

Human Capital Development

GRI 404-2

Maximizing the power and potential of human capital, which is Kao's greatest strength and asset, is the key theme supporting the *Global Sharp Top* strategy in the K27 Mid-term Plan. We are committed to offering equitable opportunities to our diverse employees and fully leveraging the strengths of all employees as an organization to create a corporate culture in which individuals and companies can grow together.

Risks	Strategy		Metrics, targets and results			Initiatives	Financial impact
<ul style="list-style-type: none">Risks if our organizational culture, workstyle reforms, and career, skills, and health development are insufficient for allowing diverse human resources to advance: <p>[Short-term] Risk of decreased employee motivation and outflow of human capital.</p> <p>[Mid- to long-term] Risk of the inability to secure and retain outstanding human capital, which would pose a problem for implementing plans to realize our Vision for 2030.</p>	Human capital	(1) Sharpen the skills and unlock the potential of highly motivated employees	Metrics	Targets	2024 results	Advanced training (Human capital development and capacity building programs, DX adventure program, Self-development programs) (1) (2) (3)	<ul style="list-style-type: none"><i>Global Sharp Top</i> Enhancement of profits through <i>Yoki-Monozukuri</i> human capital/organizational reform.Creation of an attractive organization that brings diverse human capital together by sharpening the skills and unlocking the potential of highly motivated employees while enhancing competitiveness through acquiring and retaining outstanding human capital.
	Organization	(2) Withdrawal from matrix management in organizations	Employee engagement: Kao Engagement Survey (KES) total score	75 2027	65	Optimal assignment (Role-based grading system, Self Education & Development Scheme, Career coordinator system and Internal recruitment) (1) (2) (3)	
Opportunities <ul style="list-style-type: none">Opportunities that will emerge by enabling 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: <p>[Short-term] Potential for increased employee motivation and promotion of innovation.</p> <p>[Mid- to long-term] Contributions toward the sustainable enhancement of corporate value and protection of future lives.</p>	Environment	(3) Create an environment that focuses on challenges and results	KES score: Workplace satisfaction	70 2027	62	Delegation of authority (implement Scrum, selection and appointment of challenge-driven human capital) (1) (2) (3)	Environmental and social impact <ul style="list-style-type: none">Timely provision of products and services that address social needs and contributions toward attaining a sustainable society.Producing and developing human capital capable of making broad contributions to society beyond the boundaries of the company.Contribution toward solving social issues by proactively dispatching human capital to external organizations such as government agencies and industry associations.
			Challenge-oriented human capital	75% 2027	71%	Sustainable development of future leaders (Selection of personnel who will become global leaders, Development programs for next-generation leaders, 360-degree leadership assessment) (1) (2) (3)	
	Foundation	(4) Create equitable opportunities for all employees	KES score: Organizational culture that encourages taking on challenges	70 2027	63	More transparency in evaluation (Absolute assessment that prioritizes the process, Feedback focused on dialogue, Managing human performance program) (1) (2) (3)	
			KES score: Degree of promotion of Scrum-type operation	70 2027	58	Recognition/Compensation & benefits (Awards, integration of HR systems across domestic Group companies) (1) (2) (3)	
			KES score: Inclusive organizational culture	70 2027	63	Thorough dialogue (Revitalization of dialogue between senior management and employees, KURUMAZA, Dialogue Festival, Deepening understanding of psychological safety and unconscious bias) (4)	
						OKR (OKR challenge sharing session per division, and development of ROIC perspectives for individual OKRs) (4)	
						DE&I (Realization of flexible work) (4)	
						Well-being (4)	

* The numbers at the end of the metrics, targets, and initiatives indicate the strategy identifiers.

Walking the Right Path

Effective Corporate
Governance

Full Transparency

Respecting Human
Rights

> Human Capital
Development

Inclusive & Diverse
Workplaces

Employee Wellbeing
& Safety

Responsible
Chemicals
Management

Strategy

With the aim of contributing to business growth and the resolution of social issues, Kao is promoting unique and practical strategies that reduce risks and create opportunities in human capital development.

■ Social issues

As economies regain their strength after overcoming the threat of the COVID-19 pandemic, Kao has recognized the following social challenges related to this theme:

- The need for transformative business capabilities that enable continued profitability by promoting innovation while flexibly responding to changes in an environment with various risks and fluctuating factors.
- Further diversification of perspectives regarding individual careers and workstyles along with the promotion of greater human capital mobility throughout society in general.

■ Risks and opportunities

Amidst this social backdrop, Kao has identified the following major risks and opportunities related to this theme:

Risks

- Risks if our organizational culture, workstyle reforms, and career, skills, and health development are insufficient for allowing diverse human resources to advance:
[Short-term] Risk of decreased employee motivation and outflow of human capital.
[Mid- to long-term] Risk of the inability to secure and retain outstanding human capital, which would pose a problem for implementing plans to realize our Vision for 2030.

Opportunities

- The following opportunities will emerge by enabling 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:
[Short-term] Potential for increased employee motivation and promotion of innovation.
[Mid- to long-term] Contributions toward the sustainable enhancement of corporate value and protection of future lives.

■ Strategy

To maximize the power and potential of our employees, who are the foundation of the continued growth of the Kao Group, there is the need to establish HR systems that align with Kao's values and business objectives and implement various initiatives effectively and efficiently. In line with The Kao Way and the Kao Business Conduct Guidelines, we have established these Guidelines for Human Capital Development, which outline the prerequisite concepts that support these activities.

Guidelines for Human Capital Development

- **Pursuit of efficiency:** Continuously improve overall efficiency based on creative and innovative activities aimed at the sustainable growth of the Kao Group through *Yoki-Monozukuri*.
- **Respect for human dignity:** Provide a work environment where each individual's dignity is respected, and which makes full use of employees' autonomy and diversity, since the enthusiasm of all employees to display their boundless wisdom is the wellspring of creation and innovation.
- **Efforts aimed at integration:** Integrate organizational efforts and individual efforts through creative and innovative activities so as to achieve evolution for all. Make efforts to improve policies in order to offer all individuals freedom to display wisdom, and to enable combined individual efforts to lead the Kao Group to further prosperity.

Upon this, we have established action guidelines to fulfill the basic policy.

