

Inclusive & Diverse Workplaces

GRI 404-2

To make diversity into a strength and realize solutions to various social issues, we strive to create an environment and culture where each employee can exert their capabilities and individuality to the fullest, and both individuals and the company can flourish.

Risks	Strategy	Metrics, targets and results			Initiatives	Financial impact		
<ul style="list-style-type: none">Decline in employee engagement at workplaces where diverse employees face difficulties in working with high motivation, along with increased challenges in retaining employees, who are a valuable corporate asset, and in recruiting highly talented human capitalLack of agility and flexibility in responding to societal changes within organizations that do not embrace diversity and instead remain homogeneous, leading to risks and reputational risks in the sustainable growth of companies	Diversity & Equity promotion	(1) Human capital development from a DE&I perspective	Metrics	Targets	2024 results	Women's empowerment (1) (2) (3) (4)	<ul style="list-style-type: none">Corporate growth through providing better products and services based on innovation that leverages diverse perspectivesProductivity improvement driven by higher employee engagement in each individualEnhanced employee retention and recruitment competitiveness, along with reduced hiring costs, through the company's growth into a more attractive workplace	
			% of female managers related to that of female employees (1) (2) (3) (4) * Calculated as a weighted average based on the number of management positions at each group company	100% 2030	78.1%	Promoting the participation of employees of LGBTQ+ communities (1) (2) (3) (4)		
			Percentage of female managers (1) (2) (3) (4)	—	32.6%	Promoting the participation of employees from different cultures (1) (2) (3) (4)		
			Gender pay gap (1) (2) (3) (4)	—	89.5%	Promoting the participation of employees with disabilities (1) (2) (3) (4)		
Opportunities		(2) Promoting the participation of diverse employees and improving the workplace environment	Percentage of employees with disabilities (1) (2) (3) (4)	—	Global: 1.54% Japan: 2.81%* * Calculated in accordance with the law	Support for balancing work and childcare (1) (2) (3) (4)		
			Percentage of paternity leave taken by male employees (Japan) (1) (2) (3) (4)	100%	96.1%	Support for balancing work and family care (1) (2) (3) (4)		
			Score on "Inclusive organizational culture" in our employee engagement survey (1) (2) (3) (4)	75 2030	63	Deepening understanding of DE&I (1) (2) (3)		
		Inclusion promotion	(4) Fostering an inclusive organizational culture	Score on "psychological safety" in our employee engagement survey (1) (2) (3) (4)	75 2027	63		Fostering an organizational culture centered on dialogue (1) (2) (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

To contribute to business growth and the resolution of social issues, Kao is promoting strategies that are effective, aligned with its identity, and lead to risk reduction and opportunity creation in inclusive and diverse workplaces.

■ Social issues

As societal values and people's lifestyles undergo significant change and diversification, Kao recognizes the following social issues related to this theme:

- Increasing uncertainty in economic and social conditions due to the globalization of business
- Changes in consumer's awareness of work and life, as well as shifts in employee expectations toward their company, amid the rise in consumers and employees with diverse backgrounds and values, leading to a departure from conventional norms

■ Risks and opportunities

Amid these social changes, we have identified the following key risks and opportunities related to this theme:

Risks

- Decline in employee engagement at workplaces where diverse employees face difficulties in working with high motivation, along with increased challenges in retaining employees, who are a valuable corporate asset, and in recruiting highly talented human capital
- Lack of agility and flexibility in responding to societal changes within organizations that do not embrace diversity and instead remain homogeneous, leading to risks and reputational risks in the sustainable growth of companies

Opportunities

- The integration of DE&I within the Kao Group leads to the gathering and retention of diverse and talented human capitals, as well as the maximization of their motivation and abilities
- The provision of products and services that respond to societal changes and the diversification of people's values, along with increased employee engagement, will contribute to productivity improvement

- Further corporate growth, enhanced recognition from society and investors, and contributions to the broader promotion of DE&I awareness in society

■ Strategy

The Kao Way—our corporate philosophy—stipulates that we create inclusive workplaces where every person can develop their potential as a professional and a human being, that we treat everyone we encounter with respect and openness, and that we embrace the world's diversity of cultures, nationalities, beliefs, races, genders, identities and abilities and respect and value all people in our organization, our business partners and the communities we serve, just as they are. On this basis, as a company whose strength lies in the breadth of the products and services that have been created through innovations that span the entire spectrum from the development of raw materials to the final product for the end user, we believe that our mission is to further advance our action in DE&I in our business through our brands, products, and services, and all corporate activities. By clearly stating this as a commitment, we disclosed the Kao Group's DE&I Policy, which commits to the aim of realizing a society in which all people can thrive authentically by practicing DE&I in cooperation with internal and external stakeholders. Based on this policy, in the workplace, we aim to become an inclusive and equitable organization where diversity is valued and is seen as our strength. For our business partners, we will build a sustainable supply chain by sharing values and cooperating with all business partners involved in *Yoki-Monozukuri*. And in our community, we aim to realize a Kirei society in which people are connected and fulfilled through people-first *Yoki-Monozukuri*.



