

# Inclusive & Diverse Workplaces

To make diversity into a strength and contribute to society, we strive to create an environment and culture where each of our employees can maximize their capabilities and individuality, and both individuals and company can develop.

## Social issues

Social values and lifestyles are undergoing significant changes and are diversifying. In addition, business has become globalized, economic and social uncertainty has increased. Nowadays as people with diverse backgrounds and values are becoming consumers and employees, such as Generation Z who are said to have a different set of values compared to older generations, people's mindsets about work and life and employees' expectations for their company are changing based on thinking that is unconstrained by what was previously taken for granted.

Under such circumstances, it is essential to proactively approach these social changes by creating an environment and corporate culture where diverse employees feel motivated to work by striving to develop activities that promote Diversity, Equity and Inclusion (DE&I) as a fundamental mode of human capital development in order to create continuous corporate growth.

## Policies

The Kao Way—our corporate philosophy—stipulates that we create inclusive workplaces where every person can develop their potential as a professional and a human being, that we treat everyone we encounter with respect and openness, and that we embrace the world's diversity of cultures, nationalities, beliefs, races, genders, identities and abilities and respect and value all people in our organization, our business partners and the communities we serve, just as they are.

In line with this, we aim to realize a Kao Group whose advantage is the diversity that enables each employee to embrace one another and coexist harmoniously with each other so that Kao will grow sustainably as the world around us changes.

As our efforts regarding business activities through brands, products, and services as well as all company activities, Kao makes it its mission to continue to evolve the entire group's DE&I promotion activities. In 2022, at the global level we advanced discussions toward formulating the Kao Group's DE&I policies to clearly express our commitment and strengthen these activities through building a cooperative system with internal and external stakeholders.

## Strategy

### Risks and opportunities

#### Risks

At workplaces where it is a challenge for diverse employees to feel motivated to work, employee engagement subsides, and so retention of the employees who are the invaluable treasure of the company and hiring of new outstanding employees becomes difficult. Furthermore, homogeneous organizations that do not embrace diversity—especially organizations that lack diversity, including having women in decision-making positions—will not be able to respond adeptly and flexibly to societal changes and will struggle to contribute to sustainable growth of the corporation. In recent years, along with the increased interest in sustainability of the world, interest in activities to promote corporate DE&I for employees is growing around the world. And its importance as a

basis for investment is also rising. In the midst of this, if we do not sufficiently implement DE&I promotion activities to leverage this diversity and furthermore support the advancement of female employees, which is an aspect of diversity related to most of our workforce, this could pose a risk to our corporate growth, which may lead to reputational risks.

### Opportunities

By deeply ingraining DE&I at the Kao Group and realizing inclusive and diverse workplaces that leverage each person's true diversity in ways that transcend simple demographics, Kao will attract and retain outstanding talent with diverse backgrounds and ensure that they stay motivated and can demonstrate their capabilities. Consequently, not only do we expect to provide products and services that cater to the needs of social changes and the diversification of people's values, including creation of new businesses, but we also expect to raise the productivity of our business activities by increasing employee engagement. Thereby, further growth as a company is anticipated, leading to improved ratings from society at large and investors and enabling us to help increase the societal momentum of DE&I.

### Strategy

The basic frameworks of the K25 Mid-term Plan are to “become an essential company in a sustainable world,” “transform to build a robust business through investment,” and “maximize the power and potential of employees.” In order to realize the four pillars of our human capital strategy—“individual growth,” “maximization of organizational power,” “opportunities for growth,” and “work efficiency”—It is important that

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diverse human capital can come together, each individual recognizes each other, each perspective and way of thinking is accepted and turned into organizational strength. And also it is important to create an environment where each individual can maximize his or her abilities and individuality. As Diversity & Equity promotion activities for making the previously-mentioned concept a reality, we provide each of our diverse personnel, including women, with the support necessary to put down roots in the environment where they can work with peace of mind and obtain fair opportunities. At the same time, as part of our activities to promote Inclusion, we work on education and awareness-raising activities to foster an inclusive organizational culture where all employees understand the significance of DE&I, and all employees can express their ideas with peace of mind and promote healthy debate in a bias-free environment. These initiatives are efforts to make diverse organizations the norm, i.e., to recognize diverse organizations as standard practice, which will lead to the realization of the KLP as well as the realization of the human capital strategy.

## Social impact

Kao provide with presence consumer products and services that consumers use frequently in their daily lives in the markets of Japan and other countries. As a producer of products familiar to the public and widely recognized, Kao's activities that are close to such consumers can affect the entire society as a whole, including consumers themselves. One such set of activities is DE&I, and expansion of Kao's DE&I activities will raise society's awareness of DE&I. Moreover, through our employees' improving of DE&I, consumers will be able to enrich their lives through the

products and services we provide that meet the expectations of their diverse values in countries and markets where Kao will establish a strong presence from now on.

## Contributions to the SDGs



## Business impact

We can provide better products and services based on diverse ideas and innovation, which will lead to corporate growth. By increasing employee engagement, we can strengthen the productivity of the work done each employee. By being a more attractive company, we will improve employee retention and competitiveness as an employer, which will lower recruitment costs.

## Governance

### Framework

After the Board of Directors deliberates on policies for human capital strategy, we deliberate, decide and share our progress on important issues related to DE&I at the Human Capital Development Committee, whose members comprise top executives. After special-purpose organizations within Kao Corporation (i.e. Kao Corporation's D&I, HCS) collaborate with people responsible for human capital development in each division and domestic group company and a DE&I-related specialized organization in Kao Group Customer Marketing (KCMK) Group through the Human Capital

Development Conference, Diversity & Equity promotion meetings and individual meetings to clarify the major issues at the Kao Group in Japan, we plan and implement DE&I promotion activities in line with the policy throughout the Kao Group in Japan. Feedback from the participants in all activities is verified through questionnaires and other surveys and when appropriate, the members of the aforementioned groups exchange their opinions, which are then reflected in subsequent activities. Managers and personnel responsible for human capital development from nine of Kao Corporation's worksites and from major affiliated companies collaborate with the Kao Corporation's D&I, HCS to disseminate information in the workplace regarding DE&I promotion and develop infrastructure for individual support, acceptance and retention of employees who need support.

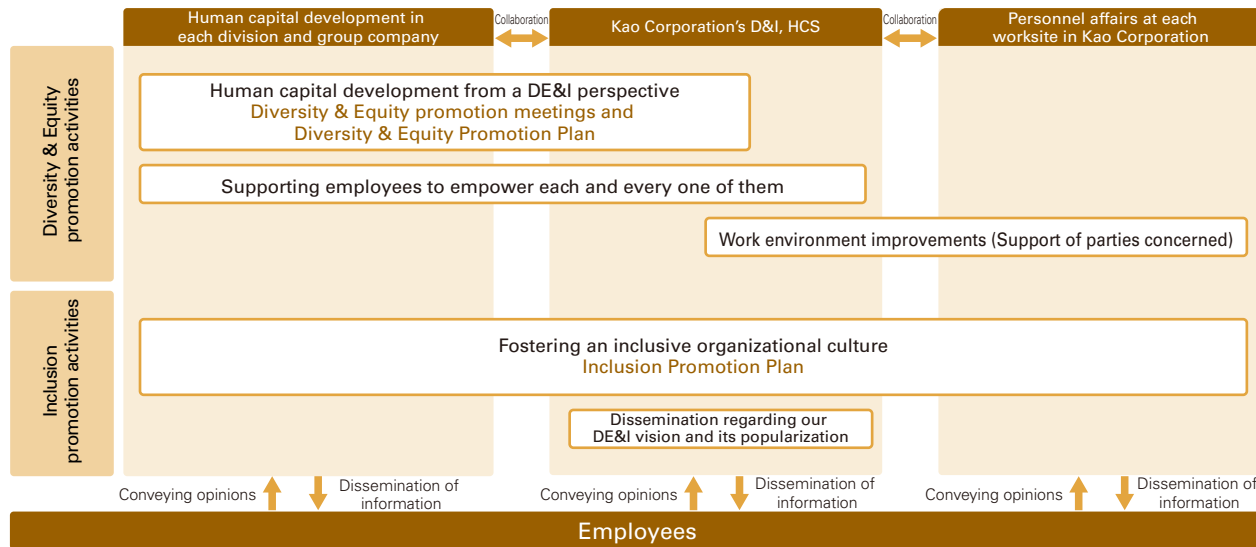
Globally, Kao Corporation's D&I, HCS collaborates with DE&I promotion officers from the Americas (indicating consumer product-related group companies in the U.S., Canada, Australia and New Zealand) and EMEA (indicating consumer product-related group companies in Europe, the Middle East and Africa) to share information, exchange opinions, and promote activities in each region that are tailored to the problems faced there.