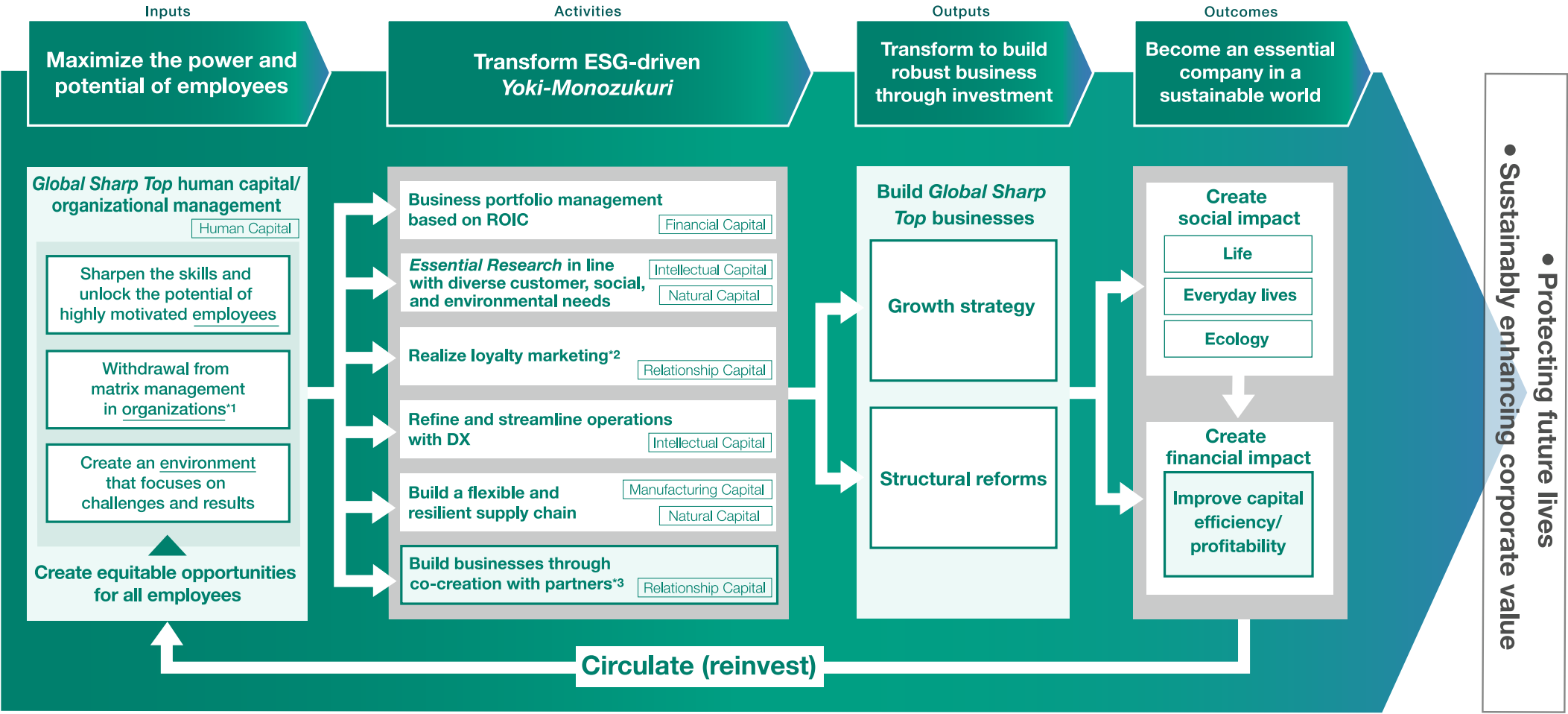
Directions for activities aimed at realizing the guidelines

- **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 motivations.

Based on these policies and guidelines, we have established “Sharpen the skills and unlock the potential of highly motivated employees,” “Withdrawal from matrix management in organizations,” “Create an environment that focuses on challenges and results,” and “Create equitable opportunities for all employees” as the foundations that serve as the driving force for human capital strategies toward the K27 Vision “Protection of Future Lives.” By promoting these

activities through dialogue, we will achieve a *Global Sharp Top* human capital/organizational management style to maximize the power and potential of our employees. This will further empower the advancement of the *Yoki-Monozukuri* process, promote our transformation into a more robust business through investment, and further evolve Kao into an essential company in a sustainable world.

The 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

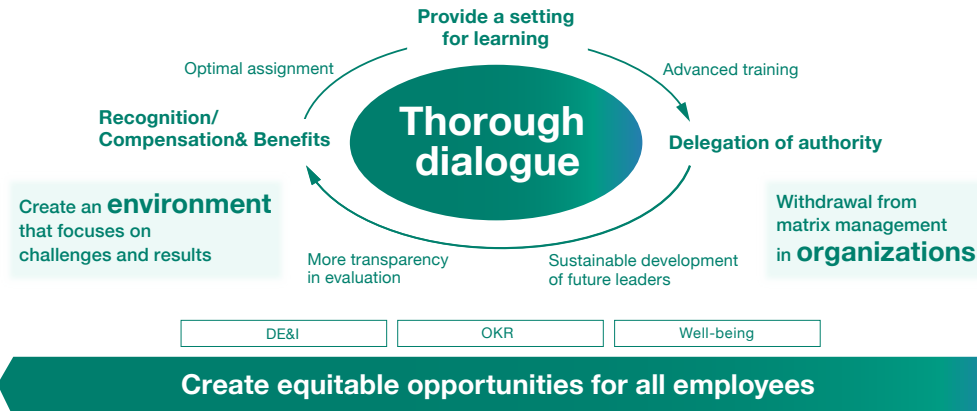
* Capitals: Capitals to be effectively applied by human capital, which has been enhanced by human capital strategies

Human Capital Strategy Towards Achieving 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



(1) Sharpen the skills and unlock the potential of highly motivated employees

We will support and increase the number of motivated human capital who can actively solve issues and create value. We will nurture *Global Sharp Top* human capital through optimal placement according to the career plans of employees and company policies while expanding opportunities for reskilling and enhancing skills, including DX education.

Related initiatives: [P206](#) Human capital development/capability-building programs, [P208](#) DX adventure program, [P209](#) Grading systems based on roles, [P209](#) Self Education & Development Scheme, [P210](#) Internal recruitment, [P210](#) Scrum-type management, [P210](#) Selection of human capital who will become global leaders, [P210](#) Development programs for next generation leaders, [P211](#) 360-degree leadership assessment, [P211](#) More transparency in evaluation, [P211](#) Managing human performance program, [P212](#) Awards: CEO award selection and Group-wide commendations, [P212](#) Integration of HR systems across domestic Group companies

(2) Withdrawal from matrix management in organizations

We will withdraw from rigid matrix management in organizations to promote scrum-type management that features flexibility and speed. Having employees proactively gather and discuss shared tasks and issues to promote decision-making and initiatives will facilitate rapid responses to the ever-changing market and enhance our competitive strength on a global scale.

Related initiatives: [P206](#) Human capital development/capability-building programs, [P208](#) DX adventure program, [P209](#) Grading systems based on roles, [P209](#) Self Education & Development Scheme, [P210](#) Internal recruitment, [P210](#) Scrum-type management, [P210](#) Selection of human capital who will become global leaders, [P210](#) Development programs for next generation leaders, [P211](#) 360-degree leadership assessment, [P211](#) More transparency in evaluation, [P211](#) Managing human performance program, [P212](#) Awards: CEO award selection and Group-wide commendations, [P212](#) Integration of HR systems across domestic Group companies

(3) Create an environment that focuses on challenges and results

We will create an environment that enables employees to take on greater challenges and have their achievements fairly evaluated. This will enhance employee motivation and organizational productivity and creativity and attain business growth and financial strength.

Related initiatives: [P206](#) Human capital development/capability-building programs, [P208](#) DX adventure program, [P209](#) Grading systems based on roles, [P209](#) Self Education & Development Scheme, [P210](#) Internal recruitment, [P210](#) Scrum-type management, [P210](#) Selection of human capital who will become global leaders, [P210](#) Development programs for next generation leaders, [P211](#) 360-degree leadership assessment, [P211](#) More transparency in evaluation, [P211](#) Managing human performance program, [P212](#) Awards: CEO award selection and Group-wide commendations, [P212](#) Integration of HR systems across domestic Group companies

(4) Create equitable opportunities for all employees

We will develop a workplace environment that cultivates a corporate culture that focuses on dialogue and supports all employees regardless of their diverse backgrounds and abilities to enable the maximization of their capabilities.