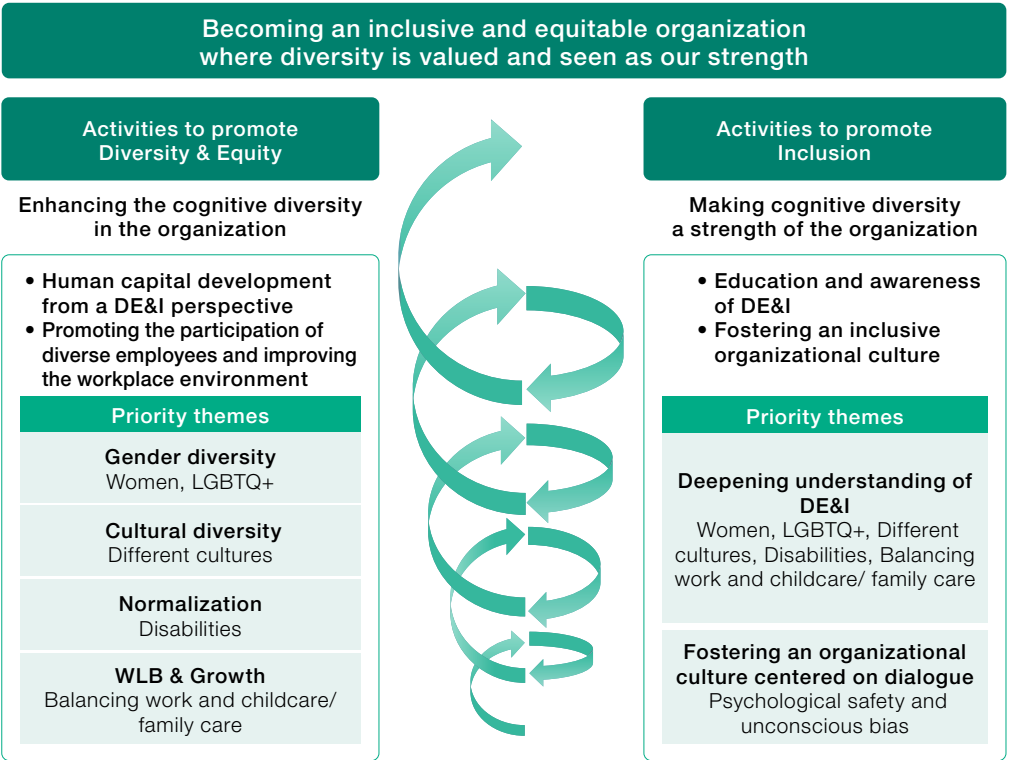
Diversity, Equity and Inclusion Policy

<https://www.kao.com/global/en/sustainability/walking-the-right-path/inclusive-diverse/dei/policy/>

Kao aims to maximize the power and potential of employees through *Global Sharp Top* human capital and organizational management as part of realizing the “Protecting future lives” vision under K27. Workplace DE&I is positioned as one of the key initiatives for create equitable opportunities for all employees, as a foundation. To become an inclusive and equitable organization where diversity is valued and seen as our strength, we are advancing diversity and equity promotion activities aimed at enhancing cognitive diversity* within the organization. As part of these efforts, we support diverse human capital by ensuring equitable opportunities and creating a work environment where each individual can thrive. At the same time, through inclusion promotion activities, we strive to make cognitive diversity a strength of the organization. This includes deepening every employee's understanding of DE&I and enabling them to put it into practice, along with fostering an inclusive organizational culture where each person can fully express their individuality and capabilities.

* Cognitive diversity: Internal diversity related to cognition, such as ways of perceiving and making judgments.

Overall framework of DE&I promotion activities for employees



(1) Human capital development from a DE&I perspective

To implement DE&I promotion activities tailored to the characteristics of each organization, we ensure that every organization identifies challenges from a DE&I perspective and engages in human capital development activities aimed at improvement. These activities include recruitment, development, evaluation, promotion, organizational culture improvement, and workplace environment improvement. Through these efforts, we enable all organizations to harness diversity effectively.

Related initiatives: [P229](#) Human capital development from a DE&I perspective, [P229](#) Women's empowerment, [P230](#) Promotion of empowerment of employees of LGBTQ+ communities, [P230](#) Promoting the participation of employees from different cultures, [P230](#) Promoting the participation of employees with disabilities, [P231](#) Support for balancing work and childcare, [P232](#) Support for balancing work and family care, [P233](#) Deepening understanding of DE&I, [P233](#) Fostering an organizational culture centered on dialogue

(2) Promoting the participation of diverse employees and improving the workplace environment

We provide the necessary support and workplace improvements from an equity perspective to ensure that diverse employees can thrive. By doing so, we empower each individual to fully utilize their capabilities, thereby enhancing the cognitive diversity of the organization.

