

# Human Capital Development GRI 404-2

Employees are our most important asset. To realize our Mid-term Plan (K27), we are promoting “*Global Sharp Top*” human capital/organizational management through a well-motivated human capital investment. We create an environment and culture in which individuals and companies can grow together by enabling each of our diverse employees to realize their unlimited potential and maximizing their vitality as an organization.

## Social issues

The economy is regaining strength after overcoming the threat of the COVID-19 pandemic. At the same time, as we are faced with a variety of risks and variables, there is a need for the ability to change, to promote innovation while responding flexibly to change, and to build businesses that generate stable revenues.

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

The Kao Way places importance on valuing people. We believe that Kao’s greatest strength is its employees, and that our human resources are the source of our company. We believe that bringing together diverse human resources to pursue individual growth by maximizing their abilities and individuality, as well as nurturing future human resources, will lead to growth as an organization and become the company’s collective strength. That is the environment and culture we aim to create.

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.**

## Strategy

### Risks and opportunities

#### Risks

If our organizational culture, work-style reform, and career, skills, and health development are insufficient for allowing diverse human resources to advance, there will be a decline in employee vitality and an outflow of human resources in the short term. In the medium to long term, we may be unable to retain or acquire outstanding human capital, which would pose a problem for implementing plans to realize our Vision for 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

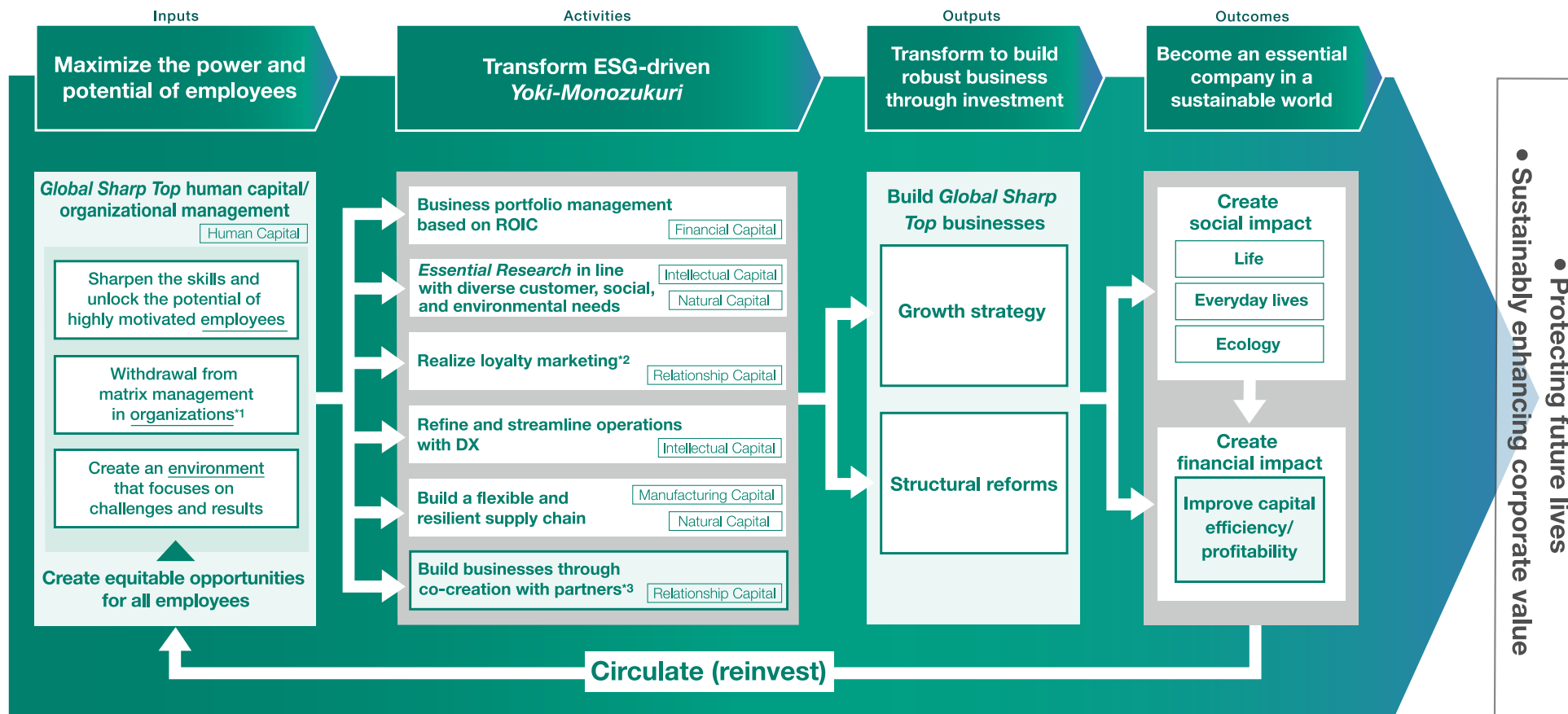
manner and by encouraging collaboration across various positions premised on maintaining positive labor-management relations, we can expect to increase employee vitality and promote innovation in the short term. In the medium to long term, we will contribute toward the sustainable enhancement of corporate value and protect future lives.

## Strategy

Under the “*Global Sharp Top*” strategy, we will further evolve *Yoki-Monozukuri* and transform ourselves into a business that becomes stronger through investment. Furthermore, in order to become a company that is vital to a sustainable world, we are investing in more forward-looking and aggressive human resources, with dialogue as the core of our Human Capital, which is the driving force behind our efforts. We have established a human capital strategy of sharpening the skills and unlocking the potential of highly motivated personnel, withdrawing from matrix management in organizations, creating an environment that focuses on challenges and results, and creating equitable opportunities for all employees as the foundation of our human capital strategy, and are working to maximize the power and potential of employees by realizing *Global Sharp Top* human capital/organizational management.

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A value creation cycle toward enhancing corporate value



\*1 Achieve prompt decision making \*2 Deliver optimal value to each and every consumer \*3 Faster maximization of technology assets, one area of Kao's strengths  
 \* Capitals: Capitals to be effectively applied by human capital, which has been enhanced by human capital strategies

□ K27 Strategic Framework

# Human Capital Development GRI 404-2

Human capital strategy toward K27

Maximize the power and potential of employees

Global Sharp Top human capital/organizational management

Sharpen the skills and unlock the potential of highly motivated **employees**

Provide a setting for learning

Optimal assignment

Advanced training

Recognition/  
Compensation & Benefits

**Thorough  
dialogue**

Delegation of authority

Create an **environment** that focuses on challenges and results

Withdrawal from matrix management in **organizations**

More transparency in evaluation

Sustainable development of future leaders

DE&I

OKR

Well-being

Create equitable opportunities for all employees



Management Strategy and Mid-term Plan 2027 (K27)  
<https://www.kao.com/global/en/corporate/strategy-and-mid-term-plan/>

# Human Capital Development GRI 404-2

## Social impact

- By sharpening motivated employees, we can create an attractive organization that attracts diverse human capital and contributes to job security.
- By withdrawing from matrix management in organizations, we are able to provide good products and services that meet the needs of the world in a timely manner and to contribute to the realization of a sustainable world.
- By creating an environment that focuses on challenge and results, we will produce human capital capable of making a broad contribution to society beyond the boundaries of the company. We contribute to solving social issues by proactively dispatching human capital to external organizations such as government agencies and industry associations.

## Contributions to the SDGs



## Business impact

We will contribute to the transformation of ESG-driven *Yoki-Monozukuri*.