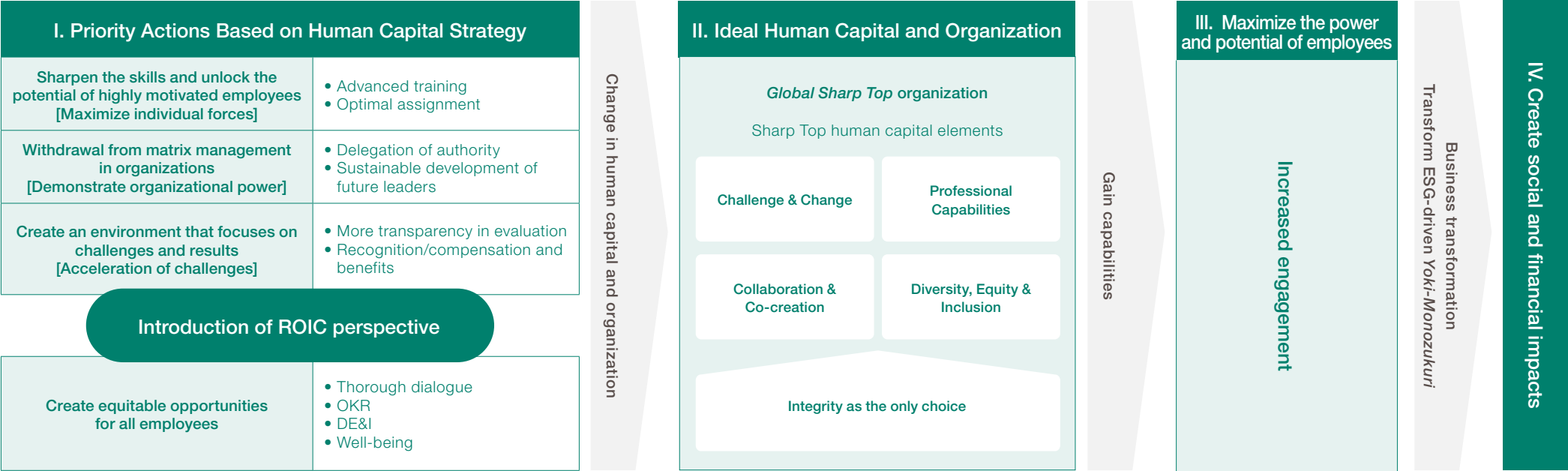
Related initiatives: [P212](#) Revitalization of dialogue between senior management and employees, [P213](#) Dialogue Festival, [P213](#) Deepening understanding of Psychological safety and unconscious bias, [P214](#) Development of ROIC perspectives for individual OKRs, [P214](#) DE&I, [P214](#) Realization of flexible work, [P214](#) Well-being

Impact created by strategy implementation

By implementing key actions based on the human capital strategy, human capital and the organization will transform into the *Global Sharp Top* human capital/organizational management style, which maximizes the power and potential of employees and has the capabilities necessary to achieve K27. This will promote the transformation of business and ESG *Yoki-Monozukuri* to create social and financial impact. In this manner, maximizing the power and potential of employees through the implementation of the human capital strategy will enhance the efficiency* of impact creation.

* Efficiency of impact creation: Added value per unit of time

Creation of outcomes through the human capital strategy



Financial impact

- Enhancement of profits through *Global Sharp Top* human capital/organizational reform that transforms *Yoki-Monozukuri*.
- Creation of an attractive organization that brings diverse human capital together by sharpening the skills and unlocking the potential of highly motivated personnel while enhancing competitiveness through acquiring and retaining outstanding human capital.

Environmental and social impact

- Timely provision of products and services that address social needs and contributions toward attaining a sustainable society.
- Producing and developing human capital capable of making broad contributions to society beyond the boundaries of the company.
- Contribution toward solving social issues by proactively dispatching human capital to external organizations such as government agencies and industry associations.

Strategic resilience

By sustaining organizational vitality through initiatives for nurturing and acquiring motivated human capital that challenge themselves, along with proper human capital development, we can enable stable business operations despite emerging risks and acquire the flexibility to seize new opportunities for growth.

Metrics and targets

To enhance strategy effectiveness, we have established key performance metrics and targets regarding “I. Priority actions based on the human capital strategy,” “II. Ideal human capital and organization—*Global Sharp Top* human capital/organization,” “III. Maximize the power and potential of employees,” and “IV. Create social and financial impacts.” Confirming progress toward targets enables us to effectively implement the PDCA cycle to steadily advance initiatives.

Moreover, we are visualizing the paths of individual and organizational transformation due to the implementation of Priority actions based on human capital strategy. These connections undergo correlation analysis using various data such as employee engagement surveys. To cite one example, one of the results of these analyses has enabled us to confirm that increased motivation, such as work enjoyment and sense of purpose, strongly contributes to higher engagement, and that optimal assignment, cultivation of a culture that encourages challenges, and DE&I promotion contribute to increased motivation.

Targets and progress

I. Priority actions Based on Human Capital Strategy

2022	2023	2024	Target value 2027
Investment in employee training (compared to 2020)			
1.3x	1.53x	2.02x	2.5x
DX human capital (compared to 2020)			
1.5x*2	7x*2	10x*2	15x*2
Personnel transferred through internal recruitment (compared to 2020)			
	4x*2	16x*2	20x*2
Ratio of mid-career recruitment in total number of employees (compared to 2020)			
0.9x	1.8x*2	1.9x*2	3x*2
KES score: Fair evaluation			
	60*1	61	70
KES score: Dialogue			
	63*1	64	70
KES score: Work style satisfaction			
	60*1	63	65
% of female managers related to that of female employees *4			
75.9%	76.2%	78.1%	90%
KES score: Vitality			
	59*1	61	70

II. Ideal Human Capital and Organization *Global Sharp Top* human capital / organization

2022	2023	2024	Target value 2027
Challenge-oriented human capital			
25%*2 *3	58%*2 *3	71%*2 *3	75%*2 *3 *5
KES score: Organizational culture that encourages challenges			
	61*1	63	70
KES score: Degree of promotion of Scrum-type management			
	57*1	58	70
KES score: Inclusive organizational culture			
	62*1	63	70

III. Maximize the power and potential of employee

2022	2023	2024	Target value 2027
Employees engagement (Total score in KES)			
	63*1	65	75
KES score: Workplace satisfaction			
	61*1	62	70

IV. Create Social and Financial Impacts

2022	2023	2024	Target value 2027
Efficient impact creation (compared to 2022)			
100%	92%	120%	150%

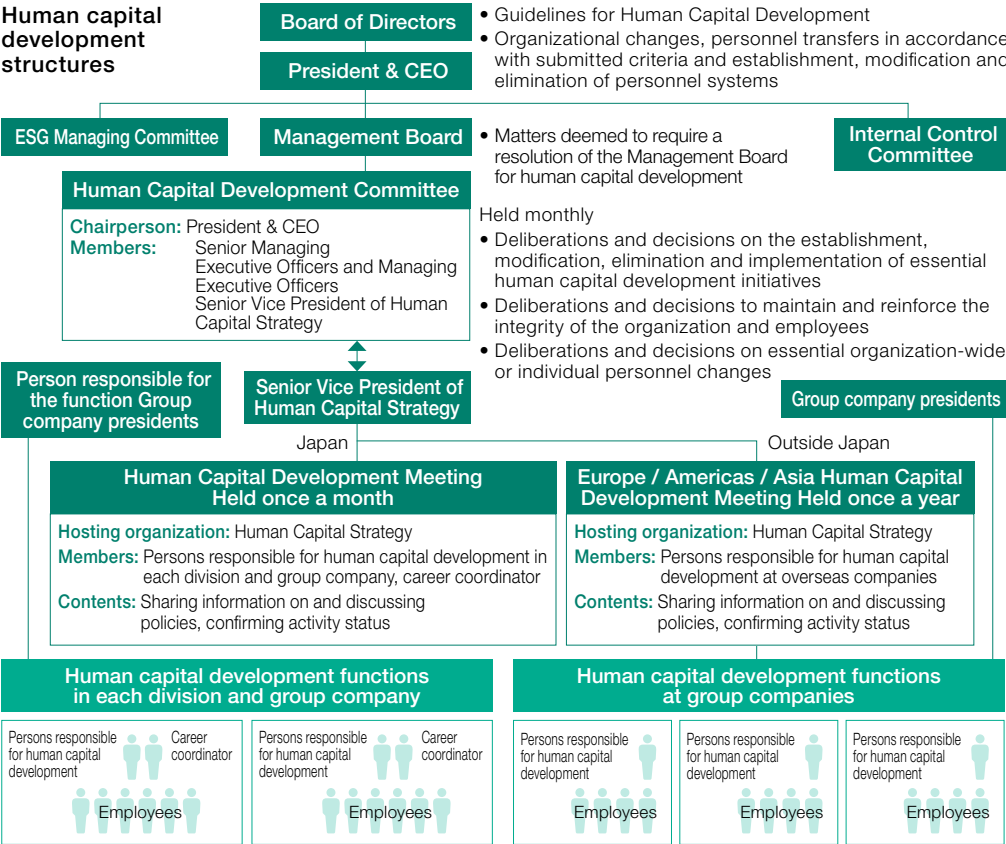
$$\text{Efficient impact creation} = \frac{\text{Added value}}{\text{Total annual hours workload}}$$