Related initiatives: [P229](#) Human capital development from a DE&I perspective, [P229](#) Women's empowerment, [P230](#) Promotion of empowerment of employees of LGBTQ+ communities, [P230](#) Promoting the participation of employees from different cultures, [P230](#) Promoting the participation of employees with disabilities, [P231](#) Support for balancing work and childcare, [P232](#) Support for balancing work and family care, [P233](#) Deepening understanding of DE&I, [P233](#) Fostering an organizational culture centered on dialogue

(3) Education and awareness of DE&I

We continuously conduct awareness initiatives and training to deepen each employee's understanding of DE&I and enable them to put it into practice. Through these efforts, we embed DE&I into the organizational culture and drive behavioral change across the organization.

Related initiatives: [P229](#) Human capital development from a DE&I perspective, [P229](#) Women's empowerment, [P230](#) Promotion of empowerment of employees of LGBTQ+ communities, [P230](#) Promoting the participation of employees from different cultures, [P230](#) Promoting the participation of employees with disabilities, [P231](#) Support for balancing work and childcare, [P232](#) Support for balancing work and family care, [P233](#) Deepening understanding of DE&I, [P233](#) Fostering an organizational culture centered on dialogue

(4) Fostering an inclusive organizational culture

To create an organization where each employee can fully express their individuality and where everyone embraces and utilizes those differences, we foster an organizational culture centered on dialogue. By doing so, we encourage the expression of individual cognitive diversity, facilitate its integration, and elevate diversity into a strength of the organization.

Related initiative: [P233](#) Fostering an organizational culture centered on dialogue

Impact generated by implementing the strategies

Kao is widely recognized as a provider of products that are close to consumers and always present in their daily lives. We believe our activities can have a broader impact on society as a whole, including consumers.

Financial impact

- Corporate growth through the provision of better products and services based on innovation that leverages diverse perspectives
- Productivity improvement driven by increased employee engagement in each individual
- Enhanced employee retention and recruitment competitiveness, along with reduced hiring costs, through the company's growth into a more attractive workplace

Environmental and social impact

- Realizing an enriched lifestyle for consumers by providing products and services that meet the expectations of diverse values in the countries and markets where we currently provide products and services, as well as in regions with growing presence
- Raising awareness and momentum for DE&I across society as a whole

Strategic resilience

By fostering an organizational culture that respects the diversity of talent, we maximize each employee's abilities and perspectives and enhance the organization's creativity and adaptability. These efforts not only enable a flexible response to changing environments but also contribute to sustainable growth and the creation of social value.

Metrics and targets

To measure the increase in cognitive diversity within the organization and assess whether cognitive diversity has become a strength, we have established the % of female managers related to that of female employees and the score on "Inclusive organizational culture" in our employee engagement survey as key metrics. Through evaluating progress toward these targets, we continuously advance initiatives for further improvement.

Targets and progress

Strategy	Metrics	Results				Mid- to long-term targets	
		2021	2022	2023	2024	Target value	Year
(1) (2) (3) (4)	Score on "Inclusive organizational culture" in our employee engagement survey (perfect score: 100)	–	–	62	63	75	2030
(1) (2) (3) (4)	% of female managers related to that of female employees* * Calculated as a weighted average based on the number of managerial positions in each group company	75.8%	75.9%	76.2%	78.1%	100%	2030

Situation of female employees (%)

		2021	2022	2023	2024
Employees*1	Kao Group	50.5	52.9	53.1	53.2
	Japan	51.9	55.9	56.0	56.5
	Of which, Kao Corporation	27.8	28.9	30.0	31.9
	Asia	45.1	44.6	44.2	44.2
	Europe	52.4	49.9	52.4	52.5
	Americas	50.8	51.2	53.0	48.6
All management positions	Kao Group	30.2	30.5	31.1	32.6
	Japan	20.5	22.4	24.6	26.5
	Of which, Kao Corporation	23.1	24.3	25.6	27.7
	Asia	50.1	47.6	45.9	46.0
	Europe	52.5	40.8	44.8	45.0
	Americas	53.7	53.3	48.6	46.7
% of female managers to that of female employees*2	Kao Group	75.8	75.9	76.2	78.1
	Japan	64.4	65.9	67.3	69.7
Top management positions*3	Kao Group	21.2	19.8	19.4	20.4
	Japan	10.2	10.6	11.8	11.9
Middle management positions*4	Kao Group	–	–	26.8	28.9
	Japan	–	–	19.0	20.7
Junior management positions*5	Kao Group	32.6	34.2	35.5	36.2
	Japan	24.7	26.8	29.6	31.8
Management positions in revenue-generating functions	Kao Group	30.0	29.7	30.5	29.9
	Japan	20.0	21.5	23.6	25.2
Employees in STEM related positions*6	Kao Group	22.5	23.9	25.6	28.1
	Japan	20.4	21.1	21.8	23.1

*1 Including Kao South Africa Pty. Ltd.

