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

- 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

- 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:

[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

Human capital	(1) Sharpen the skills and unlock the potential of highly motivated employees
Organization	(2) Withdrawal from matrix management in organizations
Environment	(3) Create an environment that focuses on challenges and results
Foundation	(4) Create equitable opportunities for all employees

Metrics, targets and results

Metrics	Targets	2025 results
Employee engagement: Kao Engagement Survey (KES) total score	75 2027	68
KES score: Workplace satisfaction	70 2027	64
Challenge-oriented human capital	80% 2027	77%
KES score: Organizational culture that encourages taking on challenges	70 2027	64
KES score: Degree of promotion of Scrum-type operation	70 2027	60
KES score: Inclusive organizational culture	70 2027	65

Initiatives

- Advanced training (Human capital development and capacity building programs, Yukei, DX adventure program, Self-development programs) (1) (2) (3)
- Optimal assignment (Role-based grading system, Self Education & Development Scheme, Career coordinator system and Internal recruitment) (1) (2) (3)
- Delegation of authority (implement Scrum, selection and appointment of challenge-driven human capital) (1) (2) (3)
- 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)
- More transparency in evaluation (Absolute assessment that prioritizes the process, Feedback focused on dialogue, Managing human performance program) (1) (2) (3)
- Recognition/Compensation & benefits (Awards, integration of HR systems across domestic Group companies) (1) (2) (3)
- 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)
- Wellbeing (4)

Financial impact

- *Global Sharp Top* Enhancement of profits through *Yoki-Monozukuri* 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.

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.

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

Strategy

To expand our *Global Sharp Top* businesses, we are working to maximize the power and potential of employees and build a workforce and organization that embrace challenges.

Social issues

Kao recognizes the following social challenges related to this theme and aims to contribute to the sustainability of society by leveraging its unique technologies as a strength.

- Intensifying competition for talent and rising personnel costs
- The need for transformative business capabilities that promote innovation and enable continued profitability while responding to change
- 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 expand our *Global Sharp Top* businesses and achieve the goals of K27, we aim to maximize the power and potential of employees. To realize this, we are establishing HR systems aligned with Kao's values and business objectives and implementing 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.

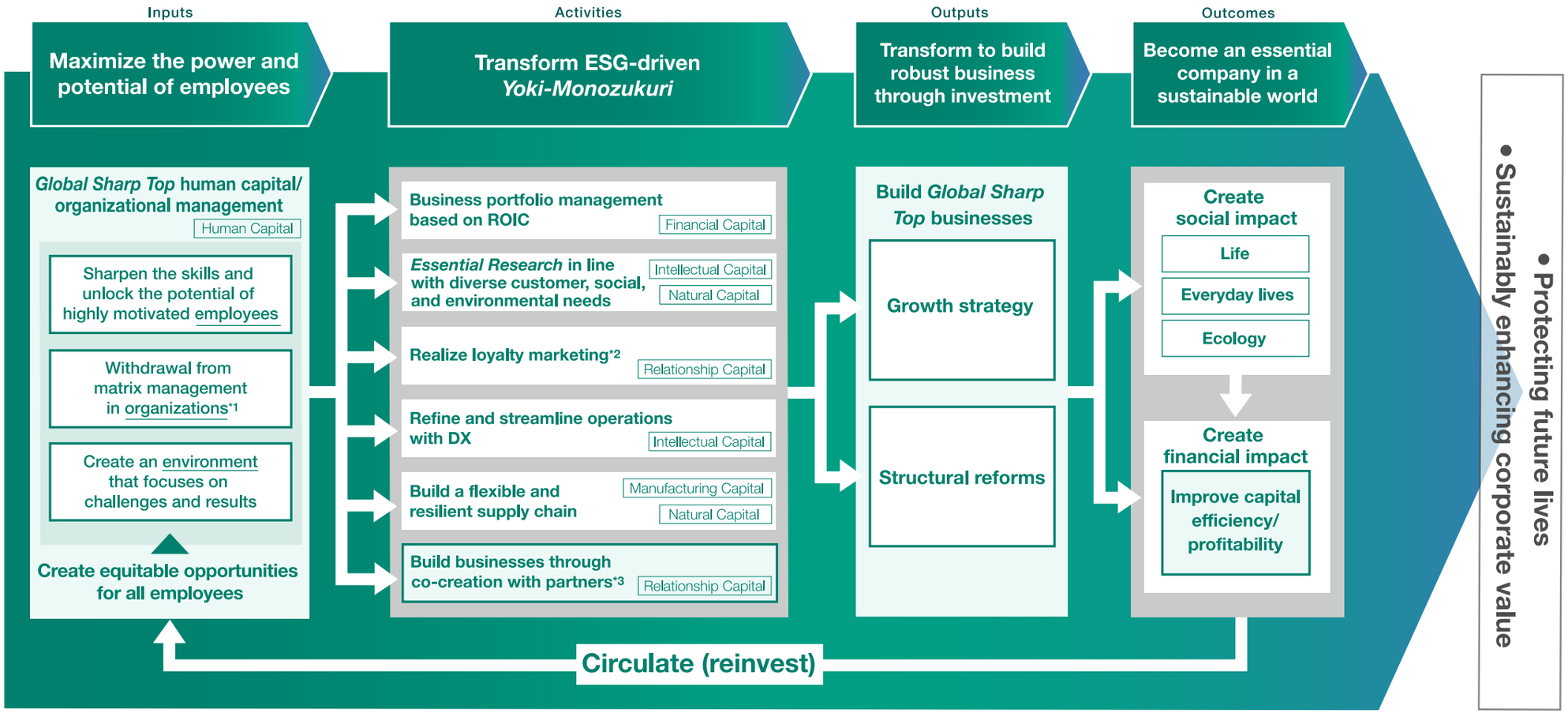
Upon this, we have established action guidelines to fulfill the basic policy.