- Business portfolio management based on ROIC
- Essential research that captures diverse customer, social, and environmental needs
- Realization of loyalty marketing that delivers optimal value to each and every consumer
- DX for advancement of business and efficiency

- Building a flexible and resilient supply chain
- Accelerating technology assets, one of our strengths, to the maximum and achieving co-creation with partners

## Governance

### Framework

The Board of Directors discusses policies related to human capital development and makes decisions in accordance with the standards for supplementary proposals. 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 organizations to be newly established and reorganization, the appointment and dismissal of key positions, plans for workforce and personnel costs, and the establishment, modification, and elimination of essential human capital development 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 grades, evaluation, training system, and reward policies that are shared globally. We pursue these activities under the Senior Vice President of Human Capital Strategy in collaboration with the human capital development functions of each group company, both within and outside Japan.

We have set up human capital development functions within major functions 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 Meeting, which is made up of the people responsible for human capital development in major functions and group companies in Japan, meets monthly, while people responsible for human capital development outside of Japan meet on an 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.

**P25** Our ESG Vision and Strategy > Governance

## Education and promotion

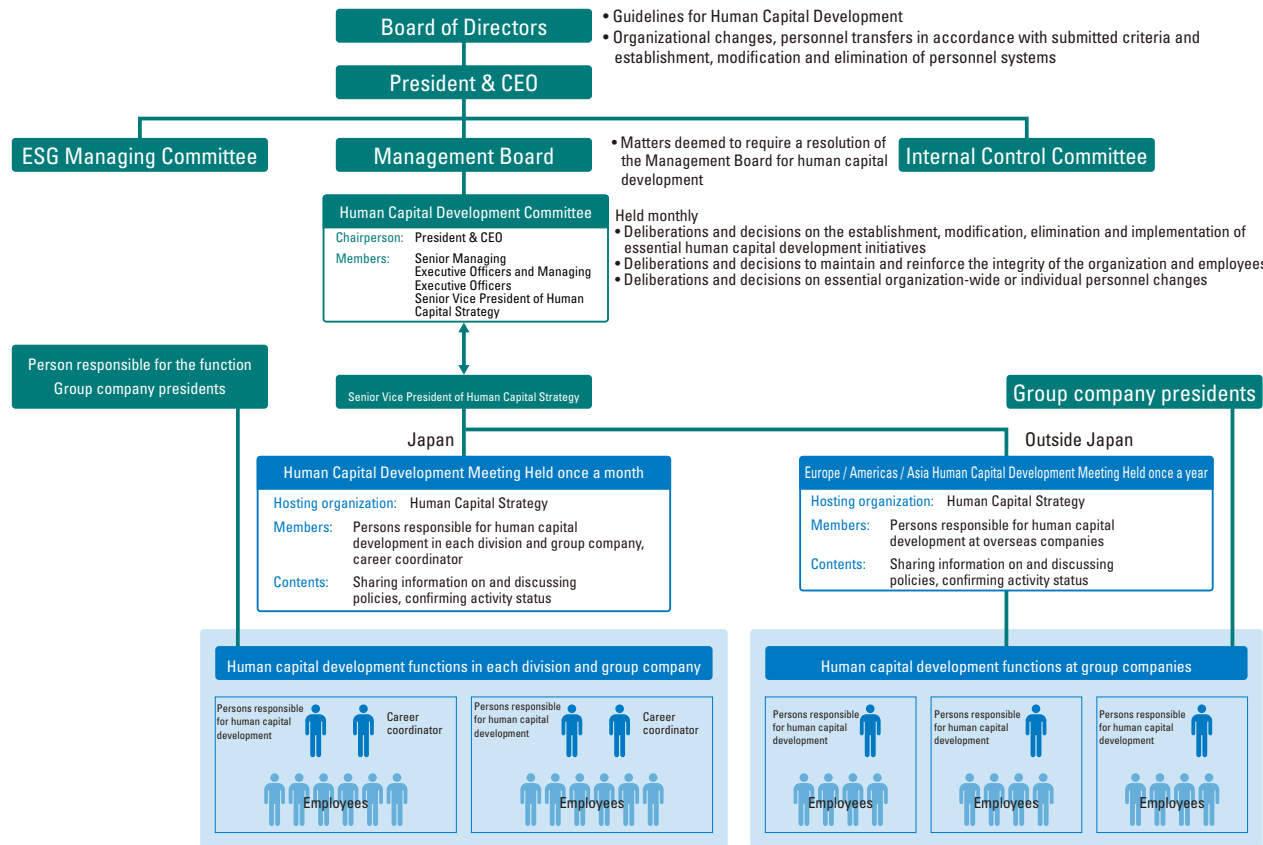
Through our internal intranet, we provide an environment where our employees can review our various policies and initiatives on human capital development at any time. We are also working to ensure that these policies and initiatives are disseminated as widely as possible by sharing them in various ways, 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, such as *KURUMAZA*, 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.

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## Human capital development structures



## Collaboration with stakeholders

### Internal surveys and questionnaires

By conducting engagement surveys, questionnaires, and employee awareness studies on human capital development, 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.

### Creating opportunities for communication

Platforms for regular dialogue with employees include Employee Welfare Committees at each office and branch, Employee-Management Dialogue Meetings at

every group company, and the Kao Forum for the group as a whole.

The Kao Forum is held in both Japan and Europe, 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 Dialogue Meetings and Kao Forum are conducted twice a year in principle. 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.

### Dialogue with unions

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.

\* Within the group as a whole, the percentage of employees who are union members is 32%.

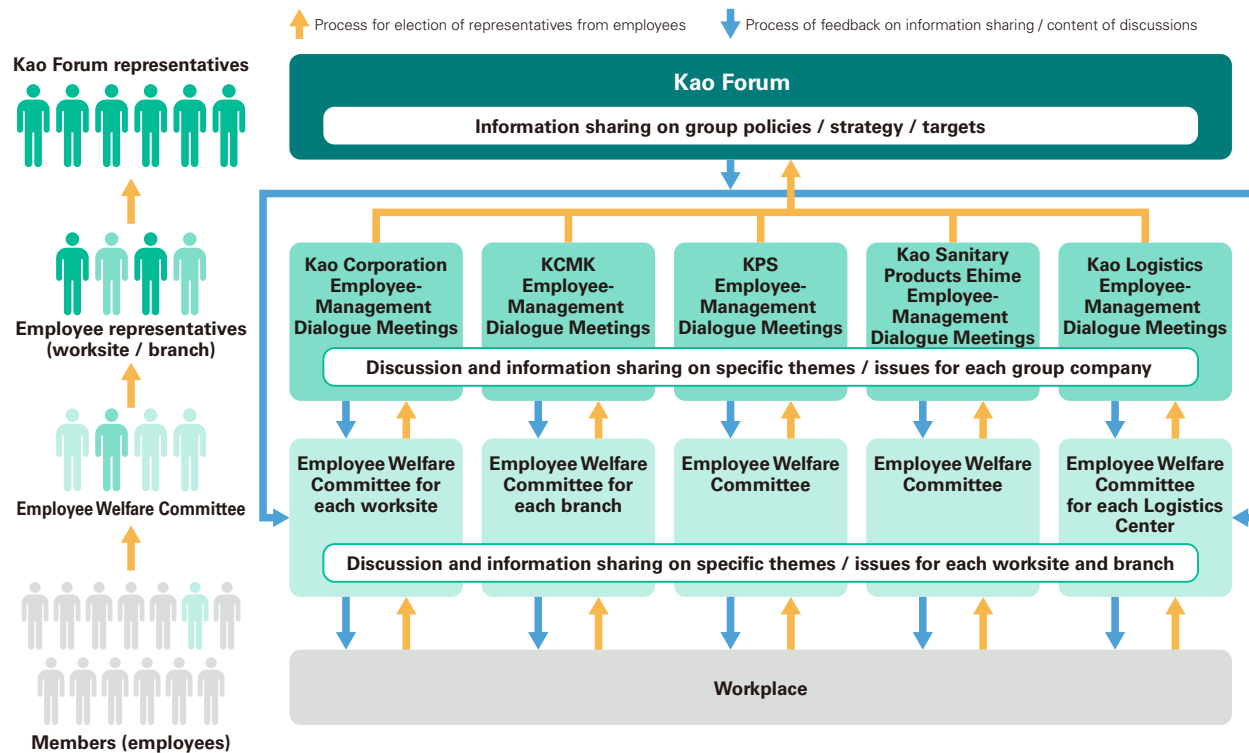
\* This figure excludes Kao Group member companies that do not track the number of employees who are union members. Due to reasons of information protection and freedom of association within the countries/regions where they operate, some employers do not have the right to confirm union membership.