*2 Calculated as a weighted average based on the number of managerial positions in each group company

*3 Position equivalent to department head

*4 Position equivalent to section manager, but with a certain level of responsibility

*5 Position equivalent to section manager, but without Middle management

*6 Science and Technology-related function

* 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

Leadership

		2022			2023			2024			2025		
		Male	Female	Females as percentage of the total (%)	Male	Female	Females as percentage of the total (%)	Male	Female	Females as percentage of the total (%)	Male	Female	Females as percentage of the total (%)
Board of Directors	Directors* ¹	7 (2)	2 (2)	22.2	8 (3)	2 (2)	20.0	7 (3)	1 (1)	12.5	6 (3)	3 (2)	33.3
	Audit & Supervisory Board Members* ¹	4 (3)	1 (0)	20.0	5 (3)	0 (0)	0.0	4 (2)	1 (1)	20.0	3 (2)	2 (1)	40
	Subtotal	11(5)	3 (2)	21.4	13(6)	2 (2)	13.3	11(5)	2 (2)	15.4	9 (5)	5 (3)	35.7
Executive officers* ²		27	3	10.0	26	4	13.3	27	4	12.9	25	5	16.7
Total		38	6	13.6	39	6	13.3	38	6	13.6	34	10	22.7

*¹ The numbers in parentheses indicate the number of Outside Directors and that of Outside Audit & Supervisory Board Members.

*² Those who double as a director are included.

* As of April 1 of each year

Average age Years old

		2021	2022	2023	2024
Kao Corporation	All	41.0	40.9	41.1	40.8
	Male	41.5	41.4	41.6	41.0
	Female	39.6	39.9	40.1	40.2

Average length of employment Years

		2021	2022	2023	2024
Kao Group	All	–	–	–	15.6
	Male	–	–	–	16.5
	Female	–	–	–	14.8
Kao Corporation	All	17.4	17.6	17.6	17.0
	Male	18.4	18.5	18.6	17.9
	Female	14.9	15.3	15.3	15.2

Percentage of employees with disabilities (%)

	2021	2022	2023	2024
Kao Group	1.25	1.34	1.56	1.54
Japan* ³ * ⁴	2.60	2.64	2.76	2.81
Kao Corporation* ³	2.62	2.56	2.61	2.60

*³ Employment rate as of June 1 including non-regular employees and based on government agency calculation standards

*⁴ The scope is as follows.

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

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

		2021		2022		2023		2024	
Kao Group	Management level + Non-management level	–		5,733,874		6,276,878		6,620,812	
		Male	Female	Male	Female	Male	Female	Male	Female
Kao Group	Management level	–	–	10,986,981	11,693,822	11,205,314	11,591,636	11,645,661 <input checked="" type="checkbox"/>	12,494,415 <input checked="" type="checkbox"/>
	Non-management level	–	–	4,605,267	4,171,253	4,935,818	4,907,955	5,107,692 <input checked="" type="checkbox"/>	5,198,382 <input checked="" type="checkbox"/>
	Management level + Non-management level	–	–	–	–	6,725,064	5,803,608	6,978,488 <input checked="" type="checkbox"/>	6,243,281 <input checked="" type="checkbox"/>
Japan	Management level	–	–	9,929,145	8,956,520	10,081,759	9,009,108	10,075,181	9,109,514
	Non-management level	–	–	5,516,230	4,143,616	5,610,093	4,739,378	5,756,799	4,886,267
	Management level + Non-management level	–	–	–	–	7,198,545	5,210,928	7,326,394	5,405,830
Of which, Kao Corporation	Management level	10,260,020	9,211,384	10,259,143	9,263,127	10,340,101	9,351,123	10,341,938	9,412,972
	Non-management level	5,597,988	5,468,725	5,625,237	5,411,537	5,712,784	5,611,314	5,958,568	5,841,938
	Management level + Non-management level	–	–	–	–	7,563,711	6,960,160	7,740,988	7,203,555

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

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

* ☒ Third-party assurance obtained.