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

K27 Strategic Framework

Human Capital Strategy Towards Achieving K27

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

Kao welcomes motivated human capital to develop their strengths—that is, to further enhance their unique capabilities. We support and increase the number of such employees who actively take on challenges in problem-solving and value creation. We will nurture *Global Sharp Top* human capital through optimal placement according to the career plans of employees and company policies while providing opportunities for skill development.

Related initiatives: P245 Human capital development/capability-building programs, P247 DX adventure program, P248 Grading systems based on roles, P248 Self Education & Development Scheme, P249 Internal recruitment, P249 Scrum-type management, P249 Selection of human capital who will become global leaders, P250 360-degree leadership assessment, P250 More transparency in evaluation, P250 Managing human performance program, P251 Awards: CEO award selection and Group-wide commendations, P251 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: P245 Human capital development/capability-building programs, P247 DX adventure program, P248 Grading systems based on roles, P248 Self Education & Development Scheme, P249 Internal recruitment, P249 Scrum-type management, P249 Selection of human capital who will become global leaders, P250 360-degree leadership assessment, P250 More transparency in evaluation, P250 Managing human performance program, P251 Awards: CEO award selection and Group-wide commendations, P251 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: P245 Human capital development/capability-building programs, P247 DX adventure program, P248 Grading systems based on roles, P248 Self Education & Development Scheme, P249 Internal recruitment, P249 Scrum-type management, P249 Selection of human capital who will become global leaders, P250 360-degree leadership assessment, P250 More transparency in evaluation, P250 Managing human performance program, P251 Awards: CEO award selection and Group-wide commendations, P251 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.