In the Americas, the Diversity Equity & Inclusion Board (DE&I Board) represents diversity and works to foster a more diverse, equitable, and inclusive culture for employees. Board Members are internal champions who support employees' diverse needs and the Americas region's DE&I goals. The DE&I Board conducts activities to foster a diverse, fair and inclusive corporate culture.

In EMEA the D&I Steering Board, consisting of 12 senior team members who represent all business

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## Framework for DE&I promotion activities (Kao Group in Japan)



fields, was set up in 2022. EMEA has further established eight employee resource groups (ERG) called Kao Communities. These communities pursue activities related to Gender Inclusion, Cultural Diversity (including ethnicity), All Abilities (focusing on disability and neurodiversity), LGBTQIA+ All Stars, Parents (families with small children), EmpowerAge (multi-generations), infertility treatment and adoption, and support for climacteric disorder.

Moreover, to further promote activities throughout the entire group, we launched the Human Rights and DE&I Steering Committee in 2022. With the aim of improving human rights and DE&I of not only employees but also all stakeholders of Kao including supply chains and society at large, the Human Rights

and DE&I Steering Committee promotes activities across groups and monitors each division's activities.

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## Education and promotion

In order to make diversity a source of power for our organization, we are spreading awareness of the meaning of DE&I, and providing the knowledge and information needed to put it into practice. We conduct training especially for management, who have an important role to maximize the value of diversity, and we implement educational activities for employees working with others who are in difficult situations. We broadly publicize internal positive examples and activities related DE&I via intranet with the objective of our employees viewing this as relevant to them and recognizing the importance of taking initiative. Furthermore, to be an organization where employees can demonstrate their unique capabilities and engage in a healthy exchange of opinions drawing from their diverse backgrounds, we have started providing training to deepen all employees' understanding of psychological safety and unconscious bias as a base. We receive feedback from the participants at all activities through questionnaires, and incorporate our employee comments in our activities by reflecting these opinions in subsequent activities.

## Collaboration with stakeholders

Proactive collaboration with NPOs, government agencies and other companies promoting DE&I is essential to encourage understanding and improve awareness of DE&I inside and outside the Kao Group.

To support the balancing of work and childcare, for a decade we have endeavored to change the mindsets of our employees who are raising children in collaboration with the NPO Fathering Japan, which advances initiatives to increase the number of happy fathers in order to address various social issues. For women's empowerment, the President & CEO participated in and

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discussed issues at initiatives such as the 30% Club Japan. In addition, Kao Corporation's D&I, HCS, is implementing initiatives for women's empowerment inside and outside the Kao Group in collaboration with other companies through participation in the secretariat's team. Furthermore, we announced our support for The Valuable 500, an international initiative established to get corporations to play a leading role in building an environment in which people with disabilities can participate actively in various business situations, and are striving to promote these activities and increase their societal momentum. In 2022, the Kao Group expressed its support for the Nihonbashi Neurodiversity Project, a new project launched under the auspices of Takeda Pharmaceutical Company Limited. This project involves industry-government-academia activities aiming at building a society where people regard cerebral and neural differences, including developmental disorders, as a form of diversity, and respect each other. We will widely inform our employees about this project. In addition to these activities, as a research member of administrative and other organizations, Kao participates in discussions, introduces our own case studies in lectures and seminars, and accepts company tours at our special subsidiaries.

## Risk management

Through engagement surveys, questionnaires to employees, and via the Employee Welfare Committee, we do our best to grasp whether diverse personnel who are the company's assets are indeed motivated to work for the company. Information on how diverse employees, including female workers, participate actively in the company is monitored through indicators

such as the percentage of female managers. Furthermore, we not only disclose Kao's present status to various stakeholders upon receiving responses to surveys conducted by the government and media and assessments undertaken by various ESG-related organizations, but also track requests from stakeholders and monitor how society at large views our efforts. We also engage in dialogue with investing institutions to ensure they have a deep understanding of our activities, and to improve our activities.

Of the risks mentioned above, Kao Corporation's D&I, HCS, and people responsible for human capital development at each company identify issues that need to be addressed, and responsible people in Human Capital Strategy and those responsible for human capital development from each division/company discuss countermeasures at the Human Capital Development Conference. Before they are put into action, measures having a major effect on a company-wide basis are discussed by the Human Capital Development Committee, which comprises executives.

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## Targets and metrics

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

#### Mid- to long-term targets

To make diversity our strength, we aim to develop an inclusive organizational culture where employees demonstrate their unique capabilities, and integrate them to generate new value. Moreover, to incorporate diverse perspectives in a variety of corporate decision making, we hire talent from diverse backgrounds and encourage their participation. As one indicator of this,

we aim to have the same percentage of female managers as the percentage of total female employees.

As part of our Diversity & Equity promotion activities, we strive to conduct human capital development from a DE&I perspective and to advance the participation of employees including women, LGBTQ+, non-Japanese employees, people with disabilities and people with childcare or family care responsibilities. In addition, as part of our inclusion promotion activities we carry out actions to formulate Kao Group's DE&I vision and instill it globally, introduce awareness-raising activities to ensure all employees understand each other's diverse backgrounds and conduct themselves appropriately, and launch initiatives to gain a deeper understanding of psychological safety and unconscious bias.

To keep track of our progress toward the mid- to long-term targets, we are continuing to measure the "inclusive organizational culture" and the percentage of female managers.

### 2022 results

#### Kao Group in Japan

#### Activities to promote Diversity & Equity

To promote human capital development from a DE&I perspective in each division and affiliated company, separate Diversity & Equity promotion meetings were held. Participants in those meetings checked the progress of the Diversity & Equity Promotion Plan and formulated new settings.

In terms of women's empowerment, we sorted through issues and set important actions to meet our mid- to long-term targets. In this effort and from the perspective of enhancing the development of female leaders, we carried out round-table talks with a female fellow (Women's Career Café) and different

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cross-industry study sessions, and the KCMK Group implemented the Diversity promotion project.

In terms of promoting the participation of employees of LGBTQ+ communities, we held round-table talks with transgender employees in order to deepen other employees' understanding of them.

In terms of promoting the participation of non-Japanese employees, we held a wellbeing seminar titled "How interesting differences are." This provided some advice on what we could learn from different cultures, enabling us to turn differences into value and develop an organizational culture that encourages learning from differences.

Continuing our activities to promote normalization toward the advancement of people with disabilities, we promoted collaboration with Vocational Life Consultants for Persons with Disabilities.

To support for balancing work and childcare for employees to take their desired maternity / paternity leave and for seamless operations at the workplace, we started distributing booklets that cover the procedures for processes from pregnancy to childbirth, maternity / paternity leave and reinstatement as well as information that enables such employees to communicate smoothly with their supervisors.

Regarding support for balancing work and family care, we provided an online seminar through which employees could learn how to use company's systems for family care.

## Activities to promote Inclusion

To formulate policies for advancing DE&I in all of the Kao Group's business activities, we advanced discussions with members who are engaged in product development and material procurement in the Human Rights / DE&I Steering Committee at the global level.

As part of our initiative to develop an organizational culture that turns diversity into a strength and produces good results in teams through communication, we held a Psychological Safety Workshop (Basic Edition) in order to achieve employees' understanding and basic knowledge of psychological safety, and to entrench the concept in the workplace.

For awareness-raising issues for women's empowerment, LGBTQ+ employees, non-Japanese employees, employees with disabilities, support for balancing work and childcare/family care, etc., we used various new approaches in addition to the distribution of awareness-raising videos, holding of seminars and events and sharing of good case examples in the company, so that employees of the Kao Group would draw attention to DE&I. Examples of the new approaches include "Quiz to Learn D&I" which includes seven original case study questions, Kao Mates which is an article focusing on individual employees' DE&I and round-table talks with LGBTQ+ employees.