Base salary Average annual salary (yen)

		2021		2022		2023		2024	
		Male	Female	Male	Female	Male	Female	Male	Female
Kao Group	Management level	–	–	7,742,661	8,837,789	7,906,880	8,735,110	8,334,096 <input checked="" type="checkbox"/>	9,528,721 <input checked="" type="checkbox"/>
	Non-management level	–	–	3,418,174	3,119,435	3,748,927	3,731,347	3,910,635 <input checked="" type="checkbox"/>	4,014,133 <input checked="" type="checkbox"/>
	Management level + Non-management level	–	–	–	–	4,935,561	4,401,881	5,176,379 <input checked="" type="checkbox"/>	4,803,903 <input checked="" type="checkbox"/>
Japan	Management level	–	–	6,519,040	5,893,010	6,572,064	5,895,901	6,589,817	5,983,060
	Non-management level	–	–	3,783,388	2,961,574	3,821,684	3,348,308	3,925,963	3,451,836
	Management level + Non-management level	–	–	–	–	4,798,691	3,629,665	4,894,190	3,763,238
Of which, Kao Corporation	Management level	6,547,378	5,845,359	6,568,940	5,909,540	6,630,070	5,969,144	6,634,883	6,024,834
	Non-management level	3,670,943	3,571,235	3,731,043	3,582,457	3,756,405	3,694,474	3,931,222	3,864,632
	Management level + Non-management level	–	–	–	–	4,905,871	4,514,885	5,030,618	4,688,306

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

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

* ☒ Third-party assurance obtained.

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Gender pay gap (Average annual base salary + other cash incentives) (%)

		2021	2022	2023	2024
Kao Group	Management level	89.7	106.4	103.4	107.3
	Non-management level	96.1	90.6	99.4	101.8
	Management level + Non-management level	–	–	86.3	89.5
Japan	Management level	–	90.2	89.4	90.4
	Non-management level	–	75.1	84.5	84.9
	Management level + Non-management level	–	–	72.4	73.8
Of which, Kao Corporation	Management level	89.8	90.3	90.4	91.0
	Non-management level	97.7	96.2	98.2	98.0
	Management level + Non-management level	–	–	92.0	93.1

* Ratio of women to men

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

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Governance

To further advance DE&I initiatives across all business activities, including brands, products, and services, Kao convenes a Human Rights and DE&I Steering Committee once a month. This committee operates under the ESG Managing Committee and is led by the Executive Officer in charge of Human Capital Strategy. The Human Rights and DE&I Steering Committee promotes activities across the Group to improve human rights and DE&I not only for employees, but also for all Kao stakeholders, including the supply chain and society at large. This committee also checks the activities of each department and reports the status of activities to the ESG Managing Committee.

For initiatives in the workplace, under the supervision of the Board of Directors, DE&I, HCS, led by the Executive Officer in charge of Human Capital Strategy, serves as the primary department responsible for implementing initiatives that contribute to the creation of inclusive and diverse workplaces. Key DE&I decisions are made with the participation of top management through discussions and approvals at the Human Capital Development Committee, which meets once a month. Regarding the implementation of DE&I promotion initiatives across domestic group companies and related challenges, discussions are held at the Human Capital Development Meeting, which convenes once a month. This meeting consists of the supervisor of the Human Capital Strategy function and the supervisors of human capital development at each function and company. In the Americas (indicating consumer product-related group companies in the U.S., Canada, Australia, and New Zealand) and EMEA (indicating consumer product-related group companies in Europe, the Middle East, and Africa), Kao Corporation's DE&I, HCS collaborates with DE&I promotion leaders in each region to share information and exchange opinions. Activities are promoted locally in alignment with the specific challenges of each region. In the Americas, a Diversity, Equity & Inclusion Board (DE&I Board) has been established as an internal organization representing employee diversity. This board supports employees' diverse needs. The DE&I Board conducts activities to foster a diverse, equitable and inclusive corporate culture. In EMEA, a DE&I Steering Board has been established, consisting of senior team members representing all business sectors. Additionally, Kao Communities, which includes nine Employee Resource Groups (ERGs), has been set up to further support DE&I initiatives. These communities pursue activities related to Gender Equity, Cultural Diversity (including ethnicity), All Abilities (focusing on disability and neurodiversity), LGBTQIA+ All Stars, Parents (families with small children), Fertility Support, menopausal support, International Languages, and Mental Health & Wellbeing.

Risk and opportunity management

Management process

The progress of initiatives toward inclusive and diverse workplaces is managed through a structured process of plan formulation, activity implementation, evaluation, and corrective action, ensuring continuous improvement.

P (Planning)

Identify key focus areas based on policies and goals.

D (Implementation)

See initiatives (P229-233) for details.

C (Evaluation of results)

Conduct a comprehensive assessment of activity outcomes based on employee engagement surveys, questionnaires on various activities, progress evaluations of key metrics, and external evaluations.

A (Corrective action)

Identify additional issues based on evaluation results and implement corrective measures.

Initiatives

At Kao, we implement various initiatives to create inclusive and diverse workplaces. These initiatives are based on the previously mentioned strategy and are promoted in collaboration to achieve our goals. Below, we introduce some of the key initiatives among our many efforts.