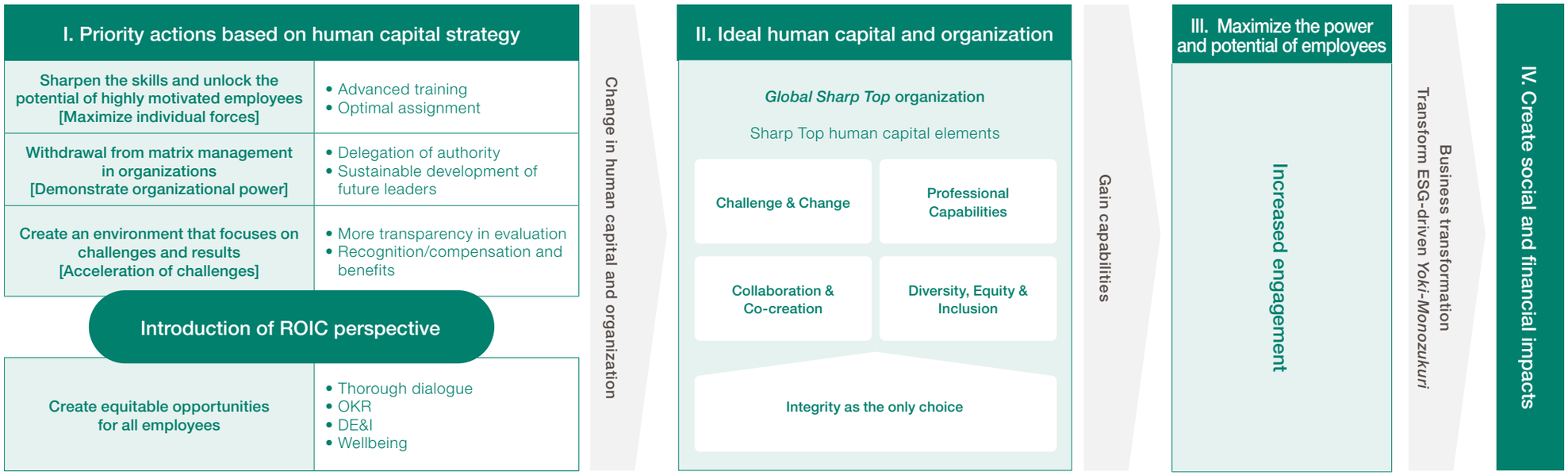
Related initiatives: P251 Revitalization of dialogue between senior management and employees, P252 Dialogue Festival, P252 Deepening understanding of Psychological safety and unconscious bias, P253 Development of ROIC perspectives for individual OKRs, P253 DE&I, P253 Realization of flexible work, P253 Wellbeing

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 continuously improve and 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	2025	Target value 2027
Investment in employee training (compared to 2020)				
1.42x	1.53x	2.02x	2.03x	2.5x
DX human capital (compared to 2020)*2				
1.5x	6x	10x	15x	20x*6
Personnel transferred through internal recruitment (compared to 2020)*2				
	4x	16x	14x	20x
Ratio of mid-career recruitment in total recruitment*2				
48%	56%	60%	51%	50%
KES score: Fair evaluation				
	60*1	61	63	70
KES score: Dialogue				
	63*1	64	66	70
KES score: Work style satisfaction				
	60*1	63	65	65
% of female managers related to that of female employees*4				
75.9%	76.2%	78.1%	79.4%	90%
KES score: Vitality				
	59*1	61	62	65

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

2022	2023	2024	2025	Target value 2027
Challenge-oriented human capital*2 *3				
26%	58%	71%	77%	80%*5
KES score: Organizational culture that encourages challenges				
	61*1	63	64	70
KES score: Degree of promotion of Scrum-type management				
	57*1	58	60	70
KES score: Inclusive organizational culture				
	62*1	63	65	70

III. Maximize the power and potential of employees

2022	2023	2024	2025	Target value 2027
Employees engagement (Total score in KES)				
	63*1	65	68	75
KES score: Workplace satisfaction				
	61*1	62	64	70

IV. Create social and financial impacts

2022	2023	2024	2025	Target value 2027
Efficient impact creation (compared to 2022)				
100%	92%	120%	131%	150%