- * Counted in a group-wide basis, unless otherwise stated.
* Employees include those who are regular employees and those in full-time indefinite-term employment who are non-regular employees.
* KES refers to Kao Engagement Survey.
*1 The number of respondents including non-regular employees of the Kao Group was 27,460.
*2 Only consolidated subsidiaries in Japan
*3 Employee awareness survey
*4 Calculated as a weighted average based on the number of management positions at each group company
*5 Numerical target was revised upward from 60% to 75%

Governance

Under the supervision of the Board of Directors, Human Capital Strategy, which is led by an Executive Officer, leads activities that promote the company-wide human capital development strategy. At the core of this is the Human Capital Development Committee, which is chaired by the President & CEO and conducts monthly meetings. This committee discusses and makes decisions on key matters such as the establishment or reorganization of major organizations, appointments and dismissals of key positions, planning for labor and personnel costs, introductions, revisions, and deletions of HR activities, and attempts to ensure the human capital development policy is disseminated through these initiatives.

Furthermore, monthly Human Capital Development Conferences are held with the participation of human capital development managers from key divisions and domestic group companies. At these meetings, the Kao Group's overall human capital development policies and the activities of domestic subsidiaries are shared and discussed. In the same manner, regular meetings with human capital managers from each region are held outside of Japan as well to review the progress of human capital strategies from a global perspective and exchange information.



Risk/Opportunity management

Management process

As seen below, the status of initiatives to address human capital development risks and opportunities are managed in way that ensures steady improvement through a process of planning/implementation, evaluation of activity results, and corrective actions.

P (Planning)

(1) Period: December to January of the following year (2) Activities: Targets/activities for the next fiscal year (3) Meeting body: Human Capital Development Committee, Human Capital Development Meeting (4) Approver: Committee members, Senior Vice President of Human Capital Strategy

D (Implementation)

Please see the initiatives (P206-214).

C (Evaluation of results)

(1) Period: March to May (2) Evaluation method: Reporting at meetings, indicator progress, etc. (3) Meeting body: Human Capital Development Committee, Human Capital Development Meeting, Metrics: Employee engagement survey results, etc. (4) Approver: Committee members, Senior Vice President of Human Capital Strategy, etc.

A (Corrective action, review of targets and activities)

(1) Period: As necessary (2) Corrections and review overview: Instructions/advice from meeting bodies, etc. (3) Meeting bodies: Human Capital Development Committee, Human Capital Development Meeting, etc. (4) Approver: Committee members, Senior Vice President of Human Capital Strategy

Initiatives

Kao implements various initiatives aimed at human capital development. These initiatives are based on the strategy mentioned previously and are promoted in mutual collaboration toward achieving targets. Here, we will introduce some of the key initiatives among the many others.

Strategy		Initiatives		
(1) Sharpen the skills and unlock the potential of highly motivated employees	Advanced training	Human Capital Development/Capacity Building Program <ul style="list-style-type: none">Common programs in JapanSpecialized learning: Kao Techno SchoolSpecialized learning: Marketing University	DX adventure program	Self-development programs <ul style="list-style-type: none">Subscription-based video learningLanguage education, etc.
	Optimal assignment	Grading systems based on roles	Self Education & Development Scheme (SeEDS: Career self-reporting)	Career coordinator system/internal recruitment
(2) Withdrawal from matrix management in organizations	Delegation of authority	Scrum-type management	Selection and appointment of challenge-driven human capital	0★1 KAO
(3) Create an environment that focuses on challenges and results	Sustainable development of future leaders	Selection of personnel who will become global leaders	Development programs for next-generation leaders	360-degree leadership assessment
	Increased transparency in evaluation	Absolute evaluation focusing on processes	Feedback focused on dialogue	Managing Human Performance Program
	Recognition/Compensation & Benefits	Awards <ul style="list-style-type: none">CEO award selectionCommendations across the Group	Introduction of EVA indicators for performance-based bonuses	Integration of HR systems across domestic Group companies
(4) Create equitable opportunities for all employees	Thorough dialogue	Revitalization of dialogue between senior management and employees	KURUMAZA and Dialogue Festival	Deepening understanding of psychological safety and unconscious bias
	OKR	OKR sharing system	OKR challenge sharing session per division	Development of ROIC perspectives for individual OKRs
	DE&I	Women's empowerment/encouraging men to take paternity leave	Promotion of the participation of employees with disabilities	Realization of flexible work
	Well-being	Kao Health 2025	Mental health support/counselor system	Laurier in Workplaces/Smart WASHOKU

Human Capital Development/Capacity Building Program

Region: Japan, global

Corresponding strategies: (1) (2) (3)

Through diverse understanding, collaboration, and cooperation based on the Kao Way, we are enhancing the development of proactive human capital who will be able to maximize the potential of the Kao Group. Aiming toward enabling each employee to polish their strengths and grow stronger as a team, we have established various learning programs that refine their powers of Challenge & Change, Professional Capabilities, Diversity, Equity & Inclusion, Collaboration & Co-creation, and Integrity as the only choice.

We also offer common learning across the Group, specialized learning necessary for each division, and more than 9,000 self-improvement programs that support proactive learning, mutual learning, and continuous learning.

Five fundamentals for global/sustainable human capital development

私たちが大切にしたいこと

- 01 Challenge & Change**
Set ambitious goals and take on difficult challenges that enable us to stay higher standard of change for continuous innovation.
- 02 Professional Capabilities**
Build professional strength by constantly developing individual capability.
- 03 Diversity, Equity & Inclusion**
Embrace diversity as fountain to make business and society stronger through innovation.
- 04 Collaboration & Co-creation**
Create inclusive workplaces where every person can unite the creativity and energy to drive change.
- 05 Integrity as the only choice**
Behave with integrity in alignment with the Kao Way.

						Marketing	Sales	SCM	R&D
Senior Management / Senior Professional Level		SMP Level Revision Training						G-SELECT-II	
Management / Professional Level		MP Level Skill Improvement Training (360-degree leadership assessment + learning)					Leader II Program	G-SELECT-I	
		MP Level Revision Training/Managing Human Performance Program (MHPP)					Leader I Program	<ul style="list-style-type: none">• Kao Techno School• Kao Engineering School• High Pressure School• SHIC• Quality OJT	Specialty School
Leading Staff Level		Training Program for International Assignment/ Trainees outside Japan				MK Univ. (Master)			
		LS Level Revision Training				MK Univ. (Basic)	Sales Training (Advanced)	<ul style="list-style-type: none">• MTC Experience Training• SCM Skill Improvement Training	Chief / Senior Forum
Staff Level		The Kao Way Workshop	Integrity Workshop			MK Practical Course	Sales Training (Basic)		
						MK Basics		Basic Knowledge Course	Fundamental Science
		New Employee Orientation (Primarily in-person)						Interval Training	Freshmen Forum

* Excerpt from main categories

(1) Common programs in Japan

During the onboarding stage, group training is implemented based on the Kao Way, with a focus on fostering the notion of integrity as the only choice. Employees deepen their understanding of *Yoki-Monozukuri* through these training programs while gaining exposure to business initiatives and interacting with senior members. Furthermore, a number of divisions have a mentorship system in place to support early adaptation and workforce-readiness for new employees. This system accelerates job proficiency and contributes to productivity improvement and employee retention.

Furthermore, at level revisions, cross-group training is conducted in teams to nurture a mindset geared toward innovation and to enhance skills. Opportunities to learn with diverse human capital enable different perspectives and ideas to be exchanged, and the creation of new solutions and innovations is facilitated through these interactions.