### Interaction with external organizations

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.

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## Employee dialogue framework Effective



## Risk management

Regarding risks related to human capital development, necessary measures are taken while keeping an eye on negative signs, not only from a short-term perspective, but also for acquiring and maintaining qualified human resources over medium to long terms.

Trends are founded on various legal revisions and changes in social trends, and identified through statistical data from elements such as workforce

planning, recruiting, voluntary/involuntary employee departure, diversity, rewards / personnel costs / productivity, employment, and well-being. Additionally, the Human Capital Strategy Division makes comprehensive deliberations by listening to employees through Employee-Management Dialogue 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 function and the supervisors of human capital development at each function 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.

These activities are not limited to short-term risks, but also include checking for signs of deterioration and taking necessary measures from the perspective of maintaining and acquiring outstanding human capital over the medium to long term.

**P40** Our ESG Vision and Strategy > Risk management

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## Metrics and targets

### Mid- to long-term targets and 2023 results

#### Metrics and targets for realizing the human capital strategy

	KPI	2023	Target 2027
Maximize the power and potential of employees	Employee engagement: Total score in Kao Engagement Survey	63 <sup>*1</sup>	75
	Response rate to employee engagement survey	90%	100%

Human capital strategy	Actions	KPI	2023	Target 2027
Sharpen the skills and unlock the potential of highly motivated employees	<ul style="list-style-type: none"> <li>Advanced training</li> <li>Optimal assignment</li> </ul>	Challenge-oriented human capital	58% <sup>*2, *3</sup>	60% <sup>*2, *3</sup>
		Investment in employee training	1.53 times (vs. 2020)	2.5 times (vs. 2020)
		DX Human Capital	7 times <sup>*2</sup> (vs. 2020)	15 times <sup>*2</sup> (vs. 2020)
		0★1Kao proposal fulfillment rate	38%	50%
		Number of assignees through internal recruitment	4 times <sup>*2</sup> (vs. 2020)	20 times <sup>*2</sup> (vs. 2020)
		Number of human capital who work for external organizations/companies	171 people	250 people
Withdrawal from matrix management in organizations	<ul style="list-style-type: none"> <li>Delegation of authority</li> <li>Sustainable development of future leaders</li> </ul>	Number of rotations across functions	529 cases <sup>*2</sup>	500 cases <sup>*2</sup>
		Score in Kao Engagement Survey Category: Degree of promotion of Scrum-type operation	57 <sup>*1</sup>	70
		Number of internal filling plan for critical positions	2.4 times	7 times
		Ratio of mid-career recruitment to total recruitment	1.8 times <sup>*2</sup> (vs. 2020)	3 times <sup>*2</sup> (vs. 2020)
Create an environment that focuses on challenges and results	<ul style="list-style-type: none"> <li>More transparency in evaluation</li> <li>Recognition/Compensation &amp; Benefits</li> </ul>	Score in Kao Engagement Survey Category: Fair evaluation	60 <sup>*1</sup>	70
		Score in Kao Engagement Survey Category: Organizational culture that encourages challenge	61 <sup>*1</sup>	70

Create equitable opportunities for all employees	<ul style="list-style-type: none"> <li>Thorough dialogue</li> <li>OKR</li> <li>DE&amp;I</li> <li>Well-being</li> </ul>	Score in Kao Engagement Survey Category: Workplace satisfaction	61 <sup>*1</sup>	70
		Score in Kao Engagement Survey Category: Dialogue	63 <sup>*1</sup>	70
		Score in Kao Engagement Survey Category: Psychological safety	62 <sup>*1</sup>	70
		OKR implementation rate	72%	80%
		Score in Kao Engagement Survey Category: Work style satisfaction	60 <sup>*1</sup>	65
		% of female managers	31.1% (% of female employees: 53.1%)	80% of “% of female employees”
		Score in Kao Engagement Survey Category: Inclusive organizational culture	62 <sup>*1</sup>	70
		Score in Kao Engagement Survey Category: Vitality	59 <sup>*1</sup>	70
		Ratio of employees who have lost long-term work days	2.56% <sup>*4</sup>	1.30% <sup>*2</sup>
		Average number of lost long-term work days	195 days <sup>*4</sup>	120 days <sup>*2</sup>

Note: Counted in Kao Group unless otherwise noted.

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

\*1 The number of respondents includes some non-regular employees of Kao Group, 27,460 people.

\*2 Only Kao Group in Japan

\*3 Employee awareness survey

\*4 Excluding Inogami Co., Ltd. from Kao Group in Japan

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## Reviews of 2023 results

The year 2023 marked an important turning point, as we embarked on a transformation of our human capital structure. In addition to steadily implementing measures that we have been pursuing since the beginning of the year, we have begun to invest further in our human capital, with an emphasis on creating an environment in which our diverse employees can immerse themselves in their work with a sense of satisfaction and fairness. The transformation is proceeding from four perspectives, and we expect to see further results in the next fiscal year and beyond.

Compensation: Fair and equitable roles and compensation

Evaluation: Expanding transparency and fairness

Transfer: Matching career plans with company needs

Training: Expanding opportunities for self-learning and coexistence

In 2023, we continued to promote dialogue based on the use of OKRs, as in the previous year. The implementation of *KURUMAZA* in each division and the Dialogue Festival initiatives have helped to invigorate communication between managers and members, and among members as a group. After the COVID-19 pandemic, flexible work styles have been progressively developed tailored to the characteristics of the particular work. We believe that our efforts have had a positive effect in relation to the communication challenges of remote work. In terms of communication between the company and its employees, we have conducted a new Kao Engagement Survey. The new platform has significantly reduced the time required to analyze the results and develop action plans based on them. Comparisons with benchmarks have also become

easier, allowing us to evaluate our own situation more objectively. To complement this survey, we also conducted employee engagement surveys with the aim of accurately identifying the needs of our employees. This allowed us to verify the effectiveness of each measure and to use the results to formulate specific measures for human capital structure reform.

In terms of DX promotion, we launched a training program for all employees to expand DX human capital, as well as to improve and reskill the knowledge and skills of the entire company. This activity will be further expanded beyond 2024. We also launched a portal site that consolidates previously dispersed human capital development-related information from the user's perspective, contributing as a model case for the development of a company-wide next-generation intranet.

## Main initiatives

### Sharpen the skills and unlock the potential of highly motivated personnel

#### Advanced training

We strengthen the development of personnel who have a high level of expertise and creativity as a source of innovation and who can maximize the potential of the Kao Group through understanding diversity, collaboration, and cooperation based on the Kao Way.

We offer various learning programs to help individuals acquire a wide variety of knowledge and skills to achieve an autonomous career. We have more than 9,000 self-development programs, including group-wide common learning programs and specialized programs specific to each division, to support self-directed learning (autonomy), continuous learning (continuity), and mutual learning (co-creation), and also provide learning opportunities to harness the talents of highly motivated individuals. We also provide learning programs at milestones to support each employee's autonomous career development.