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

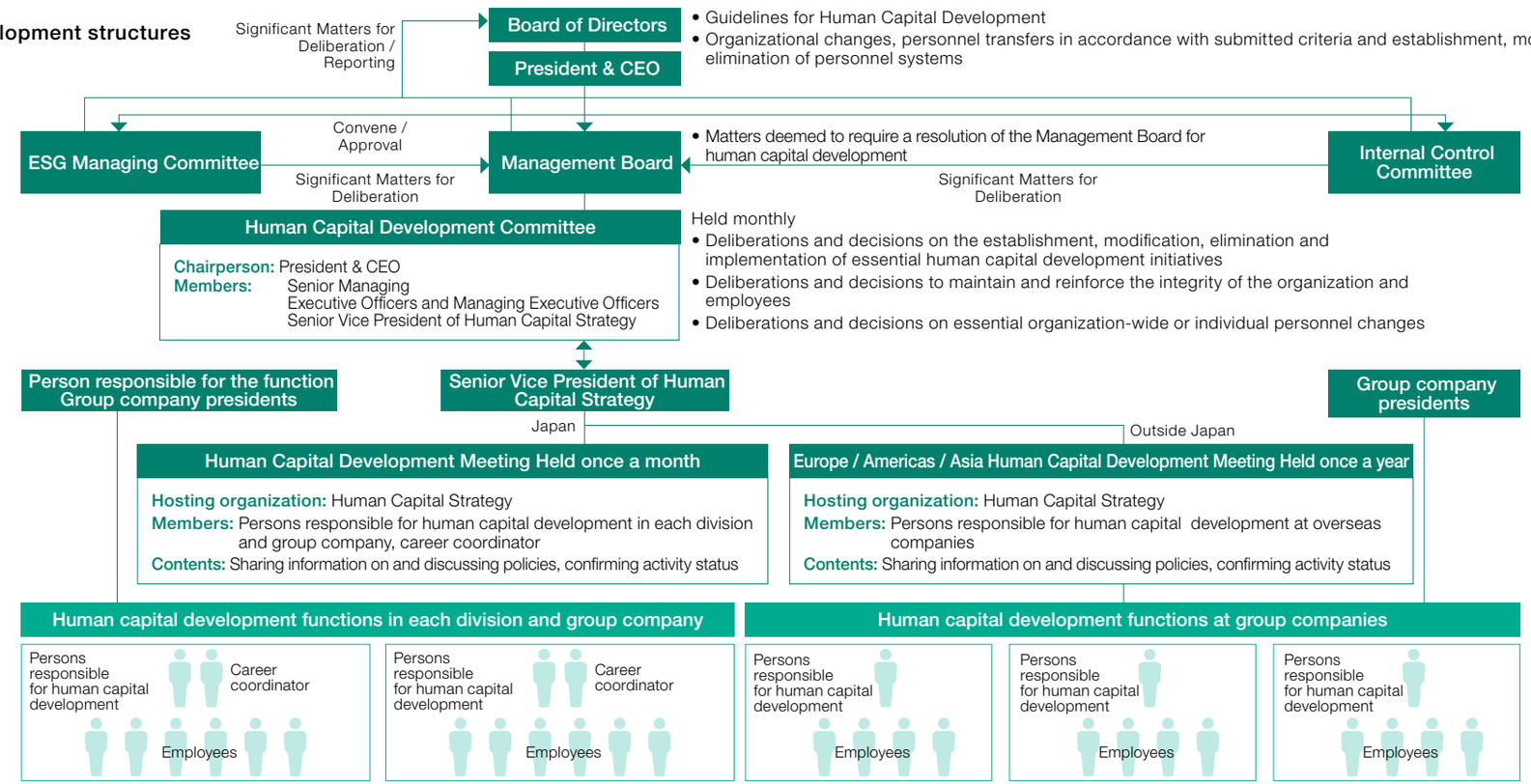
* Counted in a group-wide basis, unless otherwise stated.
* Employees include those who are regular employees and those in full-time indefinite-term employment who are non-regular employees.
* KES refers to the Kao Engagement Survey
*1 Conducted excluding certain companies
*2 Only consolidated subsidiaries in Japan
*3 Employee awareness survey
*4 An indicator showing the degree of achievement of the ratio of female managers relative to the ratio of female employees, calculated as a weighted average based on the number of management positions at each Kao Group company in each region.
*5 Numerical target was revised upward from 75% to 80%
*6 Numerical target was revised upward from 15x to 20x

Governance

Under the supervision of the Board of Directors, Human Capital Strategy division, 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.

Human capital development structures



Key Matters Deliberated in 2025 (Human Capital Planning Committee)

Establishment and reorganization of organizational units, appointments to and removals from positions, workforce and personnel expense plans, integration of systems among domestic Group companies, selection and development of leadership talent, internal job postings, and other matters

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: Operational targets/activities for the next fiscal year (3) Meeting body: Human Capital Development Committee, Human Capital Development Meeting (4) Approval: Committee members, Senior Vice President of Human Capital Strategy

D (Implementation)

Please see the initiatives (P245-253).

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) Approval: 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) Approval: Committee members, Senior Vice President of Human Capital Strategy

Initiatives

To realize our *Global Sharp Top* strategy, Kao is advancing its human capital strategy in tandem with its overall business strategy. Based on this strategy, employees in key areas are collaborating to deliver results, honing their individual strengths while enhancing the organization's ability to execute.