The self-improvement program offers more than 9,000 varieties of learning resources to allow individuals to polish their skills, which contributes to the development of one-of-a-kind human capital by providing opportunities for proactive and continuous learning.

We also implement life-career training for those aged 35 years or older to support autonomous career development. This training enhances the power of employees to transform, never be satisfied with the status quo, and take on the challenge of becoming

the driving force for change toward the next level. According to a survey taken after the program, 78% of participants felt that their strengths had been clarified, and 61% answered that they had taken specific actions toward taking new steps within a few months.

(2) Specialized learning (SCM): Kao Techno School

Kao Group implements advanced education in each division to enhance expertise and skills according to individual roles.

Supply Chain Management (SCM) implemented a specialized learning program called Kao Techno School in 1989 to develop future field leaders for the function. Young employees selected from within and outside of Japan have participated in this program, and 1,058 have completed the program to date. In the last three years, 47% of participants (20 out of 43 participants, or 46.5%) have come from outside of Japan, making this a global place of learning.

More than half of the graduates have gone on to become frontline leaders on a global scale. Especially at workplaces that handle high-pressure gasses, which requires strict safety management, most leader positions are held by graduates, making them vital in conducting plant operations.

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. Intensive learning is provided by both internal and external instructors for six months up to the completion of the course. 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, become unique human capital that contributes to the further invigoration of the workplace.



(3) Specialized learning (Global Consumer Care): Marketing University

Since 2003, Global Consumer Care has implemented a specialized education program called Marketing University to foster future marketers/product developers who will be the driving force of Kao. This program selects mid-career employees from various business divisions to learn about brand growth strategies, product strategies, and business strategies from both internal and external instructors. Participants conduct multiple discussions to ultimately propose brand growth strategies and business strategies to management.

In recent years, due to the diversification of consumer preferences and evolving digital technologies, the environment surrounding society and businesses has become increasingly complex, and forecasting future changes has become challenging. The program aims to train marketers to be able to lead entire businesses while remaining keenly aware of consumer changes by providing education on topics such as consumer analysis, business planning steps, and the use of digital technologies.

This program has produced an abundance of unique human capital, possessing a healthy sense of urgency, the ability to respond to changes in social environments, and a strong connection



with consumers. Of the participants in this program over the past seven years, 13% have received the President and CEO Award, the 36% have received the Division Award (the average company-wide award ratio for employees is: 0.3% for the President and CEO Award, and 1.8% for the Division Award). Program participants play a major role as business leaders by viewing consumers from a global perspective, deepening connections, and establishing strong brands.

DX Adventure Program

Region: Global

Corresponding strategies: (1) (2) (3)

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.”

In 2023, we introduced the DX Adventure Program to expand DX human capital to all divisions within the entire Kao Group and accelerate new value creation and transform business processes. The DX Adventure Program consists of three levels and five sub-levels. At the beginner level, employees take assessment tests that objectively measure their DX skills before being offered learning programs tailored to their current individual skill levels. The intermediate level offers customized learning in line with the characteristics and needs of the divisions the employees belong to. By 2024, approximately 14,000 individuals in Japan (almost 52% of all domestic employees) had completed the beginner level, and approximately 9,000 individuals (almost 33% of all domestic employees) completed the intermediate level. Furthermore, as of 2024, the DX Adventure Program has been expanded outside of

	Target group	Program
Level 5	Company-wide DX leader	Project-based OJT utilizing external resources
Level 4		
Level 3	Division DX promoter	Customized programs for each division
Level 2		
Level 1	All employees	Personalized programs for all employees

Japan, starting with China.

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. The methods of obtaining different badges per level is expected to boost employees’ motivation to learn.

In Japan, the goal is to train a total of 330 company-wide DX leaders and 3,000 divisional DX promoters by the end of FY2027.



Along with the promotion of the DX Adventure Program, we are also making efforts to expand the number of citizen developers. As of the end of 2024, there were more than 2,000 citizen developers making contributions by developing diverse business applications, creating new value, and transforming business processes. Notably, Supply Chain Management has developed and deployed over 300 business applications closely linked to *Genba* issues in a sustainable way.

Grading systems based on roles

Region: Global
Corresponding strategies: (1) (2) (3)

Kao Group has adopted a grading system based on roles, in which grades are determined and job levels segmented based on individual roles. Employees have free access to role-definition documents per job level, which can be used to develop their careers. Furthermore, Human Capital Strategy annually reviews the scope of the roles of the global common grading system to ensure transparency and equity. Select employees are also appointed to major roles, enabling the speedy expansion of role responsibilities.

We will continue to select and promote the next generation of human capital and reflect it in their appointments in a timely manner to further revitalize and grow the organization and develop and retain outstanding human capital.

Kao Group job grade system

	Job level	Role definition	Grade
Global common	Executive Directors	Leading businesses/functions across countries, companies and divisions,by strongly supporting group Executive Officers, through planning/implementing critical activities aligned with Kao Group strategy leveraging expertise, experience, and deep insight	Executive Directors
	Senior Management position (Senior management / Senior professional)	Leading businesses/functions across countries, companies and divisions and spearheading unified group operations	G1
			G2
G3			
Japan common	Management Position (Management / Professional)	Responsible for running business/organization as a leader/highly-skilled professional in the business/ function in charge	G4
			G5
	Leading Staff	Responsible for promoting important and difficult tasks by utilizing a wide range of knowledge, skills, and experience	G6
			G7
	Staff	Take the initiative in carrying out assigned tasks under certain instructions and guidance	G8
G9			

Self Education & Development Scheme

Region: Japan
Corresponding strategies: (1) (2) (3)

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. We have developed a Self Education & Development Scheme (SeEDS) for skill and career support, which is a process that enables each employee to reflect on the experience, capabilities, and skills they have gained through daily work and make plans with superiors and human resource representatives to take actual steps toward realizing their aspirations and career dreams.

This system enables individual employees to communicate to the company their preferences for job transfers, career or business challenges, and desired work locations. Furthermore, career coordinators and partners are dispatched to enable career consultations outside of those with their direct superiors. Career coordinators take employee career aspirations and aptitudes under consideration while strategically assigning human capital toward attaining the Mid-term Plan, K27.

A number of divisions have a mentorship system in place for newly recruited employees. This system provides senior employees with extensive knowledge and work experience as mentors to offer broad support not only for work but for career development as well.

In 2024, there were 531 rotations that crossed divisions. As of December 2024, approximately 150 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 had developed in the Kao Group to help solve social issues and promote the development of industries and client companies.

Internal recruitment

Region: Japan
Corresponding strategies: (1) (2) (3)

In 2024, internal recruitment was launched for Kao Group members in Japan, providing employees with opportunities to develop their own careers. In FY2024, 41 positions were posted for projects that directly linked to new businesses and management issues essential to attain *Global Sharp Top*. There were 232 applications of which 35 transferred to new positions. This initiative gathers highly motivated employees in a timely manner, strengthens the organizational framework necessary to conduct management strategies, and promotes opportunities and an organizational culture in which employees can shape and develop their own careers.

According to a survey of applicants, 96% of young employees regard this system as useful in determining their future careers, and 82% stated that it promoted understanding of other divisions. Furthermore, the employee engagement survey received feedback such as, "I feel that the company is making efforts to increase the number and fairness of opportunities with the establishment of this internal recruitment system."

In addition to employee transfers, the internal recruitment system also includes short-term opportunities in which employees can gain work experience in other divisions. The human capital responsible for the Kao-hosted event "Tsuki-sai," which is held to provide real and inspiring experiences, is also recruited through this system.

Scrum-type management

Region: Global
Corresponding strategies: (1) (2) (3)

We have implemented scrum-type management to deepen our matrix structure and combine the expertise of business divisions and functional divisions to maximize and fully accelerate responses to priority issues. In our key businesses, we have organized a Business Steering Board made up of key personnel from each business and function, and we are speeding up our initiatives for business expansion by actively discussing key issues based on our overall strategy and making quick decisions. We encourage this type of scrum-based activity throughout the group and promote decision-making and implementation at the *Genba* level by preventing the silos and uniformity commonly seen in large companies from taking hold.