Moreover, we opened a Kao D&I Square, a place to facilitate two-way communication, to encourage spontaneous participation by employees.

## Kao Group in the Americas and EMEA Activities to promote Diversity & Equity

Americas has launched Kao Pride, a new Employee Resource Group (ERG), to support the LGBTQ+ community.

EMEA, on the other hand, has launched eight ERGs called Kao Communities, and each community has already started its activities.

## Activities to promote Inclusion

Aiming to deepen understanding of topics about social justice and racial equality and encourage desirable

behavior, Americas held virtual events for the employees throughout the year.

EMEA held six online awareness-raising events and lectures to celebrate important dates such as Pride Month or UK Black History Month, and foster open conversation about important topics on International Pronouns Day and Fertility Awareness Week.

## Reviews of 2022 results

We were able to work steadily on initiatives for the different issues pertaining to Diversity & Equity promotion activities. Especially on the topic of women's empowerment, we identified problems to solve to achieve the mid- to long-term targets, set important actions, and positioned support for balancing work and childcare (including an increase in the rate of paternity leave taken by male employees) and understanding and exploring psychological safety and unconscious bias, as important actions. From there, we launched comprehensive activities toward achieving the objectives.

Regarding the activities to promote Inclusion, we continuously announce and release two to three new pieces of content every month based on the Inclusion Promotion Plan, enabling us to encourage employees in the group to understand DE&I and ultimately implement these concepts in the workplace. Especially in 2022, we were able to call much attention to diverse employees through new awareness-raising activities. Consequently, we received two to three times more responses than the previous year in terms of the number of participants in events and seminars we held, the number of viewers of our articles and videos, and the number of responses to our questionnaire. More and more employees have been acknowledging psychological safety, which we regard as a key topic. Obvious change has occurred

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within the company, as this subject is incorporated into our organizational goals and activities and we see and hear this term in various situations. While it is important that globally all employees fully understand DE&I and can apply these concepts, that alone is not enough. As such, we are pushing ahead with further initiatives to foster an inclusive organizational culture so that not just employees who are sensitive to DE&I but all employees, including those who are currently indifferent to these issues, are genuinely convinced of their importance and apply DE&I in their day-to-day work.

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## Main initiatives

### Activities to promote Diversity & Equity

We implement Diversity & Equity promotion activities with the aim of fostering an environment and corporate culture where diversity in the organization improves and all employees receive opportunities equitably and can demonstrate their unique capabilities.

#### Human capital development from a DE&I perspective (Kao Group in Japan)

We make great efforts, including selecting key human capital, to promote, hire, evaluate, and educate employees based on their individual abilities regardless of other attributes. Even in meetings related to personnel affairs attended by executives, we ensure diversity while checking for bias, etc. in attributes of candidates for senior positions.

In 2022, to clarify issues related to DE&I in each division and domestic group company and address those issues consistently, Kao Corporation's D&I, HCS held 17 separate Diversity & Equity promotion meetings with each of responsible personnel and career coordinators of human capital development in each organization. In terms of monitoring the progress of the Diversity & Equity promotion plan, which is formulated and executed for each organization every year and mainly for promoting women's empowerment and human capital development for employees with disabilities, we checked the issues experienced by each organization based on the numerical data pertaining to DE&I, and exchanged opinions about future actions. We will continue to carry out periodic exchanges of opinions between Kao Corporation's D&I, HCS and each organization, and advance the human capital development from DE&I perspective according to the characteristics of each organization.

#### Women's empowerment

We are working on activities to promote women's empowerment based on the idea that it is essential to the growth of Kao as a diversity element that relates to the greatest number of human capital. Under the policy of establishing a working environment and fostering a culture where all employees transcend their own assumptions<sup>\*1</sup>, fully demonstrate their motivation and skills, and work in their authentic self regardless of gender, we intend to incorporate diverse perspectives in various decision-making situations. To realize that, in Japan where the ratio of women in management is not yet equal to the ratio of women in the organization overall, we are working on three priority actions, namely: Development of potential future leaders; Support for balancing work and childcare to promote engagement<sup>\*2</sup>; and Provide management education for unbiased training and promotion opportunities.

<sup>\*1</sup> Gender roles in the division of labor, and the image of a leader, etc.

<sup>\*2</sup> Details are written in the section on Support for balancing work and childcare (p. 219)

#### Development of potential future leaders

##### Female leader training (Kao Group in Japan)

To improve the career motivation of and expand the perspectives for female employees, and establish a place of learning and a network through collaboration with other companies' members, we encourage female employees to participate in training sessions held by external women's organizations (NPOs or PIAs) and different cross-industry study sessions planned and held in collaboration with other companies. From those female employees who have participated in sessions mentioned above, we hear comments such as, "I have successfully decided my course of action," and "I have broadened my perspective through networking with

people in different industries." At the same time, we hear good feedback about the participants from their workplaces.

#### Women's Career Café (Kao Corporation)

With the aim of having female employees who are willing to be leaders, thinking about their own unique image of what a leader is and inspiring them to form empathic connections with other female workers, we hosted a series of small-group round-table talks with a female fellow (Women's Career Café) as in the previous year. We received some positive feedback such as, "I was inspired by the seniors' experiences and advice on building my career," and "I was impressed by the opportunity to share my concerns and hear about experiences of female leaders of the same generation, so now I feel very positive." This indicated that the round-table talks gave the participants a high degree of satisfaction and transformed their way of thinking (100% of the participants were satisfied and 90% had a positive change in their mindset).

#### Study sessions with female managers in different industries (Kao Corporation)

We participate in different cross-industry study sessions independently organized and run by a female fellow in collaboration with executives at other companies. Under the theme of "Flexible female strength to demonstrate in the new-normal era," we conducted a panel discussion and a group discussion as the host company in FY2022. Approximately 100 female managers from 23 companies attended. Through two-way exchange of opinions, they improved their motivation as manager and built cross-industrial networks.

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## Diversity promotion project (KCMK Group)

Toward achieving an organizational culture where diverse personnel can exercise their creativity, the KCMK Group aims to transform organizational cultures into innovative ones with diversity, flexibility, and fairness. As such, the group launched a selective project in FY2021. To the participants, most of whom are female employees, this project offers various opportunities for significant growth, resulting in the formation of high-level viewpoints and management perspectives. This enables the group to foster future talents that proactively tackle difficult problems head-on and drive the next generation as pioneers and leaders of KCMK reform.

## Provide management education for unbiased training and promotion opportunities

### Diversity management education (Kao Group in Japan)

To employees who have been newly promoted as managers, we provide e-learning on diversity management. We also implement activities that deepen understanding of psychological safety and unconscious bias, which are important elements to make diversity an organization's strength (p. 224).

## Promotion of understanding of women's empowerment (Kao Group in Japan)

In conjunction with International Women's Day in March, we distributed an awareness-raising video called "Let's think about women's empowerment." In this video, we presented information including goals of women's empowerment, factors such as unconscious bias that interferes with the realization of those goals, and tips for avoiding such factors (viewed approximately 700 times). We have received a lot of feedback saying, for

example, "I now understand that women's empowerment provides benefits not only to women but to men as well."

## Gender Pay Indicators

The gender pay gap\* is one indicator of women's advancement and is 106.4% for managers and 90.6% for non-managers at the Kao Group globally. In addition, the annual average amount of remuneration for men and women (data assurance performed by a third party) is shown on p. 228. We believe that this gap is due to the higher percentage of men among employees with more years of service, who tend to earn higher salaries, as well as among employees in higher-paying job groups, especially in Japan, since there is no established wage gap between male and female employees in the same roles. Therefore, as part of our strategy to eliminate the gender pay gap, we will continue to take steps to further improve our retention of female employees, and as appropriate, increase the percentage of women who are managers, senior managers and executives to align with the percentage of female employees in total in order to advance women's empowerment in the workplace through our initiatives.

\* Ratio of women to men in terms of average annual salary of base salary + other cash incentives

## Promotion of empowerment of employees of LGBTQ+ communities

Under the policy of aiming to create an environment where all employees are respectful of sex, gender identity and gender expression, and sexual orientation, and all employees can authentically express themselves so that we can foster an organizational culture where all employees can fully develop their potential, we are

creating work-friendly workplaces for LGBTQ+ employees and fostering such a culture.