Strategy		Initiatives		
(1) Sharpen the skills and unlock the potential of highly motivated employees	Advanced training	Human Capital Development/Capacity Building Program • Common programs in Japan • Specialized learning: Kao Techno School • Specialized learning: Marketing University	DX adventure program	Self-development programs • Subscription-based video learning • Language 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 • CEO award selection • Commendations 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
	Wellbeing	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)

Kao's talent development goes beyond simply expanding training programs. To cultivate talent equipped with the qualities we value—transformational ability, expertise, acceptance of diversity, collaborative ability, and integrity—we provide motivated employees with opportunities to take on challenges and support their growth through role-based assignments, promotions, and dialogue. Through these initiatives, we translate individual growth into organizational results and strengthen the talent foundation necessary to succeed in our priority areas.

In particular, in areas that serve as sources of Kao's competitive advantage, such as business functions (marketing and development), R&D, and production technology, we contribute to business growth and improved profitability by developing talent with enhanced expertise.

Five fundamentals for global / sustainable human capital development

私たちが大切にしたいこと

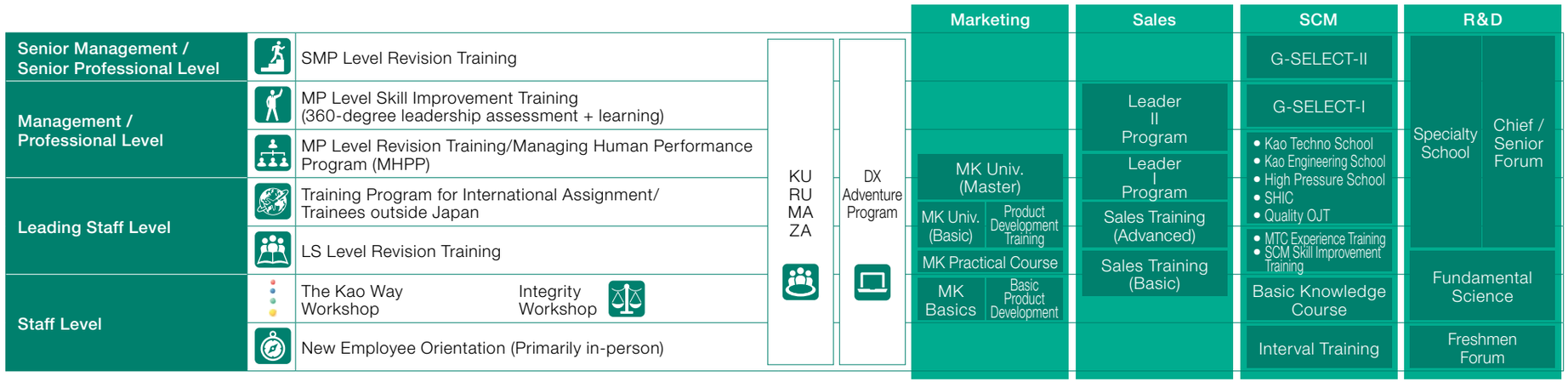
01 Challenge & Change
Set ambitious goals and take on difficult challenges that enable us to stay higher standard of change for continuous innovation.

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.

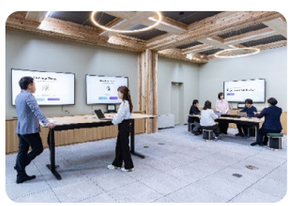
05 Integrity as the only choice
Behave with integrity in alignment with the Kao Way.



* Excerpt from main categories

Yukei

Opened in November 2025, “Yukei” is a hub for co-creation where we learn about Kao’s Yoki-Monozukuri philosophy and translate it into new value creation. Embodying the concept of “self-directed learning and collaboration”—where employees learn and think independently while working together with colleagues—we enhance the creativity and co-creation capabilities of every employee through AI-powered dialogues with our predecessors and interactive experiences that allow them to engage their five senses in learning about Yoki-Monozukuri. In addition to employees, we will foster dialogue and co-creation with diverse stakeholders—including consumers, business partners, shareholders, and academic institutions—and continue to evolve this space into a learning environment that supports Kao’s “Creation and Innovation,” thereby strengthening the talent foundation that underpins medium- to long-term value creation.