Selection of human capital who will become global leaders

Region: Global
Corresponding strategies: (1) (2) (3)

We are systematically training business leaders toward attaining *Global Sharp Top* human capital/organization. Regarding key human capital who are candidates for future roles, such as senior management and specialists, we are implementing strategic job placement/assignments and tasks, including early promotions.

Development programs for next generation leaders

Region: Global
Corresponding strategies: (1) (2) (3)

We are providing opportunities for learning and taking on challenges through a cross-division selection and nomination system, which includes liberal arts training, the co-

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creation leadership development program Jammin' program to improve human skills "Kagayakijuku," and coaching. Additionally, to establish a foundation for global roles, we also offer short and medium-term dispatch programs outside Japan.

Kagayakijuku is a learning program that has collected insights from human relations divisions across various industries. Management from participating companies share their beliefs and philosophies as leaders, contributing toward enhancing the mindset of participating members through dialogue. Within the Kao Group, 5% of participants have been promoted to Executive Officers, and 43% have been promoted to senior management positions, becoming the human capital leaders who carry each organization on their shoulders.

360-degree leadership assessment

Region: Japan

Corresponding strategies: (1) (2) (3)

We conduct 360-degree leadership assessment for all management-level members, which enables them to grasp the strengths and weaknesses in their own leadership management. After the assessment, group training is provided to promote reflection on individual actions. Furthermore, optional learning programs are also offered, which cover ambition, challenges, and co-creation, to encourage autonomous learning.

More transparency in evaluation

Region: Global

Corresponding strategies: (1) (2) (3)

We have 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 various challenges, including the year's

contributions and processes in the basic roles, in addition to the OKR progress. 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.

End-of-fiscal-year evaluations are conducted from individualized and absolute perspectives, with clearly defined criteria such as difficulty level, creativity, co-creation and collaboration, efficiency, and autonomy per division characteristic and actual work condition. This clarifies points for dialogue when providing feedback and contributes toward the increased fairness and transparency of evaluations. (The group-wide score for feedback in the FY2024 employee engagement survey was 64, a one-point improvement from the previous year.)

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.

Managing Human Performance Program

Region: Global

Corresponding strategies: (1) (2) (3)

To support connections among diverse individuals and operate a more flexible organization, we provide initial training for middle managers who are leading a team for the first time as well as follow-up programs in Japan and Asia for those who have a certain level of experience in managerial positions to reinforce their people management skills.

With the Guidelines for Human Capital Development as the foundation, new managers will undergo basic management learning programs (how to configure targets, make assessments and communicate with members). Follow-up programs will provide management learning focusing on case studies with the aim of establishing practical skills for the participants.

Both programs support the speedy implementation in each participant's organization by enabling them to recognize the importance of dialogue and acquire a dialogue-centered mindset.

Last year, 83%* of employees promoted to senior management positions were participants in this program and continue to be a driving force in business. Furthermore, 60%* of current senior management also have experience with this program.

* 2024 actual

Awards: CEO Award selection and Group-wide commendations

Region: Global

Corresponding strategies: (1) (2) (3)

Kao Group believes in the importance of fostering and stimulating employee motivation for skill development and performance enhancement. This is implemented through fairly assessing and recognizing efforts and achievements, and widely communicating these achievements to all employees provides inspiration by establishing award recipients as role models and reinforcing goals. For this reason, outstanding organizations and individuals are recognized and acknowledged annually for their group business activities with Division Awards based on criteria such as challenges, creativity, level of contribution, and key perspectives regarding each division and role.

Of these Division Awards, activities that are found to be especially outstanding from a *Global Sharp Top* strategy perspective or activities that have provided exceptional contributions to business are carefully selected for the CEO Award in January of the following year. The activities and contributions of the recipients are also shared across the group. The FY2024 CEO Award recognized four initiatives (a total of 91 recipients) in the Hair Care Business, Hygiene Living Care Business, Skin Care Business, and Chemical Business. Furthermore, the structural reform of the Sanitary Business and promotion of DX by citizen developers were each specially awarded as the Valuable Challenge awards. Through these activities, we foster a culture and mindset that takes on challenges on a global scale and withdraws from matrix management approaches.

Integration of HR systems across domestic Group companies

Region: Japan

Corresponding strategies: (1) (2) (3)

To achieve K27 and further growth, it is essential to develop an environment in which diverse group employees can immerse themselves in work with a sense of understanding and equity, and where proactive challenges are duly rewarded. For this reason, we are working to correct and minimize any discrepancies in HR systems across group companies in Japan while further developing a compensation framework that focuses on challenges, achievements, and diversity.

Specifically, from July 2025, we will begin reviewing and standardizing systems for standard compensation*, living-related allowances, support for relocated employees, and employee benefits as based on corporate strategies and future shifts in society structures to develop an environment in which diverse human capital can play active roles, regardless of the company they are employed by. This initiative will cover 10 domestic group companies and approximately 20,000 regular employees.

* Base salaries configured by each domestic Group company will be maintained.

Revitalization of dialogue between senior management and employees

Region: Global

Corresponding strategy: (4)

At the Kao Group, to maximize the power and potential of employees, we have been conducting the employee engagement survey (KES) since FY2023. This initiative visualizes the status of employees and the organization to identify organizational management issues, establish effective workplace improvement actions and implement improvement actions at each workplace to provide first-hand experience to employees and boost engagement. Through the results of this survey, the Kao Group has confirmed that the brand, corporate culture, and sense of belonging are our strengths. Meanwhile, in order to further improve engagement and to further promote employees' understanding of the company's direction, we believe it is necessary to provide specifics and milestones

from an employee and *Genba* perspective while communicating clearly and realistically and providing information regarding background and intent. The biannual Kao Forum, an opportunity for dialogue between senior management and employee representatives from each company and *Genba*, is also held with these factors in mind. As a result, the FY2024 Kao Forum received almost 100% positive feedback from its participants. In addition to the Kao Forum, as part of our “*KURUMAZA*” initiative, we also are focusing on initiatives where senior management visits *Genba* and engages in direct dialogue with employees. This activity is being widely implemented at workplaces and group companies both within and outside Japan. We have received feedback from employees such as, “Everybody participated actively, and it was a meaningful event with lively discussions,” and “Getting to know the honest and candid thoughts of the senior management deepened my understanding and resonated with me.” These events are opportunities to grasp senior management’s thought processes and the company’s direction and provide insights for senior management into understanding the realities and issues at each *Genba*.



Dialogue Festival

Region: Japan

Corresponding strategy: (4)

To maximize the power and potential of employees through *Global Sharp Top* human capital/organizational management, we are advancing various activities in accordance with our human capital strategy, which is built on the foundation of thorough dialogue.

It is important for dialogues to be frequently taken place between superiors, colleagues, and members of other divisions to deepen employee understanding of company strategies and direction as well as how each employee’s activities contribute toward enhancing corporate value. Kao Group in Japan holds an annual Dialogue

Festival to promote dialogue at the *Genba* level. The slogan “Let’s meet each other halfway for a comfortable workplace” was established for the FY2024 Dialogue Festival held throughout September. During the festival, various seminars regarding topics such as communication, leadership, and management were held, diverse video content covering topics including dialogue case studies and psychological safety were offered, and employee office cafeterias were used as locations to conduct cross-division networking.

Approximately 1,200 employees participated in the communication seminars, and approximately 700 participated in management seminars, either in person or online, and both events were met with high praise.



Deepening understanding of psychological safety and unconscious bias

Region: Global

Corresponding strategy: (4)

We provide opportunities to learn about psychological safety and unconscious bias in order to create an organizational culture focused on dialogue. In 2024, mandatory e-learning programs were implemented in Japan with Basic Knowledge of Unconscious Bias for employees in management level and Basic Knowledge of Psychological Safety for employees not in management level.