Strategy			Initiatives		
Diversity & Equity promotion	(1) Human capital development from a DE&I perspective	Women's empowerment	Women's leadership training program (Japan)	Career awareness enhancement through showing role models and roundtables with female leaders (Japan)	Gender Equity Community (EMEA) Kao Network of Women (Kao Now) (Americas)
		Promoting the participation of employees of LGBTQ+ communities	LGBTQ+ Pride Month awareness initiatives (Japan, Americas, EMEA)	Providing learning opportunities about LGBTQ+ topics (Japan)	Awareness initiatives for recruitment interviewers (Japan)
		Promoting the participation of employees from different cultures	Events to celebrate cultural diversity (EMEA)	Black Leaders at Kao (Americas)	Courageous Conversations (Americas)
		Promoting the participation of employees with disabilities	Disability employment support month awareness initiatives (Japan)	Proactive employment of people with disabilities (Japan)	Mutual understanding and communication support with colleagues (Japan)
		Support for balancing work and childcare	Fostering awareness of "both work and childcare" (Japan)	Expanding support for "working" (Japan)	Establishing a communication flow from pregnancy to childcare leave and return to work (Japan)
		Support for balancing work and family care	Provision of information about balancing work and family care (Japan)	Awareness initiatives on balancing work and family care (Japan)	Setting up consultation desks (Japan)
	(2) Promoting diverse employee participation and workplace environment improvement				
Inclusion promotion	(3) Education and awareness of DE&I	Deepening understanding of DE&I	Information sharing on the DE&I portal and revitalizing community for exchanging opinions (Japan)	Publishing articles highlighting employee diversity (Japan, Americas)	DE&I upskilling and training (EMEA)
	(4) Fostering an inclusive organizational culture	Fostering an organizational culture centered on dialogue	Psychological safety training (Japan)	Unconscious bias training (Japan, Americas)	DE&I training sessions (EMEA)

Human capital development from a DE&I perspective

Region: Global

Corresponding strategy: (1)

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

In Japan, to clearly identify DE&I challenges within each division and domestic group company and address them effectively, Kao Corporation's DE&I, HCS holds regular individual DE&I promotion meetings with human capital development managers and career coordinators from each organization. In addition, data on DE&I is shared annually so that each organization can independently promote its own activities. Each organization formulates an action plan every year while monitoring changes in the data over time, and promotes activities, and DE&I, HCS checks their state of progress.

Women's empowerment

Region: Global

Corresponding strategy: (1) (2) (3) (4)

Based on the belief that women's empowerment is essential for Kao's growth as a diversity factor that affects the greatest number of human capital, we have established a policy of creating a workplace environment and fostering a corporate culture in which all employees can fully demonstrate their individual motivation and abilities beyond their own assumptions*1, and can be themselves regardless of their gender. In light of this, we are promoting activities for women's empowerment. In Japan, where there is a gap between the percentage of female managers and the percentage of female employees, we are working on three priority actions with the aim of including diverse perspectives in various decision-making positions:

“development of potential future leaders;” “support for balancing work and childcare to promote engagement;” and “creation of an environment that enables unbiased training and promotion opportunities.”

As part of these efforts, we are strengthening leadership development for women from an equity perspective under the “development of potential future leaders” initiative. In 2024, continuing from previous years, we sent female executive candidates to roundtable discussions with the presidents and CEOs of participating companies as part of the 30% Club Japan*² TOPIX President’s Committee initiative. We also sent future managerial candidates to external women’s leadership training programs and held small-group roundtable sessions called “Career Café” with former female executive officer to enhance career awareness. Additionally, in August, to elevate awareness among all female employees, we organized a panel discussion featuring role models as speakers.

*1 Gender roles in the division of labor, and the image of a leader, etc.

*2 30% Club Japan: The Japan branch of a global campaign aimed at increasing the percentage of women in key corporate decision-making bodies.

Promoting the participation of employees in the LGBTQ+ communities

Region: Global

Corresponding strategies: (1) (2) (3) (4)

Under the policy of aiming to create an environment where all employees are respectful of sex, gender identity and gender expression, and sexual orientation, and all employees can authentically express themselves so that we can foster an organizational culture where all employees can fully develop their potential, we are creating work-friendly workplaces for LGBTQ+ employees and fostering such a culture. As part of these efforts, we conduct awareness-raising activities to deepen employees’ understanding of gender diversity. In 2024, in Japan, we published a special page on the DE&I portal* during Pride Month in June, featuring content designed to help employees learn about gender diversity and reflect on it personally. In the Americas, we held a panel discussion during Pride Month, featuring LGBTQ+ employees as speakers. Additionally, we participated in the Cincinnati Pride Parade and Festival, organized family-friendly activities, and conducted other engagement initiatives. In EMEA, we hosted seminars on LGBTQ+ topics, held workshops as part of Pride events, and participated in regional Pride parades to further support LGBTQ+ inclusion.