Learning in action at Yukei

(1) Common programs in Japan

At Kao, new employees learn the “Kao Way”—our shared philosophy—upon joining the company, and we build our talent development foundation on the ability to walk the right path. Through coaching, consultations with industrial counselors, a mentoring program, and cross-functional training during career transitions, we provide support tailored to each individual’s role and career milestones. This approach facilitates smooth onboarding, enables employees to become productive quickly, and broadens their perspective from departmental optimization to organizational optimization. Furthermore, through more than 9,000 self-development programs, as well as life-career seminars for employees aged 35 and older and life-planning seminars for those in their mid-50s, we support autonomous learning and career development with a focus on future roles and life goals. In particular, the life-planning seminars provide opportunities for employees to consider their own careers and necessary retraining with an eye toward working styles after retirement or re-employment, thereby encouraging proactive career planning even before re-employment. More than 70% of participants have taken concrete action, contributing to the creation of a foundation for employee engagement that supports extended careers. These shared foundations promote employees’ autonomous growth and early contribution, thereby strengthening organizational capabilities to respond to a rapidly changing business environment.

Specialized learning

Each department proactively delivers specialized training tailored to business strategies and on-the-ground challenges, further honing the strengths of every employee to cultivate a workforce of professionals. This specialized learning drives organizational growth and sustainable enhancement of corporate value by improving on-the-ground capabilities, brand strength, and the ability to drive business transformation.

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

Since 1989, the Production Engineering Division has operated the “Kao Techno School” to enhance specialized knowledge and skills tailored to specific roles, thereby cultivating future on-site leaders. Young and mid-career employees selected from both Japan and overseas spend six months intensively studying not only the latest specialized knowledge and skills relevant to the current era but also personal qualities such as mindfulness. To date, 1,071 individuals have completed the program. Over the past three years, 40% of participants have been selected from overseas, demonstrating the program’s role as a global learning environment. More than half of the graduates are active as frontline leaders on a global scale. Their effectiveness is highly regarded both within and outside the company; for example, at sites handling high-pressure gases—where safety management is particularly critical—many managerial positions are held by graduates of the program. The Kao Techno School is a core program that cultivates talent possessing both the “craftsmanship” of excellent character and insight and the “skill” of specialized knowledge and technical expertise, thereby supporting the competitiveness of production sites and organizational growth. In particular, it contributes to stable global supply and enhanced cost competitiveness through improvements in safety, quality, and productivity.

A learning session at Kao Techno School

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

Since 2003, the Global Consumer Care Division has been running the "Marketing University" program to develop core talent capable of driving brand growth and business transformation in response to changing consumer behaviors and increasingly complex market conditions. Mid-level employees selected from across the business divisions study brand growth strategies, business strategies, and the application of digital technologies. After engaging in extensive discussions with fellow participants, they ultimately present their proposed brand growth and business strategies to senior management. Through this hands-on learning experience, we cultivate talent capable of building strong brands from a consumer-centric, global perspective and leading the entire business. In fact, among program participants over the past eight years, 46% have received company-wide awards, significantly exceeding the overall employee average of 1.4%. This demonstrates that the program contributes to developing talent that drives business results. This, in turn, contributes to strengthening brand competitiveness in the global market and achieving sustainable sales growth.

Minds at work at Marketing University

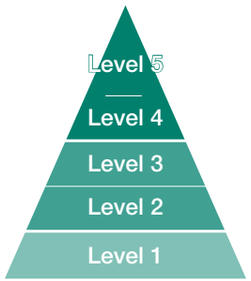
DX Adventure Program

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

As part of its transformation from a manufacturing company to a "UX-creating enterprise," Kao is building a digital infrastructure to connect directly with consumers and co-create a "Kirei-Life" for each individual. To support this initiative, the company introduced the "DX Adventure Program" in 2023 to cultivate DX talent capable of driving new value creation and business process transformation. This, in turn, contributes to improving profitability and accelerating business transformation through the transformation of business processes and enhanced productivity. The program offers learning opportunities tailored to each employee’s skill level: the “Beginner” track focuses on building a foundational understanding of DX, while the “Intermediate” track enhances on-the-job implementation skills through learning tailored to departmental characteristics and needs. By 2025, we aim to have approximately 14,000 employees in Japan complete the Beginner level and approximately 11,000 complete the Intermediate level. Starting in 2024, we are expanding the program overseas, beginning with China. Additionally, we are promoting self-directed learning through the use of open badges,

which visualize learning histories and skills. In Japan, approximately 4,700 citizen developers are active as of 2025. This initiative promotes self-directed learning and supports the development of DX talent, contributing to the execution of business transformation and improved productivity.