## Fostering an organizational culture where LGBTQ+ employees can work with peace of mind Round-table talks with LGBTQ+ employees (Kao Group in Japan)

To deepen understanding of LGBTQ+ issues, we held a round-table talk with transgender employees in the company for employees who have made an ALLY\* declaration. Approximately 110 employees participated in the talk. Through talks by LGBTQ+ employees about their experiences and points that we should be mindful of, we obtained a lot of feedback saying, for example, "I have increased my understanding of LGBTQ+ issues because I heard directly from a member of the community what they have problems with, which only they themselves can understand." Moreover, we released a video of the round-table talk to our employees, which encourages more employees to have a feeling of closeness to LGBTQ+ employees and grasp the issue as a matter of their own.

\* ALLY

Participants are people who express understanding and are supportive of LGBTQ+ people.

## Pride Month awareness-raising activities (KCMK Group)

During Pride Month in June, we provided educational content in the following four topics: (1) Basic knowledge; (2) Communication; (3) Real voice of LGBTQ+ employees in the company; and (4) The global landscape. During this period, many employees thought deeply about respect for individuality. They talked about diversity of gender in each workplace, which became an opportunity for them to understand and accept LGBTQ+ people.



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## Recruiting ALLIES (Kao Group in Japan)

We are continuing recruitment for ALLIES. We have 594 employees who have made an ALLY declaration this year, which comes to 1,072 members in total (year-on-year change: 224%). Employees who make an ALLY declaration are issued with special straps that they are encouraged to wear.

## Kao Pride (Americas)

To establish a network to promote DE&I initiative for supporting LGBTQ+ communities and Allies, Americas launched a new employee resource group (ERG) called Kao Pride. Kao Pride enhances the growth of LGBTQ+ employees, reflects a diverse range of views of people at all levels in the Americas, and works to build a safe, open environment in which all employees can work freely, without limiting its activities just virtue signaling or rainbow washing. In 2022, the Americas participated in the Cincinnati Pride Parade. Kao Pride held a panel discussion by our employees on National Coming Out Day. As an awareness-raising activity to learn about the expansion of gender-neutral pronouns that can be used regardless of gender and to break down the concept of gender binarism, Kao Pride invited a guest speaker and held an event on how to become a better ALLY in one's workplace.

## Improvement of working environments where LGBTQ+ employees can work with peace of mind LGBTQIA+ All Stars (EMEA)

EMEA launched LGBTQIA+ All Stars as one of the ERGs. With support from the D&I Steering Board, LGBTQIA+ All Stars introduced a gender-neutral bathroom in the London office, and the employees can now write a personal pronoun suitable for each individual's gender after their signature.

## Promoting the participation of non-Japanese employees

Under the policy of improving the environment where non-Japanese employees are motivated to demonstrate their unique capabilities and fostering an organizational culture where each employee respects differences in culture, language and concept of values, which will be the company's strengths, we are improving the working environment and fostering a culture where non-Japanese employees can work with peace of mind.

## Fostering an organizational culture where non-Japanese employees can work with peace of mind Distribution of articles introducing non-Japanese employees (Kao Group in Japan)

We started distributing articles that introduce individual non-Japanese employees so that not only employees who work with non-Japanese employees every day, but also those who do not have an opportunity to work with them, can feel closer to non-Japanese employees as a part of diversity in the company, and grasp the issue as their own. In each article, we highlight a non-Japanese employee who works for the Kao Group in Japan. We then give information such as the reason for joining Kao and the employee's thoughts on working here and the workplace environment. The articles also cover interviews with the featured employee's supervisors and colleagues, which is considered to be a good example of inclusion in the workplace and gives employees an opportunity to think of diversity and globalization.

## Well-being seminar that provides an opportunity to learn from other cultures (Kao Group in Japan)

Under the title of It's Brilliant to be Different!, aiming at becoming an organization that regards difference as a value and that learning something from that value

generates new value, we invited a Finnish expert to hold a seminar under the theme of wellbeing. This seminar was viewed by more than 1,000 employees in total via a livestream and video distribution. This gave them an opportunity to know how Finns think of wellbeing, learn new things from a work-style based on this concept, appreciate the good points about Japan, and re-recognize the value that already exists in Japan.

## Improving the working environment so non-Japanese employees can work with peace of mind Providing continuous support for non-Japanese employees who need to temporarily return to their home countries (Kao Group in Japan)

As a special measure, since 2021 we have been continuing to help non-Japanese employees return to their home countries temporarily so they can keep working at Kao while maintaining bonds with their family in their own countries despite various restrictions due to COVID-19. We will continue support from an Equity perspective.

## Promoting the participation of employees with disabilities

Under the policy of "Striving for a society where people with and without disabilities work and live together, we create workplace environments for employees with disabilities that make life easier for them and foster a sense of pride in one's work," we regard disabilities as a type of diversity, endeavor to improve the working environment, and foster a culture where employees with disabilities can work with peace of mind, and make active efforts to employ employees with disabilities.

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## **Improving the working environment so employees with disabilities can work with peace of mind** **Vocational Life Consultants for Persons with Disabilities (Kao Group in Japan)**

We have assigned Vocational Life Consultants for Persons with Disabilities to worksites nationwide to conduct consultations for employees with disabilities. We inform employees with disabilities of Vocational Life Consultants for Persons with Disabilities annually, leading to building awareness of consultations and the comfortable atmosphere in which the consultations take place.

Vocational Life Consultants for Persons with Disabilities hold regularly scheduled meetings to improve their skills as supporters and reinforce the support structure. In 2022, we held a meeting for the consultants who have workers with intellectual disabilities or psychological illnesses at their workplaces. We then exchanged views on problems of employment faced by people with disabilities in each workplace and solutions to the problems. We received feedback from the participants, indicating that the meeting was very helpful because they heard examples from other workplaces and took clues for better support. This will ultimately improve the quality of employee support.

## **Support for mutual understanding and communication among employees with disabilities and their colleagues (Kao Group in Japan)**

We prepared an Employment Manual for People with Disabilities and a Communication Sheet, distributing them on our D&I portal site to promote mutual understanding among employees with disabilities and their colleagues.

We also introduced UD Talk voice-recognition application as a tool to support communication with employees who have hearing impairments. In addition, we are continuing to introduce and apply voice

recognition tools such as UD Talk and live captions for Microsoft Teams inside the company.

## **Support for prospective employees with disabilities (Kao Group in Japan)**

For prospective employees with disabilities, we provide information about the support that the company provides for employees with disabilities before they join, and by confirming in advance what support each employee will need, we help to increase the peace of mind these employees will feel once they become part of the company.

## **Fostering an organizational culture where employees with disabilities can work with peace of mind** **Promoting understanding of disabilities (Kao Group in Japan)**

We periodically take measures to increase employees' understanding of disabilities. In 2022, we created an awareness-raising video under the theme of "Tips for working with employees with disabilities" and released the video on the D&I portal site.

## **Human capital development for employees with disabilities (KCMK Group)**

We assign each employee with a disability to a position which is most suitable for the individual, in accordance with the employee's ability and aptitude. We also rotate them through different parts of the organization as needed to shape their career. When an employee with a disability is transferred to a different workplace, we always hold a study session with the employee's new supervisors and colleagues. Especially when an employee with a hearing disability who requires special care in terms of communication is transferred, we explain to the employee's new supervisors and

colleagues that the ways in which someone with impaired hearing perceives things and the best method of communication differs from person to person, and emphasize the importance to conduct active dialogues with the employee.

## **All Abilities (EMEA)**

EMEA established the All Abilities community as one of the ERGs and supported efforts to improve the accessibility of the new office in London through, for example, barrier-free design. EMEA also introduced the Hidden Disability Sunflower Scheme so that people who have disabilities that are less visible can receive the support they need.