#### DX adventure program

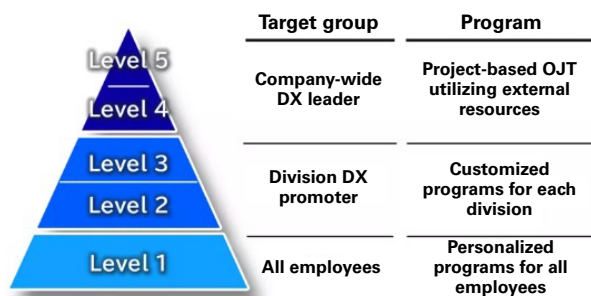
We provide various DX learning opportunities to our employees in order to transform ourselves from a manufacturing company to a "UX (customer experience) creation company." Until 2022, we promoted DX education with core members with high digital literacy in each division, and the approximately 1,000 Citizen Developers we trained have worked in various divisions. In the fall of 2023, we have introduced the "DX adventure program" to expand the base of DX human capital throughout the entire company and all divisions



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within our group, and to accelerate the creation of new value and the transformation of business processes.

The DX adventure program consists of three layers and five levels. At the Beginner level, participants take an objective assessment of their DX skills, followed by learning tailored to their current skill level. At the Intermediate level, participants learn in a customized manner according to the characteristics and needs of the division to which they belong. In 2023, 13,869 people participated in this Beginner program in Japan, and 85% of the participants completed the program. In Japan, we plan to train a cumulative total of 150 company-wide DX leaders, 300 divisional DX promoters, and 3,000 citizen developers by the end of FY2027. We are planning to expand the DX Adventure Program to countries outside Japan in 2024 onward.



The program also features “Open Badge,” a digital certification. Open Badges are digital certificates of completion created according to international technical standards that make skills visible and publicly available both internally and externally. We believe that obtaining different levels of badges will increase employees' motivation to study.



## Leadership Development

In order to develop *Global Sharp Top* personnel, we provide opportunities for learning and challenges through an inter-divisional selection and nomination system to support diverse values and network formation that will provide a human depth to learning and challenges that cannot be obtained through day-to-day work.

- Liberal arts training: Reading classical and contemporary literature from the East and West and deepening thoughts through an interactive discussion format with participants from different industries.
- Co-created leadership development program Jammin': Teams from different industries strive together to create new value leading to the solution of social issues.
- *Kagayakijuku*, a program to improve human skills as a leader: In this training program, which is conducted jointly in different industries and produced in-house by the human resources divisions of each company, lecturers, including executives from each participating company, discuss their beliefs and principles as leaders and interact with participants. Participants will learn to respect diverse values and build new networks by developing a mindset that promotes interaction with instructors and peers from other industries. The Kao Group has promoted 3% of participants to executive officer positions and 48% to senior management positions, and this learning program has produced leaders who are responsible for their respective organizations.

## Group common programs, functional group common programs, specialized programs

We strengthen the development of highly motivated human capital to acquire a high level of expertise that will become a source of innovation, and to grow their abilities and personalities to become unique human capital.

### Kao Techno School

The Kao Group provides cutting-edge education to enhance the specialized knowledge and skills required by each division. Supply Chain Management (SCM) has implemented a specialized learning program called Kao Techno School since 1989 to develop future field leaders for the function. Young employees selected from within and outside of Japan have participated in this program, and 1,047 have completed the program to date. In the last three years, 45% of the participants were selected from outside Japan, making it a global learning opportunity. More than half of the graduates are active globally as leaders, and 80% of the leaders at workplaces handling high-pressure gas, which requires safety management, are graduates of Techno School. Kao Techno School is a place of study for developing on-site leaders with management skills that combine “heart” with excellent character and insight and “technique” with a wide range of specialized knowledge and skills, and provides intensive learning from internal and external instructors during the eight months until completion. In addition to learning the latest professional knowledge and skills, the program also incorporates mindfulness and other qualities as education for the mind. Graduates of Techno School broaden their perspectives and bring back new knowledge and skills, a challenging spirit, and a network of personal connections, becoming unique human capital that contributes to the further invigoration of the workplace.

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		Kao Group global common training programs		Specialist programs				
				Marketing	Sales	SCM	R&D	Enterprise Information Solutions
Senior management / senior professional level	Global Leadership							
	Global Top Management							
Management / professional level	Training for Promotion to G3 Grade				Leader 3 program	G-SELECT II	Specialist Programs Managers and Supervisors Forum	Stage 3 Integrated IT Training
	KURUMAZA				Leader 2 program	G-SELECT I		Stage 2 Methodology Training (Practical) Application Training (Practical)
	Managing Human Performance Program (MHPP)				Leader 1 program	• Kao Techno School		Technology Training (Practical)
Leading staff level	Training Program for International Assignment	Marketing University (Master Level)	Specialized learning		Career training	• Kao Engineer School • High Pressure Academy • SHIC	Science Basics Academy	
	Business Skills Facilitation, negotiation, project management	Marketing University (Basic Level) Product Development Academy				Next generation human capital development program		• Kao Engineer School • High Pressure Academy • SHIC • Quality OJT • Anti-microbial Technology Academy • Skill Development Training
Staff level	Kao Way Integrity	Marketing Fundamentals	Product Development Fundamentals		Business skills training	Monozukuri Skills Transmission C	Freshman Forum	
	Onboarding				Induction and sales training	Basic Knowledge Course Interval Education		IT Training for New Employees

## Optimal assignment

The Group has traditionally implemented the systematic rotation of employees based on the ability and career development support and career coordinator system, taking into account the direction of employee development and the career aspirations of the individual.

### 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 2023, we received a variety of proposals from employees. Out of these proposals, new initiatives in response to social issues and changes have been launched from the starting point of 0★1Kao, such as a demonstration project for drone logistics in collaboration with Yabu City, Hyogo Prefecture, and the challenge of new PR activities spreading from consumers through experiential events of products and technologies to consumers.

### Expanding opportunities for internal and external activities based on the Self Education & Development Scheme

Based on the belief that the abilities and potential of our employees are unlimited, we aim to realize careers that result in each and every employee playing an active role. Under the "Self Education & Development Scheme (SeEDS)\*1" and the career coordinator system, we carefully ascertained employees' career aspirations, determined their aptitudes, and assignment them to internal or external positions. In 2023, as a foothold to realize the Medium-term Plan, we implemented 529

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cross-functional 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. As of December 2023, approximately 170 employees have been dispatched to organizations outside the Kao Group (government agencies, industry partner organizations, and private companies) to utilize the skills and expertise they have developed in the Kao Group to help solve social issues and promote the development of industries and client companies.

\*1 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.

## Internal recruitment

In addition to the regular rotation, from FY2024, we will expand internal recruitment for members of new businesses and projects to realize *Global Sharp Top* from within the Kao Group, in order to bring together human capital who are willing to take on challenges and lead change in the relevant organizations and projects in a timely manner. In this way, we are strengthening the organizational structure necessary to realize our management strategy, expanding opportunities for employees who are willing to take on challenges to develop their own careers, and creating an organizational culture conducive to autonomous career development.

## Life career seminar (Japan)

We offer autonomous career development programs for 45, 50, and 55-year-olds to encourage them to envision their own unique careers and take steps toward realizing their dreams. In 2023, 56% of eligible employees

participated in the program, and 94% of those who took the course said they would take a step forward in taking action to realize their aspirations. There is a growing awareness of the need to take on challenges beyond the boundaries of the current business, such as contributing to new business expansion and solving social issues, as well as an increasing awareness of the need to improve skills, such as acquiring qualifications and continuing education, to achieve these goals. Through participation in the life career seminar, it is expected that the improvement of individual skills will contribute to the business, as well as improve expertise in the current business, management skills, and deepen understanding of the SDGs.

