has also uncovered issues that need to be responded to, such as improving transparency for policy reviews and screening and realizing proposals in a swifter and more efficient manner.

One of the major characteristics of 01Kao is that anyone, regardless of experience, position, or division, is able to propose new businesses and systems. Discussions and feedback from professionals belonging to business divisions and R&D which one rarely comes in contact with is an immense stimulus to the proposer, and at the same time, it motivates participants in open discussions and supporters of the proposal to take on challenges.

In order to maximize the positive aspects of 01Kao, I will continue to strive to take prompt action on the issues uncovered through this operation and towards creating the business that will represent Kao Corporation in the future.

## Main employment systems for diverse work styles (Kao Group in Japan, excluding some affiliates)

Main systems	Content
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.
Remote work system	With the exception of some shift workers, remote work is applied to all employees, regardless of grounds. The usage of this system is set for each department based on the nature of their business and its necessity for the operation of the organization. This system can be used in increments of either one day or one hour.
Full time Remote work system	In any unavoidable circumstances for nursing care, family care, childcare, and personal injury or illness, full time remote work is available from a distance. One condition is that the employee is engaging in work that would not be hindered by working outside of the office.
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. Special leave for personal injury or sickness
Special leave for Non-work-related Injury or Illness	Special paid leave is available for employees who incurred a personal injury or illness (up to a maximum of either 40 days a year or 20 days a year), which is in principle available when for periods of leave of at least eight days is needed.
Family leave for overseas assignments	Where an employee's spouse is 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 volunteering activities	Special paid 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.
Reward Program for Continuous Service special paid leave	Special paid leave is available to commemorate 10, 20, 30 and 40 years of continuous service (up to a maximum of 5 days a year).

Note: Additionally, the system of support for childcare, nursing care and family care is mentioned in the Inclusive & Diverse Workplaces section.

## Employment system utilization status (Kao Corporation)

	2019	2020	2021	2022	Unit
Average hours worked outside regular working hours (per month)	17.7	14.4	14.3	13.4	Hours
Average days of paid leave taken	14.4	13.3	15.5	16.6	Days
Average paid leave utilization rate	74.6	69.6	80.6	85.8	%
Average hours of leave taken in hourly increments	2.98	2.41	2.71	3.15	Hours
Number of employees taking family leave for overseas assignments (male)	0	0	0	0	Persons
Number of employees taking family leave for overseas assignments (female)	8	3	6	7	Persons
Average number of special leave days taken for volunteer activities	1.0	1.0	1.3	3.0	Days
Total number of employees taking special leave for volunteer activities	30	9	90	1	Persons
Number of employees utilizing the Remote work system	584	7,218	7,781	7,653	Persons

Note: Counted in enrolled companies

Note: Regular employees only

# Human Capital Development

GRI 2-7, 2-30, 404-1

## Number of employees / management positions (Persons)

		2019			2020			2021			2022		
		Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Kao Group	Employees	33,603	16,946	16,657	33,449	16,814	16,635	33,507	16,589	16,918	35,411	16,677	18,734
	Management positions	6,770	4,779	1,991	6,501	4,629	1,872	6,539	4,567	1,972	6,974	4,845	2,129
Japan	Employees	22,101	10,809	11,292	22,038	10,715	11,323	21,816	10,485	11,331	23,584	10,404	13,180
	Management positions	4,751	3,745	1,006	4,499	3,634	865	4,495	3,574	921	4,555	3,534	1,021
Of which, Kao Corporation	Employees	7,905	5,979	1,926	8,135	6,077	2,058	8,508	6,147	2,361	8,403	5,974	2,429
	Management positions	2,637	2,158	479	2,712	2,166	546	2,919	2,245	674	2,957	2,238	719
Asia	Employees	7,170	3,900	3,270	7,202	3,914	3,288	7,057	3,876	3,181	6,948	3,848	3,100
	Management positions	1,131	592	539	1,096	551	545	1,111	554	557	1,154	605	549
Europe	Employees	2,934	1,547	1,387	2,830	1,514	1,316	3,222	1,533	1,689	3,376	1,691	1,685
	Management positions	540	276	264	574	296	278	564	268	296	920	545	375
Americas	Employees	1,398	690	708	1,379	671	708	1,412	695	717	1,503	734	769
	Management positions	348	166	182	332	148	184	369	171	198	345	161	184

Note: Data on the percentage of women is mentioned in the Inclusive & Diverse Workplaces section.