Hidden Disability Sunflower lanyard (used for people who have disabilities that are less visible can receive the support they need)



## **Active employment of people with disabilities** **Wasa Group, Production Division, Wakayama Plant**

The Wasa Welfare Factory was established in April 1993 as a place that supports financial and psychological independence as well as social participation. It provides work to people with disabilities along with lifestyle guidance and health management, in cooperation with medical institutions and under Wakayama City's and Wakayama Prefecture's guidance and subsidies. In 2020, we acquired it from Sumiya Social Welfare Corporation in Wakayama City, and are handling its operation as the Kao Wakayama Plant (Wasa Group, Production Division). Currently a total of 26 employees, including 21 with disabilities, fill smaller-sized bottles of

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shampoo and conditioner as well as an assortment of Kao travel sets.

## Special subsidiary (Kao Peony Co., Ltd.)

Kao Peony has proactively employed people with severe disabilities, primarily persons with intellectual disabilities, since it was established in 2005. The Production Division provides setting and packaging operations for cosmetics and beauty care products. The Office Support Division, launched in 2017, takes care of administrative and clerical support operations that assist with some of the Kao Group's business processes in Japan. As of January 2023, a total of 87 employees, including 65 employees with disabilities, work at Kao Peony.

## For more employment (Kao Peony Co., Ltd.)

Owing to a change in the business strategy and a fall in the number of inbound consumption, the Production Division has been suffering from a decline in the work of setting cosmetics. As such, the Production Division has started taking care of products it had not handled before toward improving the line operating rate. Cash out is controlled by accepting products that would otherwise be outsourced from plants, resulting in a financial contribution to the Kao Group.

The Office Support Division is involved in a Nurturing the Next Generation program, which is provided to schools nationwide for free by the Business ESG Promotion Department. In creation of School materials for the Blind: Let's Wash Your Hands, a hygiene practice program, the Office Support Division took on not only making gloves for a demonstration but also preparing and packaging message cards with Braille stickers for students and their parents. The division received many words of appreciation from the teachers at schools for the blind. The Office Support Division also held an online

study tour for other companies and received positive feedback, indicating that the study tour was very helpful.

Both divisions are looking for new business opportunities to expand employment of people with disabilities, and will continue to improve the environment in which people with disabilities can work with peace of mind.



Preparing handwashing materials for schools for the blind at the Office Support Division

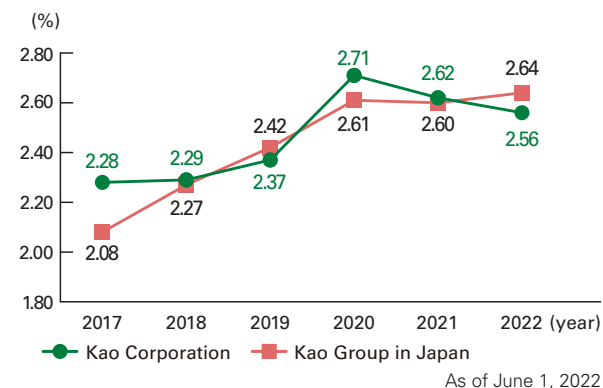


Setting operations at the Production Division

## Employment rate of people with disabilities (Kao Group in Japan)

Currently, people with disabilities account for 2.64% of the total workforce of the Kao Group in Japan, exceeding the statutory minimum rate (as of June 2022).

### Kao Group employment rate of persons with disabilities\*



\* Scope of calculations  
Thirteen domestic affiliates that are classed as special subsidiaries under the Act to Facilitate the Employment of Persons with Disabilities (Kao Corporation, Kao Group Customer Marketing Co., Ltd., Kao Beauty Brands Counseling Co., Ltd., Kao Field Marketing Co., Ltd., Kao Professional Services Co., Ltd., Kao Sanitary Products Ehime Co., Ltd., Kao Transport & Logistics Co., Ltd., Kao Business Associe Co., Ltd., Kanebo Cosmetics Inc., e'quipe, Ltd., Kao Cosmetic Products Odawara Co., Ltd., Kao Paper Manufacturing Fuji, and special subsidiary Kao Peony Co., Ltd.)

## Support for balancing work and childcare

Under the policy of supporting work-life balance, the aim of which is to provide support so that all employees can fully demonstrate their motivation and skills and participate in the workplace while balancing work and their personal lives, we position support for balancing work and childcare as one of the key actions for promoting women's empowerment. As such, we are

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creating an environment and fostering a corporate culture where our employees can stay highly motivated to work while balancing their work and family life with peace of mind at every stage from the employee's or their partner's pregnancy and childbirth to childcare.

## Main support for balancing work and childcare responsibilities

- Provision of the Work and Life Balance Guidebook
- Distributing a guidebook that contains information on procedures related to childcare and information on appropriate communication at home and at work to ensure smooth balancing of work and childcare.
- Distributing a leaflet for male employees with information on taking paternity leave
- Conducting gestation and pre- and post-maternity / paternity leave interviews
- Encouraging communication between employees and their workplace supervisors on maternity / paternity leave using maternity / paternity leave reports
- Holding seminars for employees returning from maternity / paternity leave (*Tatsuno-oshigoto* Seminars)
- Provision of an on-site day care facility (Merries Garden) and use company-run daycare centers that are available to non-employees of the company that has set up it
- Diversity Management e-learning (for managers)

## Support for balancing work and childcare to promote engagement

### Support for procedures and communication from pregnancy to maternity / paternity leave and reinstatement (Kao Group in Japan)

To promote employees' taking desired maternity / paternity leave and seamless operations at the workplace, we are improving the communication flow inside the

company throughout the process from employees' or their partners' pregnancy to taking maternity / paternity leave and reinstatement of the relevant employee. In 2022, we added a new consultation process that now takes place between an employee who has reported the employee's or the employee's partner's pregnancy and the employee's supervisors. During the consultation, the supervisors are to check what the employee thinks about taking maternity / paternity leave and working during and after the leave. We have also started distributing a guidebook that contains information for the employee and the employee's supervisors on the procedure required in each process and on appropriate communication in the workplace. Also supplied is material that clearly sets out childcare-related systems and support which can be used during pregnancy and after delivery.

### Seminars for employees returning from maternity / paternity leave (*Tatsuno-oshigoto* Seminars) (Kao Group in Japan)

Each year, we conduct seminars for employees and their partners regardless of gender who are about to return to work after having taken more than one month of maternity / paternity leave (*Tatsuno-oshigoto* Seminars) at Kao Group companies in Japan. In 2022 the goal of the seminars was changed from "Continuing to work" to "Working enthusiastically." During these seminars, employees and their partners share ideas about their future careers and talk about how they should balance work and family care or childcare and improve their awareness as they prepare for reinstatement. The seminars included content that provided high levels of satisfaction and led to improvement in the participants' awareness about the reinstatement process. According to one participant, "This was a good opportunity to discuss and think more about my and my partner's career and future lives."

### Increasing the share of male employees taking paternity leave (Kao Group in Japan)

To erase the gender divide from the minds of employees themselves who are in childcare and from the minds of their colleagues, mainly management, we are encouraging male employees to take paternity leave. By encouraging male employees who have not taken paternity leave and their supervisors at the individual level, the share of male employees taking paternity leave has been increasing year on year. The share was 95.6% in FY2022, showing a high level. In 2022, we set up a process for male employees to share with their supervisors how they support their families and what to do during their leave to balance work and time off. This process encourages them to take rewarding paternity leave so they can establish a work-life balance framework.

### Improving reinstatement support (Kao Corporation and some affiliated companies)

We introduced Parenting Future Concierge, a new measure to support employees desiring reinstatement. This allows for the use of company-run daycare centers, which are available to non-employees of the company that has set up the daycare center, so that employees can return to work at the preferred time after taking maternity / paternity leave. We help our employees to return to work at an appropriate time in consideration of their career, in such a way as to broaden the choices of childcare centers available for them.

### Reviewing adoption policies (Americas)

Americas reviewed adoption policies to include reimbursement for legal fees involved to adopt child conceived through surrogacy.

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## External evaluation of childcare support measures

In 2016, Kao Corporation was awarded Platinum Kurumin certification for creating a supportive workplace for employees with children, in accordance with the provisions of the Law for Measures to Support the Development of the Next Generation. Kanebo Cosmetics, KCMK, and Kao Transport & Logistics were respectively awarded Kurumin certifications in 2009, 2011 and 2019.



## Support for balancing work and family care

Under the policy of supporting work-life balance, the aim of which is to provide support so that all employees can fully demonstrate their motivation and skills and participate in the workplace while balancing their work and personal lives, we are striving to improve the working environment and foster a culture where striking a balance between work and family care can be achieved. We aim to realize of enabling each individual to act independently and provide assistance based on a spirit of mutual support.