* DE&I Portal: An information provision site for group employees in Japan to learn about and practice DE&I.

Promoting the participation of employees from different cultures

Region: Global

Corresponding strategies: (1) (2) (3) (4)

We are improving the working environment and fostering a culture where employees of different nationalities, ethnicities, and other cultural backgrounds can work with peace of mind. This is taking place under the policy of improving the environment where employees from different cultures are motivated to demonstrate their unique capabilities, and fostering an organizational culture where each employee respects differences in culture, language and concept of values, which will be the company’s strengths. As part of these efforts, in Japan, we publish articles introducing foreign-national employees and their colleagues to encourage employees to recognize nationality as an aspect of workplace diversity and to relate to it personally. In 2024, in the Americas, we hosted online events throughout the year, providing opportunities for employees to reflect on topics related to social justice and racial equality. In EMEA, we celebrated cultural diversity by organizing an in-person event focused on Japanese culture. Additionally, we implemented various initiatives, including distributing videos to raise awareness of religious events, holding panel sessions, and offering Black and Caribbean cuisine on the cafeteria menu.

Promoting the participation of employees with disabilities

Region: Global

Corresponding strategies: (1) (2) (3) (4)

We regard disability as a type of diversity and promote activities based on the policy of “Striving for a society where people with and without disabilities work and live together, we create workplace environments for employees with disabilities that make life easier for them and foster a sense of pride in one’s work.” As part of these efforts, Kao Peony Co., Ltd., a subsidiary, has been proactively employing people with intellectual disabilities, including those with severe disabilities, since its establishment in 2005. In the Production Division, employees engage in cosmetics and beauty care product packaging and assembly. Additionally, in the Office Support Division, launched in 2017, employees handle administrative support tasks that help sustain business processes within the Kao Group in Japan. To expand employment

opportunities for people with disabilities and further contribute to the Kao Group, Peony actively takes on tasks that were previously outsourced by group companies. It is also working to enhance production efficiency through robotic automation and simultaneously expanding employment opportunities for people with disabilities.

Support for balancing work and childcare

Region: Global
Corresponding strategies: (1) (2) (3) (4)

Under the policy of “supporting each and every employee in balancing work and private life while fully demonstrating their ambition and abilities,” we have positioned this as one of the priority actions for promoting women’s empowerment and are proceeding with our

Status for childcare, nursing care and family care

		2021	2022	2023	2024
Percentage of employees taking maternity/paternity leave (male) (%)	Japan	–	95.6	100.3	96.1
	Kao Corporation	51.6	108.7	102.4	97.2
Percentage of employees taking maternity/paternity leave (female) (%)	Japan	–	107.7	113.7	99.8
	Kao Corporation	100	108.8	103.2	100
No. of employees taking reduced working hours or staggered working hours to meet childcare responsibilities (male)	Japan	–	1	4	3
	Kao Corporation	2	1	3	2
No. of employees taking reduced working hours or staggered working hours to meet childcare responsibilities (female)	Japan	–	268	310	417
	Kao Corporation	62	41	49	61
No. of employees taking nursing care or family care leave (male)	Japan	–	1	2	0
	Kao Corporation	1	0	1	0
No. of employees taking nursing care or family care leave (female)	Japan	–	7	7	4
	Kao Corporation	3	1	1	2
No. of employees taking reduced working hours or staggered working hours to meet nursing care or family care responsibilities (male)	Japan	–	0	1	0
	Kao Corporation	0	0	0	0
No. of employees taking reduced working hours or staggered working hours to meet nursing care or family care responsibilities (female)	Japan	–	5	3	3
	Kao Corporation	0	0	0	0

initiatives. In Japan, since 2022 we have been working on three priority actions to “raise awareness of the people involved,” “support career development,” and “promote smooth operation of workplaces” with the aim of realizing “working with high motivation to achieve one’s own career objectives” while raising children, regardless of gender. As part of these efforts, to eliminate deeply rooted gender role stereotypes in Japan, we have made the seminar for building a work-childcare balance framework mandatory for employees who are expecting a child or whose partner is pregnant. This seminar helps employees recognize and overcome unconscious gender-based assumptions, fostering an awareness that supports both work and childcare rather than having to choose between work or childcare, regardless of gender. Additionally, we have expanded support measures to enable motivated employees to continue working by assisting employees in returning to work at their desired timing, as well as providing support to balance work and childcare during business trips, peak work periods, and other demanding times.

* Counted in enrolled companies

* 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.