## Percentage of employees by nationality (Kao Group) (%)

		2021	2022
Japan	Employees	64.9	69.3
	Management positions	69.4	66.3
Indonesia	Employees	6.0	5.6
	Management positions	2.5	2.3
China	Employees	4.4	4.2
	Management positions	4.8	3.1
Thailand	Employees	4.1	3.6
	Management positions	5.0	4.3
Germany	Employees	2.7	2.5
	Management positions	5.8	4.8
Taiwan	Employees	1.6	1.8
	Management positions	1.6	1.6

Note: Top six countries accounting for the largest shares of employees

Note: Excluding employees where this information is not disclosed.

## Percentage of employees by age group (%)

		2021	2022
Kao Group	< 30 years old	20.6	19.3
	30–50 years old	51.4	51.9
	> 50 years old	27.9	28.7
Japan	< 30 years old	19.5	18.0
	30–50 years old	49.4	49.9
	> 50 years old	31.2	32.1

## Situation regarding union members

		2019	2020	2021	2022
Kao Group	No. of union members (persons)	11,038	10,523	13,097	12,716
	Percentage (%)	36	34	43	29
Japan	No. of union members (persons)	6,979	6,773	8,838	8,560
	Percentage (%)	32	31	40	27

Note: Excluding companies where this information is not disclosed.

## Human capital development investment per employee

		2019	2020	2021	2022
Kao Group	Average hours of training (hours)	14.13	9.19	10.47	12.98
	Average cost of training (yen)	51,000	27,000	29,000	32,000
Japan	Average hours of training (hours)	11.53	9.67	11.81	12.90
	Average cost of training (yen)	58,000	28,000	30,000	32,000

Note: Starting from 2020, training has mainly been conducted online due to the impact of the COVID-19 pandemic. The calculation standard for training hours was clarified in 2022.

Note: Counted in enrolled companies unless otherwise noted. Only employees from regular employment in 2021 and earlier. Starting from 2022, employees include those from regular employment and those in full-time indefinite-term employment from non-regular employment. As of the end of December of each year

Note: Some data does not include the following company, which accounts for 0.01 % of all Kao Group employees out of 98 consolidated companies.

Washing Systems Limited

# Human Capital Development

GRI 401-1

## Situation regarding newly hired employees

		2019	2020	2021	2022
Kao Group	Total (persons)	1,841	1,829	1,568	1,555
	Males	783	783	702	625
	Females	1,058	1,046	866	930
	Female employees as percentage of the total (%)	57.5	57.2	55.2	59.8
Japan	Total (persons)	1,023	1,001	567	208
	Males	407	402	250	110
	Females	616	599	317	98
	Female employees as percentage of the total (%)	60.2	59.8	55.9	47.1
Of which, Kao Corporation	Total (persons)	411	398	269	103
	Males	290	275	170	71
	Females	121	123	99	32
	Female employees as percentage of the total (%)	29.4	30.9	36.8	31.1

Note: Until 2020, excludes companies with HR systems not yet linked (22 out of 98 consolidated companies).

## Percentage of newly hired employees by age group (%)

		2019	2020	2021	2022
Kao Group	< 30 years old	81.5	69.3	68.0	52.5
	30–50 years old	17.7	27.4	27.0	41.3
	> 50 years old	0.9	3.3	4.0	6.2
Japan	< 30 years old	84.8	84.0	90.0	62.0
	30–50 years old	14.7	15.5	10.0	38.0
	> 50 years old	0.5	0.5	0.0	0.0

Note: Until 2020, excludes companies with HR systems not yet linked (22 out of 98 consolidated companies).