### Main support for balancing work and family care responsibilities

- Provision of the Work and Life Balance Guidebook
- Provision of family care handbooks
- Holding family care seminars
- Establishment of an external family care consultation service
- Reinforcement of family care consultation skills by human capital personnel

## Improving an environment and developing an organizational culture that strikes a balance between work and family care

### Provision of information about balancing work and family care (Kao Group in Japan)

Through the D&I portal site, we are releasing a Family Care Handbook that contains information on family care and a Work and Life Balance Guidebook that clearly describes the company's systems and employee benefit services related to family care. This means our employees will be able to obtain the information they need at any time.

### Family care seminars (Kao Group in Japan)

We hold family care seminars annually. The purpose is for our employees to learn about family care, improve

their balancing framework of work and family care by themselves, and increase the number of supervisors and colleagues who can understand and become attentive to the situation of employees who are carrying out family care. In 2022, we conducted seminars in which employees could learn the steps involved with balancing work and family care and how they can use the company's systems to do so. These seminars earned high praise from participants, who left comments stating that they were able to learn the specifics of preparing for family care, and that they deepened their understanding of the content and how to use the company's systems. At the same time, we distributed video content from the seminars. In this way, we are continuing to provide our employees with a broad range of information on family care.

### Main systems for supporting diversified work styles: Related to childcare, nursing care, and family care (Kao Group in Japan excluding some affiliates)

Main systems	Content	
	Childcare related	Nursing care and family care related
Leave	In principle, maternity / paternity leave can be taken until the first April 30 following the child's first birthday. If the company recognizes that the employee is unable to maintain a livelihood, the employee will be paid throughout the period of absence (an amount equivalent to salary will be paid as replacement).	Nursing care and family care leave can be taken for a maximum period of one year. During the period in which nursing care and family care leave is permitted, such leave can be taken in a maximum of three blocks of time.
Leave at birth	Paid holidays for parental leave (for ten working days) must be taken during a period until the first April 30 following the child's first birthday.	
Reduced working hours and staggered working hours	<ul style="list-style-type: none"> <li>• These are available until the child completes the third grade of elementary school.</li> <li>• Either specified working hours can be reduced by up to two hours per day, or the specified time for starting work or finishing work can be adjusted by up to two hours per day.</li> <li>• Maternity / paternity leave can be taken until the first April 30 following the child's first birthday.</li> <li>• The specified working hours and days can be reduced by up to four hours a day and three days a week.</li> </ul>	<ul style="list-style-type: none"> <li>• It is possible to take paid parental leave for up to three years (it can be divided into two times).</li> <li>• Specified working hours can be reduced by up to two hours per day, working days can be reduced to three days a week or half a work day for five days a week, or the specified time for starting or finishing work can be adjusted by up to two hours per day.</li> </ul>
Restriction on extra working hours	Up until the first April 30 following the child's enrollment in elementary school as a first grader, the employee can request either limits or exemption to perform work outside normal working hours, work on holidays, or work late at night.	Employees who have family members requiring nursing care or family care for a period of more than two weeks can request either limits or exemption to perform work outside normal working hours, work on holidays, or work late at night either.
Child Care Time	Female employees caring for newborns and infants less than one-year old are eligible for a 30-minute child care time up to twice per day.	
Special leave for Short-term and Long-term Family Care	Special paid leave of up to 5 days every year is available when short-term leave is needed for emergency care of sick or injured children, and for the child's vaccination appointments and health check-ups, until the child completes the third grade of elementary school. This leave can be taken in increments of either one day, half a day, or one hour.	Special paid leave is available for employees who need to fulfill nursing care or family care responsibilities which is applicable for spouses, children, the employee's parents, the employee's parents-in-law, grandparents, siblings or grandchildren (up to a maximum of either 40 days a year or 20 days a year). This leave can be taken in increments of either one day, half a day, or one hour.
Remote work system	<ul style="list-style-type: none"> <li>• In any unavoidable circumstances for childcare, nursing care, and family care, we allow employees to work from home.</li> <li>• One condition is that the employees are engaging in work that would not be hindered by working outside of the office.</li> </ul>	

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## Employment system utilization status related to childcare, nursing care and family care

		2019	2020	2021	2022
Share of eligible employees taking maternity / paternity leave (male) (%)	Japan	–	–	–	95.6
	Kao Corporation	42.6	42.2	51.6	108.7
Share of eligible employees taking maternity / paternity leave (female) (%)	Japan	–	–	–	107.7
	Kao Corporation	96.6	100	100	108.8
No. of employees taking reduced working hours or staggered working hours to meet childcare responsibilities (male)	Japan	–	–	–	1
	Kao Corporation	1	3	2	1
No. of employees taking reduced working hours or staggered working hours to meet childcare responsibilities (female)	Japan	–	–	–	268
	Kao Corporation	122	68	62	41
No. of employees taking nursing care or family care leave (male)	Japan	–	–	–	1
	Kao Corporation	0	0	1	0
No. of employees taking nursing care or family care leave (female)	Japan	–	–	–	7
	Kao Corporation	2	0	3	1
No. of employees taking reduced working hours or staggered working hours to meet nursing care or family care responsibilities (male)	Japan	–	–	–	0
	Kao Corporation	0	0	0	0
No. of employees taking reduced working hours or staggered working hours to meet nursing care or family care responsibilities (female)	Japan	–	–	–	5
	Kao Corporation	0	0	0	0

\* Counted in enrolled companies

\* Employees include those from regular employment and those in full-time indefinite-term employment from non-regular employment.

\* Changed the rate of taking maternity / paternity leave to a calculation method based on the Child Care and Family Care Leave Law from 2022.

# Inclusive & Diverse Workplaces

## Activities to promote Inclusion

We are carrying out activities aimed at promoting inclusion, by having all employees grasp the significance of DE&I and develop the skills, environment and culture where employees unlock the value of their diversity as a source of power for the organization.

### Formulation of Kao Group's DE&I policies

As part of Kao's business initiatives through brands, products, and services as well as all company activities, we advanced discussions with members around the globe who are engaged in product development and material procurement in the Human Rights / DE&I Steering Committee in order to continue to evolve the entire group's DE&I promotion activities. These efforts involves deepening discussions about the vision for DE&I promotion activities for our employees. We will soon start informing employees of the vision.

### Fostering an inclusive organizational culture

To cultivate an inclusive organizational culture, we are working on "Understanding and raising interest in DE&I" and "Upskilling and fostering a culture that makes diversity a strength for the organization."

### Understanding and raising interest in DE&I

Each month, the Kao Group in Japan releases two to three items of content relevant to sharing awareness-raising video and seminars, positive examples inside the company, etc. with regard to subject such as women's empowerment, LGBTQ+ issues, non-Japanese employees, employees with disabilities, balancing work and childcare, and balancing work and family care based on the Inclusion Promotion Plan. This allows us to

encourage employees in the group to understand DE&I and ultimately implement these concepts throughout the workplace.

### Kao Mates: Article focusing on the diversity of our employees (Kao Group in Japan)

We started Kao Mates, a project that focuses on individual employees of the Kao Group who have different backgrounds, and introduces them as their true selves. By focusing on employees' diversity and equity and introducing their stories about Inclusion at their workplaces, we hope that other employees will feel closer to DE&I, and become aware that this concept is directly relevant to themselves so they change their behavior. In every other month during 2022, we introduced five employees consisting of two non-Japanese employees, an employee of a LGBTQ+ community, a male employee who has taken long paternity leave, and an employee with impaired hearing. We invited their immediate supervisors and colleagues each time, with their names and pictures. As a result, many other employees became interested in each article as familiar examples, and we received plenty of feedback, including empathy and new discoveries, from readers of the articles (The number of views of each article in a month after posting the article has been approximately 5,000 to 10,000).