## Withdrawal from matrix management in organizations

### Delegation of authority

We have evolved a matrix structure that takes advantage of the freedom of business and functions, and are promoting our “implement Scrum” policy, which aims to achieve objectives related to prioritized tasks as quickly as possible and to the maximum extent possible. We are avoiding the silos and uniformity that tend to occur in large organizations, and are promoting on-site decision making and execution.

## Sustainable development of future leaders

### Systematic development of global leaders

To realize the Kao Group’s discontinuous growth, we are promoting human capital development to realize sustainable organizational management by systematically fostering business leaders who will drive the necessary reforms and new value creation. We identify key human capital from early on in their careers as candidates for future successors to key positions in senior management and specialist positions, and we develop human capital to lead the Kao Group through systematic and proactive assignment, task assignment, and education. Since FY2022, we have been working to establish initiatives to find more diverse and highly capable human capital, thereby expanding the base for the development of future business leader candidates.

### Securing diverse human capital to strengthen the organization

As the Kao Group’s business domains expand and diversify, there is an increasing need to promote business and resolve issues while utilizing and collaborating with external knowledge and skills. The same applies to human capital. We not only regularly hire new graduates and train them within the Kao Group as future core human resources, but also acquire individuals with a wealth of experience and knowledge fostered outside the Kao Group to promote our business and revitalize our organization. In FY2023, the Kao Group in Japan acquired experienced personnel from outside the company, including other companies, accounting for more than 45% of all new hires. They are active in their respective functions, utilizing the expertise, skills, and experience they have cultivated to date, and contributing to the improvement of the Kao Group’s organizational capabilities.

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## Create an environment that focuses on challenges and results

### More transparency in evaluation

We set Objectives and Key Results (OKR) targets, which are also for evaluation purposes, considering the medium- to long-term time horizon and the direction of the organization to which they belong. Daily progress is then checked through regular dialogue with superiors. At the end of the fiscal year, we evaluate the various challenges, including the year's contributions and processes in the basic roles in addition to the OKR progress. In addition, we have created a corporate culture that encourages employees to take on new challenges through activities (e.g. challenge-sharing meetings) in which employees share and recognize their various challenges at their workplaces.

The practice of the Kao Way (such as integrity as the only choice, we trust, respect, & need each other) includes compliance activities, and any act in violation of the Kao Way is considered a compliance violation. When Kao makes evaluation and compensation decisions, the status of the Kao Way practice is included in the evaluation items as one element of the basic role. Furthermore, in 2023, we began introducing 360-degree feedback for middle management to help them recognize their own strengths and weaknesses and link them to personal growth. The program includes not only assessments from supervisors, peers, and subordinates, but also learning about the abilities they want to strengthen, such as those of challenge, ambition, and support, in order to support the growth of the management team. In 2024, we will expand this

initiative to senior management at the Company and our subsidiaries in Japan. The purpose of this is to support the growth of the management team at OKR as well as to improve the transparency and credibility of the organization's operations. By obtaining feedback from multiple directions, not only from upper management, management can more objectively confirm the extent to which they are demonstrating their abilities and leadership skills, which will lead to skill development and increase transparency and credibility of management evaluations.

### Assistance to reviewers (Managing human performance program)

To support the implementation of transparent evaluations, we provide initial training for managers who have members for the first time and ongoing training for mid-level managers who have become accustomed to management. For new managers, we offer programs to improve goal setting, evaluation methods, and dialogue skills as basic management learning. On the other hand, for mid-career managers who have become accustomed to evaluating their own performance, we offer a learning program where they can reflect on member communication and learn from each other about psychological safety and diversity acceptance in order to conduct more effective dialogue. Through both programs, participants will learn the importance and difficulty of thorough dialogue and improve their dialogue mindset and skills. 12% of participants in the single year of this program are promoted to senior management within 3 years, and 46% of senior management are from this learning program (2022 actual). Furthermore, middle management who have received this training are 1.4 times more likely to receive

the Division Award\*<sup>1</sup> than those who have not received such training. In addition, 8% of all global employees have taken this program.

\*1 Division Award: An award system recognizing activities that have made a significant contribution to the business as a result of challenge activities based on OKRs and activities strongly coordinated as a team.

## Recognition/Compensation & benefits

By recognizing diverse challenges, we aim to support each employee's growth and enable them to demonstrate their value to the utmost.

The Group clearly defines the roles and responsibilities of each position, assigns and appoints each employee according to their abilities and aptitude rather than by year, and treats them appropriately based on the challenge and results of their role.

### Awards

In 2021, we renewed our award system to reward employees who set big goals and take on challenges every day. The award system recognizes individuals and teams through day-to-day appreciation (Recognition) that honors and encourages small steps toward great ambitions in a familiar workplace, the Division Award for challenges that serve as a model for the function, and the CEO Award for challenges that transcend the boundaries of the division and company. In 2023, the number of cases was 3.8 times greater than the average of the past five years prior to the renewal, leading to 3.6 times more employee recognition, and further challenge and growth for employees. In 2023, we also launched "message campaign," aiming to

# Human Capital Development GRI 404-2

spread joy and gratitude throughout the Group through the awards. Employee responses included: "I hope that my colleagues will create a 'chain of brilliance!'" and "I can now be proud of what we have achieved and of the people involved in this project with whom we worked." As we move toward OKR, a culture in which everyone

praises each other for the challenges and collaboration by example is spreading and taking root.

## Ensuring 3P Model-based compensation

The Kao Group's basic approach to human capital development is to clarify the roles and responsibilities

of each position, assign and appoint employees according to their abilities and aptitudes, evaluate their roles and achievements appropriately, and develop them through their work. The Kao Group is committed to assigning the right people to the right jobs and positions within the Group. We will continue to select and promote the next generation of human capital and reflect it in their appointment in a timely manner to further revitalize and grow the organization and develop and retain outstanding human capital.

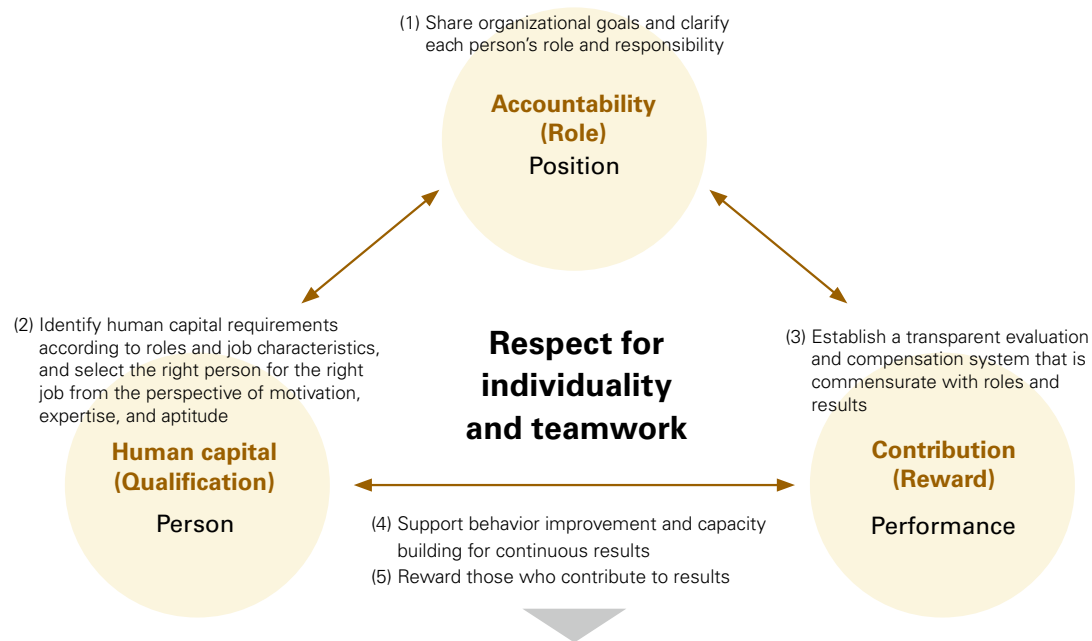
## Create equitable opportunities for all employees

### Thorough dialogue

We are committed to dialogue in depth, which is an important element in all of our measures.