Note: Counted in enrolled companies unless otherwise noted. Only employees from regular employment in 2021 and earlier. Starting from 2022, employees include those from regular employment and those in full-time indefinite-term employment from non-regular employment. As of the end of December of each year

Note: Some data does not include the following company, which accounts for 0.01% of all Kao Group employees out of 98 consolidated companies.  
Washing Systems Limited

## Hiring cost per employee hired (yen)

	2019	2020	2021	2022
Kao Group	-	-	424,480	570,933
Japan	622,206	507,638	624,912	1,650,470

## Percentage of open positions filled by internal candidates (%)

	2019	2020	2021	2022
Kao Group	-	-	79.11	77.72
Japan	87.99	88.70	88.72	94.99

## Percentage of career hires in new hires (%)

	2019	2020	2021	2022
Kao Corporation	25.7	34.0	9.7	35.9
Kao Group Customer Marketing Co., Ltd.	19.7	15.7	8.0	17.4
Kao Beauty Brands Counseling Co., Ltd.	-	-	0.0	0.0
Kanebo Cosmetics Inc.	5.6	13.3	0.0	0.0
e'quipe, LTD.	-	-	-	100.0
Kao Logistics Co., Ltd.	0.0	0.0	0.0	*
Kao Professional Services Co., Ltd.	40.0	44.2	54.8	41.7
Nivea-Kao Company Limited	100.0	100.0	100.0	100.0
Kao Business Associe Co., Ltd.	100.0	100.0	100.0	*
Kao Sanitary Products Ehime Co., Ltd.	36.8	18.2	0.0	*
Kao Cosmetic Products Odawara Co., Ltd.	3.7	0.0	0.0	100.0
Kao Paper Manufacturing Fuji Co., Ltd	50.0	0.0	0.0	100.0
Kao Peony Co., Ltd.	100.0	100.0	0.0	*

Note: An asterisk (\*) indicates no employment

## Situation of re-employed after retirement (Kao Corporation)

	2019	2020	2021	2022
Number of employees who reached retirement age	129	174	183	237
Of which, the number of employees re-employed after retirement	110	144	165	204
Percentage (%)	85.3	82.8	90.2	86.1



# Human Capital Development GRI 401-1

## Situation regarding employee turnover (%)

		2019	2020	2021	2022
Kao Group	Total employee turnover rate	-	-	5.67	6.17
	Voluntary employee turnover rate	-	-	4.03	4.61
Japan	Total employee turnover rate	3.11	2.44	2.24	3.76
	Voluntary employee turnover rate	2.22	1.64	1.53	2.68

Note: The population used for calculating the employee turnover rate in Japan was the number of employees as of the beginning of the year, on January 1, until 2020; from 2021 onwards, this was changed to the number of employees as of the end of the year, on December 31.

## Employee turnover rate by gender (%)

		2019	2020	2021	2022
Kao Group	Male	-	-	41.18	35.10
	Female	-	-	58.82	64.90
Japan	Male	30.70	36.65	43.03	27.62
	Female	69.30	63.35	56.97	72.38

## Employee turnover rate by age group (%)

		2019	2020	2021	2022
Kao Group	< 30 years old	-	-	35.81	36.11
	30–50 years old	-	-	41.76	41.69
	> 50 years old	-	-	22.43	22.20
Japan	< 30 years old	38.45	37.57	35.45	40.92
	30–50 years old	34.29	33.33	32.99	32.02
	> 50 years old	27.26	29.10	31.56	27.06

Note: Counted in enrolled companies unless otherwise noted. Only employees from regular employment in 2021 and earlier. Starting from 2022, employees include those from regular employment and those in full-time indefinite-term employment from non-regular employment. As of the end of December of each year

Note: Some data does not include the following company, which accounts for 0.01% of all Kao Group employees out of 98 consolidated companies.  
Washing Systems Limited

## Voluntary employee turnover rate by gender (%)

		2019	2020	2021	2022
Kao Group	Male	-	-	36.77	29.78
	Female	-	-	63.23	70.22
Japan	Male	17.67	24.93	30.93	18.64
	Female	82.33	75.07	69.07	81.36

## Voluntary employee turnover rate by age group (%)

		2019	2020	2021	2022
Kao Group	< 30 years old	-	-	44.77	43.81
	30–50 years old	-	-	46.93	47.92
	> 50 years old	-	-	8.30	8.27
Japan	< 30 years old	53.41	55.07	51.05	56.08
	30–50 years old	43.37	43.01	44.45	38.86
	> 50 years old	3.22	1.92	4.50	5.06