In the Americas, we are implementing ongoing microaggression training while also launching a new unconscious bias workshop for employees in Australia. In EMEA, training related to microaggression was implemented for the annual DE&I sessions.

Development of ROIC perspectives for individual OKRs

Region: Japan
Corresponding strategy: (4)

The understanding and utilization of OKRs has progressed since its group-wide incorporation in FY2021. Reviews held in 2024 showed that more than 70% of employees were configuring targets and taking action that contributed to both individual and organizational growth, reflecting the progress made in cultivating a culture that encourages taking on challenges.

Meanwhile, it was also revealed that there were a certain number of employees who were taking on challenges but had uncertainties as to their connection to the organization or were unsure of what the “challenge” concept meant. To weigh in on this situation, from FY2025 each department will engage in feedforward dialogue to help employees understand how their work results in enhancing corporate value. Departments will also review individual OKRs from the perspective of ROIC, an important management indicator, to ensure employees and the company are aligned and progressing in the same direction.

A detailed ROIC Reverse Tree will be created which will illustrate how each division’s activities enhance ROIC. This tree will be used in dialogues with superiors to connect individual targets to organizational contributions. Furthermore, by increasing awareness of investment efficiency and earnings capabilities, this activity will also contribute toward developing the human capital who will drive our transformation into a more robust businesses through investments.

DE&I

Region: Global
Corresponding strategy: (4)

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

[P221](#) Our Progress > Inclusive & Diverse Workplaces

Realization of flexible work

Region: Japan
Corresponding strategy: (4)

Kao has generally implemented a flextime system to enhance time flexibility. However, we have also incorporated such as remote work, using telecommuting systems, and the diversification of work locations and environments.

Since 2023, we have been promoting optimal work styles for each employee according to their duty and role rather than uniform rules to further promote creativity through dialogue and co-creation among employees.

Furthermore, to promote flexible work styles, office revisions are also being conducted sequentially to create the necessary environments. The SWS (Smart Work Support) application has also been introduced and utilized to visualize individual work statuses in real time, including the statuses of those working from home. This application is helpful in the prevention of overwork and ensures that proper work hours are reported.

Through such measures, we aim to create an environment in which employees can work safely and efficiently.

Well-being

Region: Global
Corresponding strategy: (4)

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 strength. In 2024, we promoted initiatives focusing on activities with proactive participation of employees and their families towards realizing the Mid-term Health Plan Kao Health 2025.

[P235](#) Our Progress > Employee Wellbeing & Safety

Major initiatives for diverse work styles (Kao Group in Japan, excluding some affiliates)

Major initiatives	Content
Flextime	With the exception of some shift workers, flextime is applied to all employees, regardless of the reason. 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 the reason. 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).

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

Status for working hours, leaves and work-from-home utilization (Kao Corporation)

	2021	2022	2023	2024	Unit
Hours worked outside regular working hours Monthly average	14.3	13.4	12.4	15.3	Hours
Average days of paid leave taken	15.5	16.6	17.3	16.6	Days
Average paid leave utilization rate	80.6	85.8	88.0	84.2	%
Average hours of leave taken in hourly increments	2.71	3.15	3.47	3.97	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)	6	7	5	13	Persons
Average number of special paid leave days taken for volunteer activities	1.3	3.0	2.4	1.4	Days
Total number of employees taking special paid leave for volunteer activities	90	1	12	11	Persons
Number of employees utilizing the work-from-home option	7,781	7,653	6,431	6,034	Persons

* Counted in enrolled companies

* 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	2024
Kao Group	1,803	1,833	1,813

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

* Date does not include Kao South Africa Pty. Ltd, which accounts for 0.11% of all Kao Group employees

Number of employees / management positions (Persons)

		2021			2022			2023			2024		
		All	Male	Female	All	Male	Female	All	Male	Female	All	Male	Female
Kao Group	Employees	33,507	16,589	16,918	35,411	16,677	18,734	34,257	16,055	18,202	32,566	15,173	17,313
	Management positions	6,539	4,567	1,972	6,974	4,845	2,129	6,553	4,514	2,039	6,359	4,288	2,071
	Of which Top management	–	–	–	–	–	–	901	726	175	846	673	173
	Middle management	–	–	–	–	–	–	1,644	1,204	440	1,628	1,157	471
	Junior management	–	–	–	–	–	–	4,008	2,584	1,424	3,885	2,458	1,427
Japan	Employees	21,816	10,485	11,331	23,584	10,404	13,180	22,464	9,895	12,569	20,831	9,069	11,762
	Management positions	4,495	3,574	921	4,555	3,534	1,021	4,558	3,439	1,119	4,366	3,209	1,157
Of which, Kao Corporation	Employees	8,508	6,147	2,361	8,403	5,974	2,429	8,199	5,739	2,460	7,861	5,356	2,505
	Management positions	2,919	2,245	674	2,957	2,238	719	2,985	2,221	764	2,907	2,101	806
Asia	Employees	7,057	3,876	3,181	6,948	3,848	3,100	6,798	3,791	3,007	6,618	3,693	2,925
	Management positions	1,111	554	557	1,154	605	549	1,038	562	476	1,009	545	464
Europe	Employees	3,222	1,533	1,689	3,376	1,691	1,685	3,494	1,663	1,831	3,560	1,676	1,869
	Management positions	564	268	296	920	545	375	556	307	249	573	315	258
Americas	Employees	1,412	695	717	1,503	734	769	1,501	706	795	1,557	735	757
	Management positions	369	171	198	345	161	184	401	206	195	411	219	192

* “Employees” include Kao South Africa Pty. Ltd.

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

* Top management equivalent to department heads and Middle management equivalent to section manager, but with a certain level of responsibility. Junior management equivalent to section manager, but without Middle management.

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

		2021	2022	2023	2024
Japan	Employees	64.9	69.3	65.6	63.9
	Management positions	69.4	66.3	70.6	70.2
Indonesia	Employees	6.0	5.6	5.7	6.0
	Management positions	2.5	2.3	2.3	2.5
China	Employees	4.4	4.2	3.9	3.9
	Management positions	4.8	3.1	2.8	2.8
Thailand	Employees	4.1	3.6	3.7	3.9
	Management positions	5.0	4.3	2.6	2.8
Germany	Employees	2.7	2.5	2.5	2.7
	Management positions	5.8	4.8	3.4	2.7
Taiwan	Employees	1.6	1.8	1.9	1.9
	Management positions	1.6	1.6	1.6	1.7

* Top six countries accounting for the largest shares of employees Note: Excluding employees where this information is not disclosed.

* Counted in enrolled companies unless otherwise noted. Only employees from regular employment until 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

* Unless otherwise noted, data does not include Kao South Africa Pty. Ltd, which accounts for 0.11% of all Kao Group employees

Percentage of employees by age group (%)

		2021	2022	2023	2024
Kao Group	< 30 years old	20.6	19.3	17.8	16.7
	30–50 years old	51.4	51.9	52.6	54.9
	> 50 years old	27.9	28.7	29.6	26.4
Japan	< 30 years old	19.5	18.0	16.4	15.4
	30–50 years old	49.4	49.9	50.6	53.1
	> 50 years old	31.2	32.1	33.0	31.4

Situation regarding newly hired employees

		2021	2022	2023	2024
Kao Group	All (persons)	1,568	1,555	1,732	1,740
	Male	702	625	614	633
	Female	866	930	1,118	1,107
	Females as a percentage of the total (%)	55.2	59.8	64.5	63.6
Japan	All (persons)	567	208	413	450
	Male	250	110	153	177
	Female	317	98	260	273
	Females as a percentage of the total (%)	55.9	47.1	63.0	60.7
Of which, Kao Corporation	All (persons)	269	103	187	235
	Male	170	71	90	126
	Female	99	32	97	109
	Females as a percentage of the total (%)	36.8	31.1	51.9	46.4

Percentage of newly hired employees by age group (%)