### KURUMAZA

KURUMAZA is an interactive program with executive officers to enhance dialogue and leadership development for middle management, who play a key role in driving the frontline to realize management strategies. The name of the program comes from the Japanese word "Kurumaza" meaning many people sitting on the same ground in a circle. It is suited to improving mutual understanding and communication among participants by exchanging opinions in an informal and intimate format from an equal standpoint. The Kao Group has adopted this phrase in the hope that management and participants will engage in honest discussions, deepen mutual understanding, and work



**Aiming to achieve a good balance between "human capital," "accountability," and "contribution," and to achieve mutual growth for both the organization and employees.**

# Human Capital Development

GRI 404-2

as one toward the realization of management strategies. Eligible middle management can raise their hand and participate in this *KURUMAZA* as many times as they wish, which is held multiple times a year. The lecturers, executive officers, are different each time and the topics are varied. In FY2023, the event was held five times for group companies in Japan, with a total of 1,044 participants. More than 100 participants had the opportunity to talk with the executive officers for two hours each time.

There are three main experiences and practical reflections that can be gained from participation in *KURUMAZA*:

- (1) A deep and broad understanding of management strategies and policies through direct dialogue with a diverse range of executives. As a result, we develop the ability to more effectively rally team activities in the direction of the company's goals as a leader in practical situations.
- (2) Networking across matrix organizations with middle management colleagues in different divisions. This will accelerate collaboration in the current business and serve as a driving force for innovation.
- (3) Expanding one's perspective through exposure to different values and new perspectives, as well as through self-reflection, recognizing one's own strengths, and increasing one's motivation for further growth and challenges. In addition, we believe that middle managers, who are the leaders of their workplaces, will experience high quality dialogue and its effects, and this will serve as a driving force for promoting dialogue and establishing a culture of dialogue within their own organizations.

According to the results of a survey of participants, 83% of the employees who participated in *KURUMAZA* expanded their understanding and perspective of management policies, and 87% of them took action after participating in *KURUMAZA* by bringing the content back to their own organizations. Of the *KURUMAZA* participants, 80% of employees reported that the quantity and quality of dialogue had improved compared to the past year.

## Dialogue Festival

To promote the OKR Program, it is necessary to improve not only the quantity but also the quality of dialogue. To this end, the Kao Group holds an annual company-wide Dialogue Festival, a program to improve dialogue mindset and dialogue skills, to foster a free and vigorous organizational climate. Dialogue Festivals offer programs that employees can freely participate in, such as online learning tools and webinars to enhance dialogue skills and workshops to learn about psychological safety and the Kao Way, our corporate philosophy, while spreading awareness of the importance of dialogue. Employee awareness of the festival is 75%, and awareness is particularly high among managers, at 91%. The program not only contributes to improving the dialogue mindset among employees, but also enhances their dialogue skills and motivates them to take on challenges. Of the Dialogue Festival participants, 60% feel that their own awareness and communication have changed, while 70% of managers feel the same. The Dialogue Festival helps foster a culture of dialogue by contributing to a common organizational culture, the development of individual competencies, and the formation of a flexible organization.

## Psychological safety and unconscious bias

We provide opportunities to learn about psychological safety and unconscious bias in order to create an organizational culture focused on dialogue. In 2023, Basic Knowledge of Psychological Safety was launched as a mandatory program for all managers in the Kao Group in Japan. In addition, an e-learning course, Basic Knowledge of Unconscious Bias, was implemented as one of the measures of the Dialogue Festival.

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Inclusive & Diverse Workplaces > Upskilling and fostering a culture that makes diversity a strength for the organization

## Internal counselors

The Kao Group has approximately 50 internal counselors who are available for consultation not only on work, but also on all aspects of life and career. Internal counselors are experienced employees with many years of work experience in their respective functions' areas of expertise, and hold professional counseling certifications. After understanding each employee's workplace situation, our internal counselors listen carefully to their hearts and minds through counseling and support them to take the first step forward. We also conduct educational and information dissemination activities related to mental health and career development, including education and training aimed at creating a communication-rich work environment. Counselors serve as emotional safety nets, accompanying and supporting employees and organizations to take a step forward through dialogue, helping "individuals" and "work environments" who wish to escape from worries and anxieties and change on their own.

# Human Capital Development GRI 404-2

## OKR

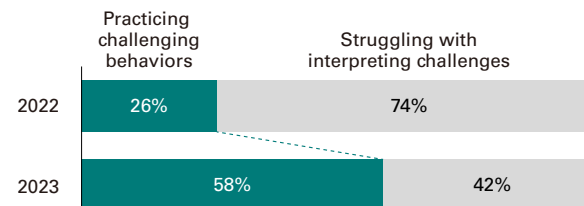
As a representative initiative for the encouragement of the taking up of challenges by employees, we have introduced OKRs starting in 2021. The Group's OKR is promoting initiatives in which each employee sets their own goals for "what they want to achieve through their work to make the world a better place and the Group a better company" based on three axes: "Business Contribution," "ESG," and "One Team & My Dreams." By setting lofty and challenging goals and evaluating the process as well as the results, we are improving employee engagement and moving the organization forward.

The OKR implementation rate is 72% globally and 90% in Japan. All Kao Group employees can view their OKRs in the system, allowing like-minded employees to communicate freely with each other and collaborate across countries, regions, jobs, and positions. This has accelerated the sharing of knowledge and capabilities needed to achieve OKRs, leading to increased business speed and productivity improvement through innovation.

Targets in the OKR system are set on a medium- to long-term timeframe in consideration of the direction of the organizations to which employees belong. Daily progress is then monitored through regular dialogue with superiors. At the end of the fiscal year, we evaluate the various challenges, including the year's contributions and processes in the basic roles in addition to the OKR progress. 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.

### Qualitative employee survey on OKR



According to a 2023 employee survey, the number of employees working toward challenging goals on a daily basis doubled versus 2022. In particular, 25% of employees, with the help of others around them, are steadily working to achieve challenging goals and achieve both personal and organizational growth. For the 42% of employees who have struggled with interpreting challenges, we are helping to personalize them by sending out interactive messages about the challenges from the division head and sharing examples of challenges they have taken on.

## DE&I

We are making efforts to create an environment and culture in which diverse employees can exert their capabilities in a highly motivated manner.

**P225** Inclusive & Diverse Workplaces

### Creating an environment where diversity can thrive Providing a fair work environment and expanding opportunities for dialogue such as co-creation spaces

Beginning in 2024, as part of the Human Capital Structural Reform, we initiated an office reform at the Kayabacho Office. The concept behind the Kayabacho Office reform was to create a work environment that generates creativity through dialogue. In order to create a workplace where employees can work with vitality and enthusiasm according to the type of job, we will increase the attendance rate, create a fair work environment that matches the nature of the work, and expand opportunities for dialogue, such as co-creation spaces and lounge areas. Through these efforts, we will increase dialogue and create an environment where creativity is born. Future development will be expanded to other business sites (within and outside Japan) after setting priorities while making reference to the office reforms at the Kayabacho Office, taking into consideration the aging of the building and other conditions, as well as future expansion of functions. While some offices are already undergoing office reform, we will expand new innovations through co-creation by providing a place where employees can work with vitality and enthusiasm, while taking into account changes in awareness of the workplace environment.