### Creating and releasing awareness-raising videos (Kao Group in Japan)

With the aim of providing tips to promote understanding of Diversity & Equity and implement Inclusion in the workplace, we have been creating a series of 10-minute awareness-raising videos within the Kao Group, each of which summarizes an important point. In 2022 we released three new videos under the respective themes

of "Think about how to work with employees of different nationalities and cultures," "Let's think about women's empowerment" and "Tips you need to know about working with employees with disabilities." In addition, we released a lecture video about Kao's full range of D&I promotional activities for all employees in the Kao Group in Japan to view at their leisure. This was previously only available to a limited number of people for training.

### Stimulating communication among employees through opening the Kao D&I Square (Kao Group in Japan)

We set up the Kao D&I Square on Microsoft Teams in June as a place to facilitate two-way communication among employees who are interested in DE&I (370 employees have joined as at the end of December). The Kao D&I Square announces various ways to promote company-wide inclusion. Furthermore, DE&I-related activities of many organizations and communities in the company and social topics are shared and exchange opinions every day in the square. Members can share information on what they have found and what they think through casual information exchanges online, resulting in the gradual expansion of a new network among Kao Group members.

### Quiz to Learn D&I 2022 (Kao Group in Japan)

For Kao Group members in Japan to hear about fresh DE&I topics and Kao's DE&I promotion activities, learn about DE&I in an enjoyable format, and get tips on implementing DE&I in their workplaces, we planned and carried out a project called "Quiz to Learn D&I" for the first time. As a case study for the quiz, we created seven questions relevant to issues that can actually occur in the workplace. It is a multiple-choice quiz and

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members who have taken the quiz can read the description of each question. As a result, they should be able to deepen their understanding of DE&I and help to carry out DE&I promotion activities themselves. During the first month of it being available, 3,033 employees (total of those who used Japanese version and those who used English version) took the quiz. Some said “I was attracted to it because it was a quiz,” and “I have found some points I should pay attention to in the workplace.” We think this opportunity for our employees to think of DE&I was a resounding success. At the same time, we received approximately 500 comments about our efforts to improve Kao’s DE&I promotion activities, showing our employees’ high level of interest in this topic. We intend to make use of these opinions in future activities. Owing to the many requests received to continue the quiz, we will do it again in the coming year and beyond.

## Holding D&I EXPO 2022 (Kao Group in Japan)

In 2021, in the last three months of the fiscal year we held Kao Diversity & Inclusion EXPO 2022, a special project on the portal site that showcases the present state of DE&I at Kao. In 2022, under the theme of “Let’s learn about Diversity & Inclusion,” we released the aggregate results of answers to “Quiz to Learn D&I 2022” and “My D&I Experiences,” which is the title for free comments received from our employees, as the main content. In addition, we re-informed our employees about various DE&I awareness-raising measures (distribution of records from seminars and events, videos and articles) that we carried out as highlights in 2022. Consequently, the employees who visited the EXPO page can now view a range of content whenever they want. Comments received from the visitors included, “I got to know other

employees’ awareness of DE&I when I saw the aggregate results,” and “I was impressed by the comments on my D&I experience,” indicating the employees’ improvement of understanding of and interest in DE&I.

## Sharing positive examples and activities inside the company (Kao Group in Japan)

We are drawing focus on Kao Group members’ activities to promote Inclusion, and are continuing efforts aimed at sharing these activities. In 2022, in collaboration with employees from the Office Support (OS) Division of Kao Peony, we introduced four topics from among many different business areas, including introducing the detailed and diligent work of our colleagues with disabilities, through video. For many employees who do not have an opportunity to directly see Kao Peony employees during business hours, it was a good chance to see that they are taken care of through the support and activities of the OS Division in many different situations. As such, the OS Division received many messages of gratitude and support. We are glad we did so much to raise awareness about Kao Peony’s OS Division.

## Upskilling and fostering a culture that makes diversity a strength for the organization Psychological Safety Workshop (Basic Edition) (Kao Group in Japan)

Toward developing an organizational culture that makes diversity a strength and produces good results in a team through communication, we have been focusing on psychological safety and unconscious bias as one of our key subjects to raise awareness about since 2021. In 2022, we designed the entire project for us to form teams in which we can share dialogue. The first round

of the project involved conducting the Psychological Safety Workshop (Basic Edition), which is positioned as one of the components of the Dialogue Festival held by the Kao Group in Japan. After watching a video about fundamental knowledge on psychological safety and working individually, we set up a workshop as a place to learn about other participants, where employees who are in the same grade position exchange opinions on actions they will take in the future. As a result of recruiting workshop participants by a show of hands, 150 employees from each company in the Kao Group in Japan, with a total of 10 sessions held. From the participants, we heard some opinions indicating they understood that other members also had similar problems, even though they work in different workplaces, and that as leaders, they want to keep striving to raise the level of psychological safety. This demonstrated that we successfully provided a place where participants can raise awareness, and they received tips on how to improve psychological safety in their own workplaces. We will continue with initiatives to make many more employees aware of psychological safety.

## Courageous Conversations (Americas)

With the aim of thinking about how to deepen employees’ understanding of topics relevant to social justice and racial equality and what we can do to build a more equal society in our cultures and communities as an organization or an individual, we held virtual events for employees throughout the year.



# Inclusive & Diverse Workplaces

## TOPIC External evaluation

### Kao was selected for inclusion in the 2022 Bloomberg Gender-Equality Index

In January 2022, Kao was selected for inclusion in the Bloomberg Gender-Equality Index (GEI) for the fourth consecutive year. The GEI identifies companies that are committed to transparency with respect to gender reporting and to advancing equality for women in the workplace. In 2022, 418 companies were selected for inclusion in the GEI, from 45 countries and regions.

## Employees' opinions

### Changes in the consciousness of employees involving their families

#### Hayuru Suzuki

Diversity & Inclusion,  
Human Capital Strategy,  
Kao Corporation



As one of the key actions regarding promotion of women's empowerment, the Kao Group sets itself the objective of support for balancing work and childcare to promote engagement of women. To help women caring for a child to approach their work with genuine enthusiasm, we think it is important to construct a framework for balancing work and private life in consideration of their future career, and erase the gender divide from the minds of themselves at home and fellow employees at work. The goal is to create an environment where employees can be motivated to work enthusiastically while caring for children.

To this end, in 2022 we started distributing a guidebook on building a framework for balancing work and private life in consideration of employee's future careers. In so doing, we encourage our employees and their partners to share an image of their ideal future career, discuss a cooperative framework to embody the ideal, and then lay out that framework. In addition, we are

trying to change *Tatsuno-oshigoto* Seminars for employees who are about to return to work from maternity / paternity leave and their partners into seminars to construct a framework for balancing work and private life toward career advancement. In this way, we are working on promoting of changes in the minds of not only employees but their families too.

In regard to erasing the gender divide from the minds of themselves at home and fellow employees at work, for years we have been encouraging male employees to take paternity leave. In 2022, considering the revision of the Child Care and Family Care Leave Act, we have begun confirming with employees who are pregnant themselves or their partners whether or not they wish to take maternity / paternity leave. As a result, we now have more employees who have a positive view of taking maternity / paternity leave. Moreover, we have adopted a new process that enables employees and their supervisors to share the employees' thoughts about what to do during leave to support their family and to establish the framework of balancing between work and childcare. This is accelerating our endeavors erase the gender divide from the minds of employees at home.

We will continue to pursue activities that help to realize an environment where all employees can fully demonstrate their motivation and skills and participate in the workplace while balancing work and personal life.

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## Stakeholder engagement



### Manabu Tsukagoshi

Director, NPO Fathering Japan

Chief consultant,  
Diversity & Work Life Balance Development Dept.,  
Toray Corporate Business Research, Inc.

Under the policy that parents should take care for their children regardless of the parents' gender, Kao has been encouraging male employees to participate in parenting since 2006. In 2010 when Kao was about to take its efforts to the next level, Fathering Japan (FJ) received requests from Kao to cooperate in promoting male employees' involvement in parenting. Since then, I have been working with Kao closely as a seminar lecturer.

I remember being interviewed by many media organizations about seminars in which employees who were about to return to work from maternity / paternity leave participated together with their partners regardless of whether they are Kao employees or not. This was because such seminars were progressive approaches in Japan at the time.

FJ is an NPO that provides support for fathers. The reason why support for fathers is needed in Japan is because those fathers who try to involve themselves in parenting may be frowned upon as minorities.