* Changed the rate of taking maternity/paternity leave to a calculation method based on the following the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members from 2022.
Number of male employees who took their first leave for childcare in 2024 / Number of male employees who had a child born in 2024 × 100
Kao has implemented a mandatory paid childcare leave system, which is included in the calculation of the maternity/paternity leave acquisition rate, and all employees with newborn children take this leave. However, in the calculation of the maternity/paternity leave acquisition rate based on the law, the scope of the numerator and denominator differs due to the differences between the fiscal year and the deadlines for taking the leave or maternity/paternity leave, so it does not necessarily reach 100%

Support for balancing work and family care

Region: Japan

Corresponding strategies: (1) (2) (3) (4)

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

provide assistance based on a spirit of mutual support. As part of these efforts, we have created and published the Handbook for balancing Work and Family Care, which provides basic family care knowledge, details on company support programs, information on government services, and workplace communication guidelines to support balancing work and family care as part of information-sharing and communication support. Additionally, we host the balancing work and family care seminar every year. In 2024, we focused on public caregiving systems. Furthermore, to coincide with Family Care Day in November, we continuously provide information to employees by publishing a special page on the DE&I portal that introduces policies for supporting balancing work and family care and seminars on how to use the company's systems.

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

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

Effective Corporate
Governance

Full Transparency

Respecting Human
Rights

Human Capital
Development

> Inclusive & Diverse
Workplaces

Employee Wellbeing
& Safety

Responsible
Chemicals
Management

Deepening understanding of DE&I

Region: Global

Corresponding strategy: (1) (2) (3)

To help employees develop a deeper understanding of DE&I and integrate it into their own actions, we conduct various educational and awareness-raising activities. In 2024, in Japan we distributed lectures on DE&I, covering what DE&I is and cases of DE&I initiatives inside and outside the company. Additionally, through the “Kao Mates” article series, which highlights diverse employees, we introduced female expatriates, further enhancing understanding of diversity, equity, and inclusion in the workplace. In the Americas, we published the “Take A Moment” article series throughout the year, in which employees shared their personal stories and values. Additionally, in EMEA, we continued to offer Essential DE&I Training in English, German, and Dutch, helping employees deepen their understanding of DE&I and learn about inclusive behaviors.

Fostering an organizational culture centered on dialogue

Region: Global

Corresponding strategy: (1) (2) (4)

In the Kao Group in Japan, we began offering training on psychological safety and unconscious bias in 2021, which serve as the foundation for meaningful dialogue. To ensure that all employees deepen their understanding and apply these concepts in daily activities, in 2024 we made “Psychological Safety e-Learning” mandatory for non-management employees and “Unconscious Bias e-Learning” mandatory for managers. In the Americas, we continued training on microaggressions and racial discrimination awareness while expanding DE&I workshops across the region. As part of this, we launched an “Unconscious Bias Workshop” specifically for employees in Australia. In EMEA, as part of the annual “DE&I Training Sessions,” we conducted training on microaggressions and inclusive behaviors to further strengthen DE&I awareness.

Employees'
opinions

Creating workplaces where
everyone can shine by
leveraging their strengths



Emiko Okada
Manager, Office Support
Division
Kao Peony Co., Ltd.

At Kao Peony, we actively hire individuals with disabilities who strive for independence, with a focus on three key pillars: contributing to the Kao Group's businesses, supporting the growth of each employee, and engaging with local communities. In the Office Support Division, we handle administrative support tasks within the Kao Group, ensuring that employees with disabilities can utilize their strengths and work together to complete tasks with accuracy and care. Many employees have had few opportunities for success during their school years due to the nature of their disabilities. However, everyone has areas they struggle with. We aim to create a bright and lively workplace where employees learn to support one another, build resilience, take pride in being a part of the Kao Group, and find joy in their own growth. Moving forward, we will continue taking on new challenges to support our employees' growth and further contribute to the Kao Group.

Employees'
opinions

Advancing Gender Equity at
Kao EMEA



Liza Khadjinova
DE&I Manager EMEA
HCD EMEA

At Kao, we recognize the critical importance of fostering gender equity for all employees. Historically workplaces have not always been adapted to women, and our initiatives are designed to remove barriers that predominantly affect female employees, enabling a more equitable workplace.

At Kao EMEA, we proudly support an employee-led Gender Equity Community, which focuses on fostering gender-inclusion. Our Fertility and Pregnancy Loss Policies, along with comprehensive Parental Leave & Return Programmes, exemplify our commitment to supporting employees during significant life events. Additionally, our DE&I Training aims to minimize bias and microaggressions, creating a culture of mutual respect.

While many experiences of women are shared, I learned that this differs by culture: some topics like Fertility and Menopause are common in the UK, however still a tabu in many European countries. With our employees we also aim to remove stigma and educate about important life events for women.

As we move forward, we will enhance our initiatives through further policies and training. Together, these efforts will strengthen our ESG commitment, and empower individuals of all genders to achieve their fullest potential.