### Realization of flexible work

The spread of COVID-19 has led to the establishment of remote work, represented by telecommuting systems, and the diversification of work locations and environments. In 2023, in particular, we are promoting

# Human Capital Development GRI 404-2

optimal work styles for each employee according to their duties and roles, rather than uniform rules, in order to further promote creativity through dialogue and co-creation among employees. In order to promote flexible work styles, we also introduced SWS (Smart Work Support), an application that enables the visualization of remote work conditions. Through such measures, we will create an environment in which employees can work safely and efficiently.

## Well-being

We aim to maintain and improve the mental and physical health of employees as a crucial element in maximizing our human capital growth and organizational strengths. In 2023, we promoted initiatives focusing on activities with proactive participation of employees and their families towards realizing the Mid-term Health Plan Kao Health 2025.

**P246** Employee Wellbeing & Safety

### Employees' opinions



**Takumi Bito**

Toyohashi Plant, SCM

I joined Kao Techno School in 2017, its 32nd year, and studied "heart" and "technique" for 8 months with 10 students from Japan and 11 students from outside Japan.

At Techno School, students not only acquired specialized knowledge through classroom lectures and seminar activities, but also had the opportunity to present their own thoughts and ideas, take charge of class leaders on a rotating basis, and other programs that allowed them to determine

their own direction. I was very impressed by the fact that we were able to become independent by practicing these programs and experience the process of forming one team through deep discussions with the entire class, including students from outside Japan, which improved everyone's teamwork.

After completing Techno School, I was assigned overseas for about three years. I believe that it was because of what I learned at Techno School that I was able to respect others' opinions and convey my own thoughts in a foreign country and culture.

I still have strong ties with my classmates from Techno School, and it is very stimulating to see them working on a global scale. I will continue to work hard to improve myself so that I can be an example of a field leader with "heart" and "technique."



# Human Capital Development

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

Main systems	Content
Flextime	With the exception of some shift workers, flextime 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 flextime range of 07:00–20:00. Settlement periods have been set at one-month units.
Remote Work	With the exception of some shift workers, this option is applied to all employees, regardless of grounds. The usage of this option is set for each department based on the nature of their business and its necessity for the operation of the organization. This option can be used in increments of either one day or one hour.
Full time Remote Work	In any unavoidable circumstances for nursing care, family care, childcare, and personal injury or illness, it is possible to work remotely from a distant location full-time. 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 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 periods of leave of at least eight days are 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 distinguished 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)

	2020	2021	2022	2023	Unit
Hours worked outside regular working hours Monthly average	14.4	14.3	13.4	12.4	Hours
Average days of paid leave taken	13.3	15.5	16.6	17.3	Days
Average paid leave utilization rate	69.6	80.6	85.8	88.0	%
Average hours of leave taken in hourly increments	2.41	2.71	3.15	3.47	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)	3	6	7	5	Persons
Average number of special paid leave days taken for volunteer activities	1.0	1.3	3.0	2.4	Days
Total number of employees taking special paid leave for volunteer activities	9	90	1	12	Persons
Number of employees utilizing the work-from-home option	7,218	7,781	7,653	6,431	Persons

Note: Counted in enrolled companies

Note: Until 2022, only regular employees; from 2023, regular employees and full-time, indefinite-time, non-regular employees

## Total annual hours worked per person (hours)

	2022	2023
Kao Group	1,803	1,833

Note: Employees from regular employment and those in full-time indefinite-term employment from non-regular employment.

Note: Data does not include employees of the following 5 companies and TBP which does not disclose information, which account for 0.39% of all Kao Group employees out of 102 consolidated companies. Kao Corporation (Hefei), Bondi Sands Hold Co Pty Ltd, Bondi Sands Australia Pty Ltd, Bondi Sands Europe Limited, Bondi Sands (USA) Inc.

# Human Capital Development

GRI 2-7, 2-30

## Number of employees / management positions (Persons)

		2020			2021			2022			2023		
		Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Kao Group	Employees	33,449	16,814	16,635	33,507	16,589	16,918	35,411	16,677	18,734	34,257	16,055	18,202
	Management positions	6,501	4,629	1,872	6,539	4,567	1,972	6,974	4,845	2,129	6,553	4,514	2,039
	Of which Top management	--	--	--	--	--	--	--	--	--	901	726	175
	Middle management	--	--	--	--	--	--	--	--	--	1,644	1,204	440
	Junior management	--	--	--	--	--	--	--	--	--	4,008	2,584	1,424
Japan	Employees	22,038	10,715	11,323	21,816	10,485	11,331	23,584	10,404	13,180	22,464	9,895	12,569
	Management positions	4,499	3,634	865	4,495	3,574	921	4,555	3,534	1,021	4,558	3,439	1,119
Of which, Kao Corporation	Employees	8,135	6,077	2,058	8,508	6,147	2,361	8,403	5,974	2,429	8,199	5,739	2,460
	Management positions	2,712	2,166	546	2,919	2,245	674	2,957	2,238	719	2,985	2,221	764
Asia	Employees	7,202	3,914	3,288	7,057	3,876	3,181	6,948	3,848	3,100	6,798	3,791	3,007
	Management positions	1,096	551	545	1,111	554	557	1,154	605	549	1,038	562	476
Europe	Employees	2,830	1,514	1,316	3,222	1,533	1,689	3,376	1,691	1,685	3,494	1,663	1,831
	Management positions	574	296	278	564	268	296	920	545	375	556	307	249
Americas	Employees	1,379	671	708	1,412	695	717	1,503	734	769	1,501	706	795
	Management positions	332	148	184	369	171	198	345	161	184	401	206	195

Note: "Employees" include Kao Corporation (Hefei), Bondi Sands Hold Co Pty Ltd, Bondi Sands Australia Pty Ltd, Bondi Sands Europe Limited, Bondi Sands (USA) Inc. and TBP.

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

Note: Top management equivalent to department heads, Middle management equivalent to section manager, and Junior management equivalent to leaders.

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

		2021	2022	2023
Japan	Employees	64.9	69.3	65.6
	Management positions	69.4	66.3	70.6
Indonesia	Employees	6.0	5.6	5.7
	Management positions	2.5	2.3	2.3
China	Employees	4.4	4.2	3.9
	Management positions	4.8	3.1	2.8
Thailand	Employees	4.1	3.6	3.7
	Management positions	5.0	4.3	2.6
Germany	Employees	2.7	2.5	2.5
	Management positions	5.8	4.8	3.4
Taiwan	Employees	1.6	1.8	1.9
	Management positions	1.6	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	2023
Kao Group	< 30 years old	20.6	19.3	17.8
	30-50 years old	51.4	51.9	52.6
	> 50 years old	27.9	28.7	29.6
Japan	< 30 years old	19.5	18.0	16.4
	30-50 years old	49.4	49.9	50.6
	> 50 years old	31.2	32.1	33.0

## Situation regarding union members

		2020	2021	2022	2023
Kao Group	No. of union members (persons)	10,523	13,097	12,716	10,851
	Percentage (%)	34	43	34	32
Japan	No. of union members (persons)	6,773	8,838	8,560	6,785
	Percentage (%)	31	40	34	30

Note: Excluding companies where this information is not disclosed.

Note: Number of Japanese trade union members in FY2023: Large-scale transfers among group companies in Japan caused large fluctuations in member numbers.

Note: Counted in enrolled companies unless otherwise noted. Not including Board of Directors and Audit & Supervisory Board Members in Japan until 2020. Only employees from regular employment for 2021. 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: Unless otherwise noted, data does not include employees of the following 5 companies and TBP which does not disclose information, which account for 0.39% of all Kao Group employees out of 102 consolidated companies.

Kao Corporation (Hefei), Bondi Sands Hold Co Pty Ltd, Bondi Sands Australia Pty Ltd, Bondi Sands Europe Limited, Bondi Sands (USA) Inc.