Although the recent data show that it is still mainly women who take care of child rearing and household chores, there is a growing need for men to get involved with housework and childcare. And nowadays men's skills are improving and needs are increasing in such duties with the increasing number of women who participate in the workforce.

Because the number of dual-income families now surpasses half the total of all conjugal families, supervisors who have members raising small children need to move with the times and balance the needs of families with the company's need to accomplish certain results.

Therefore, it is important to promote women's empowerment, men's involvement in parenting, and supervisors' understanding of their members' situation as a set.

As people develop their careers, everyone has a different attitude to work. Some devote themselves entirely to their job, while others put their career on the back-burner to raise their children. However, Kao considers it important to have an attitude to work that both employees and their partners can grow together in their careers while employees raise their families, and so has been implementing this policy for years.

Despite the fact that the company promotes such a policy, there are couples who cannot completely erase

the gender divide at home and workplace or some cases where a proper system and culture have not been established in their or their partners' workplace. As a result, wives are left to bear the burden.

A shortcut to realizing a situation where employees can keep working with motivation while raising children is how to increase the rate of men taking paternity leave. So to promote men's involvement in child rearing and housework, experience and hands-on experience are more essential than awareness-raising.

For this reason, I got involved in the revision of the Child Care and Family Care Leave Act in 2022 as a part of my NPO activities. This revised law obliges companies to make individual workers who have applied for pregnancy and childbirth leave aware of the system and ask them whether or not they wish to take maternity / paternity leave.

This revision means that any company, regardless of its size and category of business, must explain to its employees about the maternity / paternity leave system. Therefore, male workers should be able to take paternity leave much more easily than before. I am pleased that we have now established an environment where people can build their career while balancing work and childcare with much more peace of mind.

Kao is providing support for balancing work and childcare to promote engagement of employees in such an environment. I look forward to Kao further improving the framework for realizing a favorable cycle of women's empowerment, men's involvement in parenting and supervisors' understanding of their members' situation, and doing its utmost to make it the norm.

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GRI 405-1

## Situation of female employees (%)

		2019	2020	2021	2022
Employees <sup>*1</sup>	Kao Group	49.6	49.7	50.5	52.9
	Japan	51.1	51.4	51.9	55.9
	Of which, Kao Corporation	24.4	25.3	27.8	28.9
	Asia	45.6	45.7	45.1	44.6
	Europe	47.3	46.5	52.4	49.9
	Americas	50.6	51.3	50.8	51.2
All management positions	Kao Group	29.4	28.8	30.2	30.5
	Japan	21.2	19.2	20.5	22.4
	Of which, Kao Corporation	18.2	20.1	23.1	24.3
	Asia	47.7	49.7	50.1	47.6
	Europe	48.9	48.4	52.5	40.8
	Americas	52.3	55.4	53.7	53.3
Top management positions <sup>*2</sup>	Kao Group	-	-	21.2	19.8
	Japan	-	-	10.2	10.6
Junior management positions <sup>*3</sup>	Kao Group	-	-	32.6	34.2
	Japan	-	22.8	24.7	26.8
Management positions in revenue-generating functions	Kao Group	-	-	30.0	29.7
	Japan	-	18.6	20.0	21.5
Employees in STEM-related positions <sup>*4</sup>	Kao Group	-	-	22.5	23.9
	Japan	-	17.9	20.4	21.1

\*1 Not including Board of Directors and Audit & Supervisory Board Members in Japan until 2020.

\*2 Management positions equivalent to department heads.

\*3 Management positions equivalent to leaders.

\*4 Science and Technology-related function.

## Leadership

	2020			2021			2022			2023		
	Male	Female	Females as percentage of the total (%)	Male	Female	Females as percentage of the total (%)	Male	Female	Females as percentage of the total (%)	Male	Female	Females as percentage of the total (%)
Directors <sup>*5</sup>	7 (3)	1 (1)	12.5	7 (3)	1 (1)	12.5	7 (2)	2 (2)	22.2	7 (2)	2 (2)	22.2
Auditors <sup>*5</sup>	4 (3)	1 (0)	20.0	4 (3)	1 (0)	20.0	4 (3)	1 (0)	20.0	4 (3)	1 (0)	20.0
Executive officers <sup>*6</sup>	26	1	3.7	26	2	7.1	27	3	10.0	28	4	12.5

\*5 The numbers in parentheses indicate the number of external directors and that of external auditors.

\*6 Those who double as a director included.

Note: As of January 1 of each year

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

## Average age and average length of employment (Kao Corporation)

	2019	2020	2021	2022
Average age (Years old)	40.6	40.5	41.0	40.9
Male	41.2	41.0	41.5	41.4
Female	38.8	38.9	39.6	39.9
Average length of employment (Years)	17.7	17.4	17.4	17.6
Male	18.7	18.3	18.4	18.5
Female	14.6	14.7	14.9	15.3

## Percentage of employees with disabilities (%)

	2019	2020	2021	2022
Kao Group	-	-	1.25	1.34
Japan <sup>*7 *8</sup>	2.42	2.61	2.60	2.64
Kao Corporation <sup>*7</sup>	2.37	2.71	2.62	2.56

\*7 Employment rate as of June 1 including non-regular employees and based on government agency calculation standards.

\*8 The scope is as follows.

Thirteen domestic affiliates that are classed as special subsidiaries under the Act on Employment Promotion of Persons with Disabilities (Kao Corporation, Kao Group Customer Marketing Co., Ltd., Kao Beauty Brands Counseling Co., Ltd., Kao Field Marketing Co., Ltd., Kao Professional Services Co., Ltd., Kao Sanitary Products Ehime Co., Ltd., Kao Logistics Co., Ltd., Kao Business Associe Co., Ltd., Kanebo Cosmetics Inc., e'quipe, Ltd., Kao Cosmetic Products Odawara Co., Ltd., Kao Paper Manufacturing Fuji and special subsidiary Kao Peony Co., Ltd.)

# Inclusive & Diverse Workplaces GRI 405-2

## Base salary + other cash incentives Average annual salary (yen)

		2021		2022	
Kao Group	Total <sup>*1</sup>	—		5,733,874	
		Male	Female	Male	Female
Kao Group	Management level	—	—	10,986,981 <input checked="" type="checkbox"/>	11,693,822 <input checked="" type="checkbox"/>
	Non-management level	—	—	4,605,267 <input checked="" type="checkbox"/>	4,171,253 <input checked="" type="checkbox"/>
Japan	Management level	—	—	9,929,145	8,956,520
	Non-management level	—	—	5,516,230	4,143,616
Of which, Kao Corporation	Management level	10,260,020	9,211,384	10,259,143	9,263,127
	Non-management level	5,597,988	5,468,725	5,625,237	5,411,537

Note: The difference between men and women is due to the difference in the number of people in each job grade, not the difference in wages for the same work.

Note: Excluding short-time employees, employees on leave, and employees who joined or left the company during the fiscal year.

Note : Third-party assurance obtained.

\*1 Management and non-management level only

## Base salary Average annual salary (yen)

		2021		2022	
		Male	Female	Male	Female
Kao Group	Management level	—	—	7,742,661 <input checked="" type="checkbox"/>	8,837,789 <input checked="" type="checkbox"/>
	Non-management level	—	—	3,418,174 <input checked="" type="checkbox"/>	3,119,435 <input checked="" type="checkbox"/>
Japan	Management level	—	—	6,519,040	5,893,010
	Non-management level	—	—	3,783,388	2,961,574
Of which, Kao Corporation	Management level	6,547,378	5,845,359	6,568,940	5,909,540
	Non-management level	3,670,943	3,571,235	3,731,043	3,582,457

Note: The difference between men and women is due to the difference in the number of people in each job grade, not the difference in wages for the same work.

Note: Excluding short-time employees, employees on leave, and employees who joined or left the company during the fiscal year.

Note : Third-party assurance obtained.

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

## Gender pay gap

### (Average annual base salary + other cash incentives) (%)

		2021	2022
Kao Group	Management level	89.7	106.4
	Non-management level	96.1	90.6
Japan	Management level	—	90.2
	Non-management level	—	75.1
Of which, Kao Corporation	Management level	89.8	90.3
	Non-management level	97.7	96.2

Note: Ratio of women to men

Note: The difference between men and women is due to the difference in the number of people in each job grade, not the difference in wages for the same work.