		2021	2022	2023	2024
Kao Group	< 30 years old	68.0	52.5	57.2	53.2
	30–50 years old	27.0	41.3	36.8	39.4
	> 50 years old	4.0	6.2	6.0	7.4
Japan	< 30 years old	90.0	62.0	78.4	71.6
	30–50 years old	10.0	38.0	25.3	27.3
	> 50 years old	0.0	0.0	1.0	1.1

Retention rate after 3 years of employment (%)

	2022	2023	2024
Kao Group	68	67	63.2

Hiring cost per employee hired (yen)

	2021	2022	2023	2024
Kao Group	424,480	570,933	495,500	532,106
Japan	624,912	1,650,470	831,229	1,017,955

Percentage of open positions filled by internal candidates (%)

	2021	2022	2023	2024
Kao Group	79.11	77.72	74.65	74.69
Japan	88.72	94.99	90.63	88.81

Percentage of career hires in new hires (%)

	2021	2022	2023	2024
Kao Corporation	9.7	35.9	49.2	46.8
Kao Group Customer Marketing Co., Ltd.	8.0	17.4	17.2	40.0
Kao Beauty Brands Counseling Co., Ltd.	0.0	0.0	0.0	*
Kanebo Cosmetics Inc.	0.0	0.0	0.0	*
e'quipe, LTD.	–	100.0	100.0	100.0
Kao Logistics Co., Ltd.	0.0	*	*	0.0
Kao Professional Services Co., Ltd.	54.8	41.7	32.3	46.4
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.	0.0	*	*	0.0
Kao Cosmetic Products Odawara Co., Ltd.	0.0	100.0	27.8	0.0
Kao Paper Manufacturing Fuji Co., Ltd	0.0	100.0	*	50.0
Kao Peony Co., Ltd.	0.0	*	*	0.0

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

* An asterisk (*) indicates no employment

Situation of re-employed after retirement (Kao Corporation)

	2021	2022	2023	2024
Number of employees who reached retirement age	183	237	255	293
Of which, the number of employees re-employed after retirement	165	204	223	253
Percentage (%)	90.2	86.1	87.5	86.3

* Counted in enrolled companies unless otherwise noted. Only employees from regular employment until 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

* Unless otherwise noted, data does not include Kao South Africa Pty. Ltd, which accounts for 0.11% of all Kao Group employees

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Situation regarding employee turnover (%)

		2021	2022	2023	2024
Kao Group	Total employee turnover rate	5.67	6.17	6.75	8.87
	Voluntary employee turnover rate	4.03	4.61	4.57	4.46
Japan	Total employee turnover rate	2.24	3.76	3.69	7.07
	Voluntary employee turnover rate	1.53	2.68	2.39	2.57

Employee turnover rate by gender (%)

		2021	2022	2023	2024
Kao Group	Male	41.18	35.10	36.74	41.50
	Female	58.82	64.90	63.26	58.50
Japan	Male	43.03	27.62	33.98	39.65
	Female	56.97	72.38	66.02	60.35

Employee turnover rate by age group (%)

		2021	2022	2023	2024
Kao Group	< 30 years old	35.81	36.11	33.92	21.16
	30–50 years old	41.76	41.69	40.59	36.27
	> 50 years old	22.43	22.20	25.49	42.57
Japan	< 30 years old	35.45	40.92	34.58	15.89
	30–50 years old	32.99	32.02	34.46	26.07
	> 50 years old	31.56	27.06	30.96	58.04

Voluntary employee turnover rate by gender (%)

		2021	2022	2023	2024
Kao Group	Male	36.77	29.78	28.88	34.04
	Female	63.23	70.22	71.12	65.96
Japan	Male	30.93	18.64	23.51	27.99
	Female	69.07	81.36	76.49	72.01

Voluntary employee turnover rate by age group (%)

		2021	2022	2023	2024
Kao Group	< 30 years old	44.77	43.81	44.60	36.56
	30–50 years old	46.93	47.92	45.50	52.30
	> 50 years old	8.30	8.27	9.90	11.13
Japan	< 30 years old	51.05	56.08	51.30	41.71
	30–50 years old	44.45	38.86	43.10	52.89
	> 50 years old	4.50	5.06	5.60	5.40

* Counted in enrolled companies unless otherwise noted. Only employees from regular employment until 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

* Unless otherwise noted, data does not include Kao South Africa Pty. Ltd, which accounts for 0.11% of all Kao Group employees

Human capital development investment per employee

		2021	2022	2023	2024
Kao Group	Average hours of training (hours)	10.47	12.98	14.05	18.54
	Average cost of training (yen)	29,000	32,000	37,000	48,000
Japan	Average hours of training (hours)	11.81	12.90	12.91	16.51
	Average cost of training (yen)	30,000	32,000	36,000	49,000

* The calculation standard for training hours was clarified in 2022.

Ratio of training hours by gender

		2023		2024	
		Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)
Japan	Male	114,633	47.3	195,380	56.5
	Female	127,556	52.7	150,215	43.5

* 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 55.5% of all Kao Group employees and 86.7% of Japanese employees

* Counted in enrolled companies unless otherwise noted. Only employees from regular employment until 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

* Unless otherwise noted, data does not include Kao South Africa Pty. Ltd, which accounts for 0.11% of all Kao Group employees

Ratio of training hours by age group

		2023		2024	
		Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)
Japan	< 30 years old	94,025	38.8	86,624	25.1
	30–49 years old	106,101	43.8	168,653	48.8
	≥ 50 years old	42,063	17.4	90,317	26.1

* Except for certain companies

Ratio of training hours by management level

		2023		2024	
		Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)
Japan	All employees are targeted	50,007	20.6	179,051	51.8
	Junior management	145,893	60.2	126,831	36.7
	Middle management	44,386	18.3	32,450	9.4
	Top management	1,903	0.8	7,263	2.1

* Except for certain companies

Situation regarding union members

		2021	2022	2023	2024
Kao Group	No. of union members (persons)	13,097	12,716	10,851	10,238
	Percentage (%)	43	34	32	32
Japan	No. of union members (persons)	8,838	8,560	6,785	6,422
	Percentage (%)	40	34	30	31

* Excluding companies where this information is not disclosed.

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

Employees'
opinions

Maximizing the power and potential of employees through the Kao engagement survey



Jie Li
Director, HCD
Kao (China) Holding Co., Ltd.

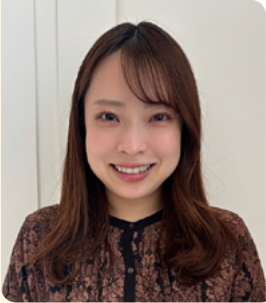
Fostering employee creativity should be one of the crucial methods how to win the fast-paced business environment. But creativity doesn't only mean innovation, efficiency and success, it also accompanies with challenges, pressures and failures. Employees need an environment that encourages employees further challenges with psychological safety. Positive dialogues between managers and employees will lead to more exciting initiatives emerging.

As a leader, we play a pivotal role to shape the workplace environment. Empowerment from leaders allows employees to make decisions about how they approach their task. Encouraging experimentation creates a culture which employees trying new approaches and innovating is highly recognized. Constructive feedback demonstrates full support on employees' growth and improvement.

Ultimately, the key lies in leadership commitment, cultural transformation, and the growth of every individual. We believe, when employees thrive, so does the company.

Employees'
opinions

Provision of learning opportunities for motivated human capital



Ami Yamada
Career Development,
Human Capital Strategy,
Kao Corporation

In 2024, I made the choice to challenge myself and participate in a training program in Germany. Together with colleagues from Japan's corporate divisions, I learned about the roles, functions, and importance of corporate divisions in companies from a global perspective. Through this program, I learned how to take the initiative even in uncertain situations, and to collaborate with other colleagues who have different levels and areas of expertise, making the most of our strengths to achieve our goals. I intend to continue collaborating with the colleagues with whom I worked diligently and engaged in serious dialogue about the future of the corporate division. Together, I would like to deliberate and act on what can be done to enable Kao to become a *Global Sharp Top* company.