# Human Capital Development

GRI 401-1

## Situation regarding newly hired employees

		2020	2021	2022	2023
Kao Group	Total (persons)	1,829	1,568	1,555	1,732
	Male	783	702	625	614
	Female	1,046	866	930	1,118
	Females as a percentage of the total (%)	57.2	55.2	59.8	64.5
Japan	Total (persons)	1,001	567	208	413
	Male	402	250	110	153
	Female	599	317	98	260
	Females as a percentage of the total (%)	59.8	55.9	47.1	63.0
Of which, Kao Corporation	Total (persons)	398	269	103	187
	Male	275	170	71	90
	Female	123	99	32	97
	Females as a percentage of the total (%)	30.9	36.8	31.1	51.9

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 (%)

		2020	2021	2022	2023
Kao Group	< 30 years old	69.3	68.0	52.5	57.2
	30–50 years old	27.4	27.0	41.3	36.8
	> 50 years old	3.3	4.0	6.2	6.0
Japan	< 30 years old	84.0	90.0	62.0	78.4
	30–50 years old	15.5	10.0	38.0	25.3
	> 50 years old	0.5	0.0	0.0	1.0

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

## Retention rate after 3 years of employment (%)

	2022	2023
Kao Group	68	67

## Hiring cost per employee hired (yen)

	2020	2021	2022	2023
Kao Group	–	424,480	570,933	495,500
Japan	507,638	624,912	1,650,470	831,229

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

	2020	2021	2022	2023
Kao Group	–	79.11	77.72	74.65
Japan	88.70	88.72	94.99	90.63

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

	2020	2021	2022	2023
Kao Corporation	34.0	9.7	35.9	49.2
Kao Group Customer Marketing Co., Ltd.	15.7	8.0	17.4	17.2
Kao Beauty Brands Counseling Co., Ltd.	–	0.0	0.0	0.0
Kanebo Cosmetics Inc.	13.3	0.0	0.0	0.0
e'quipe, LTD.	–	–	100.0	100.0
Kao Logistics Co., Ltd.	0.0	0.0	*	*
Kao Professional Services Co., Ltd.	44.2	54.8	41.7	32.3
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.	18.2	0.0	*	*
Kao Cosmetic Products Odawara Co., Ltd.	0.0	0.0	100.0	27.8
Kao Paper Manufacturing Fuji Co., Ltd	0.0	0.0	100.0	*
Kao Peony Co., Ltd.	100.0	0.0	*	*

Note: Based on the Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers' Vocational Lives

Note: An asterisk (\*) indicates no employment

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

	2020	2021	2022	2023
Number of employees who reached retirement age	174	183	237	255
Of which, the number of employees re-employed after retirement	144	165	204	223
Percentage (%)	82.8	90.2	86.1	87.5

Note: Counted in enrolled companies unless otherwise noted. Only employees from regular employment in 2021 and earlier. Starting from 2022, employees 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: Unless otherwise noted, data does not include employees of the following 5 companies and TBP which does not disclose information, which account for 0.39% of all Kao Group employees out of 102 consolidated companies.

Kao Corporation (Hefei), Bondi Sands Hold Co Pty Ltd, Bondi Sands Australia Pty Ltd, Bondi Sands Europe Limited, Bondi Sands (USA) Inc.

# Human Capital Development

GRI 401-1

## Situation regarding employee turnover (%)

		2020	2021	2022	2023
Kao Group	Total employee turnover rate	–	5.67	6.17	6.75
	Voluntary employee turnover rate	–	4.03	4.61	4.57
Japan	Total employee turnover rate	2.44	2.24	3.76	3.69
	Voluntary employee turnover rate	1.64	1.53	2.68	2.39

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 (%)

		2020	2021	2022	2023
Kao Group	Male	–	41.18	35.10	36.74
	Female	–	58.82	64.90	63.26
Japan	Male	36.65	43.03	27.62	33.98
	Female	63.35	56.97	72.38	66.02

## Employee turnover rate by age group (%)

		2020	2021	2022	2023
Kao Group	< 30 years old	–	35.81	36.11	33.92
	30–50 years old	–	41.76	41.69	40.59
	> 50 years old	–	22.43	22.20	25.49
Japan	< 30 years old	37.57	35.45	40.92	34.58
	30–50 years old	33.33	32.99	32.02	34.46
	> 50 years old	29.10	31.56	27.06	30.96

Note: Counted in enrolled companies unless otherwise noted. Only employees from regular employment in 2021 and earlier. Starting from 2022, employees 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: Unless otherwise noted, data does not include employees of the following 5 companies and TBP which does not disclose information, which account for 0.39% of all Kao Group employees out of 102 consolidated companies. Kao Corporation (Hefei), Bondi Sands Hold Co Pty Ltd, Bondi Sands Australia Pty Ltd, Bondi Sands Europe Limited, Bondi Sands (USA) Inc.

## Voluntary employee turnover rate by gender (%)

		2020	2021	2022	2023
Kao Group	Male	–	36.77	29.78	28.88
	Female	–	63.23	70.22	71.12
Japan	Male	24.93	30.93	18.64	23.51
	Female	75.07	69.07	81.36	76.49

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

		2020	2021	2022	2023
Kao Group	< 30 years old	–	44.77	43.81	44.60
	30–50 years old	–	46.93	47.92	45.50
	> 50 years old	–	8.30	8.27	9.90
Japan	< 30 years old	55.07	51.05	56.08	51.30
	30–50 years old	43.01	44.45	38.86	43.10
	> 50 years old	1.92	4.50	5.06	5.60

# Human Capital Development

GRI 404-1

## Human capital development investment per employee

		2020	2021	2022	2023
Kao Group	Average hours of training (hours)	9.19	10.47	12.98	14.05
	Average cost of training (yen)	27,000	29,000	32,000	37,000
Japan	Average hours of training (hours)	9.67	11.81	12.90	12.91
	Average cost of training (yen)	28,000	30,000	32,000	36,000

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.

## Ratio of training hours by gender

		2023	
		Total training time (hours)	Ratio (%)
Japan	Male	114,633	47.3
	Female	127,556	52.7

Note: Except for certain companies

## Employee stock ownership plan (Kao Group in Japan, excluding certain affiliates)

Details
(1) Contributions can be arbitrarily set from 1,000 yen per unit (three times the amount of bonuses), up to a maximum of 30% of basic salary.
(2) 10% of contributions are subsidized as an incentive bonus (with a bonus of three times the amount contributed from salary).
(3) Cash dividends are reinvested into the purchasing of more shares.
(4) Regular employees of Kao Group of Japan as defined by the operational regulations, as well as other employees recognized by the company*1, are eligible for the plan.

\*1 Accounts for 57.0% of all Kao Group employees and 87.0% of Japanese employees

Note: Counted in enrolled companies unless otherwise noted. Only employees from regular employment in 2021 and earlier. Starting from 2022, employees 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: Unless otherwise noted, data does not include employees of the following 5 companies and TBP which does not disclose information, which account for 0.39% of all Kao Group employees out of 102 consolidated companies. Kao Corporation (Hefei), Bondi Sands Hold Co Pty Ltd, Bondi Sands Australia Pty Ltd, Bondi Sands Europe Limited, Bondi Sands (USA) Inc.

## Ratio of training hours by age

		2023	
		Total training time (hours)	Ratio (%)
Japan	< 30 years old	94,025	38.8
	30–49 years old	106,101	43.8
	> 50 years old	42,063	17.4

Note: Except for certain companies

## Ratio of training hours by management level

		2023	
		Total training time (hours)	Ratio (%)
Japan	All employees are targeted	50,007	20.6
	Junior level management	145,893	60.2
	Middle level management	44,386	18.3
	Top level management	1,903	0.8

Note: Except for certain companies

Note: Top level management equivalent to department heads, Middle level management equivalent to section manager, and Junior level management equivalent to leaders.