Program overview



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

Open Badges for each skill level

Grading systems based on roles

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

Kao group has adopted a role-based grading system that determines employee grades based on the significance of the roles they perform, rather than on seniority. By clearly defining roles and expectations, we help each employee better understand their path for growth and the challenges they should take on, thereby supporting proactive development and enhancing employee engagement. Furthermore, by placing and promoting employees according to their roles to ensure the right people are in the right positions, we enable the swift utilization of talent and strengthen the organization's execution capabilities. This, in turn, enables the swift deployment of talent aligned with our strategies, strengthening our ability to respond to changes in the business environment and enhancing competitiveness.

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
Global common	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
	Staff	Take the initiative in carrying out assigned tasks under certain instructions and guidance	G7
			G8
			G9

Self Education & Development Scheme

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

Support for Learning and Career Development (Region: Japan / Relevant strategies: (1) (2) (3))

To place the right talent in the right roles, we assign employees based on the company's strategy and organizational needs while, at the same time, supporting each employee in reflecting on their own experience, capabilities, and skills so that they can proactively envision the career they wish to pursue and the roles they wish to take on. Under our Support for Learning and Career Development program (SeEDS: Self Education & Development Scheme), we draw on the experience, capabilities, and skills employees have cultivated through their daily work and, through dialogue with their supervisors and HR representatives, organize their future initiatives, leading to placement and development that advance both individual growth and organizational growth. In addition, we have established a system through which each employee can declare, together with their business unit, their transfer requests and the duties they wish to take on in the future, and

we have assigned Career Coordinators and Career Partners to create an environment where employees can also consult someone other than their line supervisor. Furthermore, for newly transferred employees, through a mentoring system led by senior colleagues within the company, we support not only their work but also their adaptation to Kao's corporate culture. Through these initiatives, we design even company-led placements as growth opportunities that reflect the individual's aspirations and strengths, supporting strategic talent deployment toward the realization of K27. In 2025, we carried out 454 cross-functional rotations and, including secondments to public institutions and private companies, we are advancing company-wide optimal talent utilization that leverages the skills and expertise cultivated at Kao.

Internal recruitment

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

In 2024, we introduced an internal job posting system across the Kao Group in Japan as a mechanism to flexibly deploy the talent needed to address management challenges while supporting employees in proactively shaping their own careers. Over the past two years, approximately 600 employees have applied, resulting in about 130 transfers. By promptly bringing together motivated individuals who share a commitment to addressing management challenges and are eager to tackle them, the company is strengthening its strategic execution capabilities. Furthermore, this system not only promotes employee career development but also contributes to fostering a culture where employees proactively seize opportunities to take on new roles. In an applicant survey, 95% responded that the program is “useful for their future career development,” and the employee engagement survey also revealed positive feedback regarding the expansion of opportunities for new challenges and the sense of growth gained through these experiences. Furthermore, by combining this with internal internships and short-term programs offering exposure to other departments’ operations, we have created an environment where employees can acquire new perspectives and skills, thereby expanding their opportunities for personal growth. Through these initiatives, Kao encourages employees to take on challenges independently while advancing the management of a talent portfolio that optimally utilizes human resources from a company-wide perspective.

Scrum-type management

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

To accelerate decision-making and maximize execution in our key business areas, we are deepening our matrix structure—which leverages the expertise of both business and functional divisions—and promoting “Scrum-type management.” Through the "Business Steering Board," composed of key personnel from each business and functional unit, we are actively discussing and deciding on priority issues based on our overall strategy, thereby accelerating initiatives aimed at business expansion. This approach enables us to make decisions and take action at a level close to the front lines while minimizing organizational silos, thereby achieving an organizational structure capable of responding to a rapidly changing business environment.

Selection of human capital who will become global leaders

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

To realize our vision of *Global Sharp Top*, we are systematically developing global talent who will drive future management and business growth. We identify potential successors for senior management, specialist roles, and key positions, strategically assigning and appointing them at an early stage. By assigning them challenges and expanding their opportunities for experience, we are strengthening the talent pool responsible for creating value on a global scale. In particular, for next-generation leadership candidates, we provide cross-functional, selective learning opportunities such as liberal arts training, the co-creative leadership development program “Jammin’,” and the personal development program “Kagayaki Juku.” Additionally, to build a foundation for global success, we implement selective short- and medium-term overseas assignment programs. In particular, the “Kagayaki Juku” program combines insights from HR departments across different industries to enhance participants’ business acumen. Additionally, instructors share their convictions and sense of mission as leaders and

engage in dialogue with participants, thereby fostering a mindset befitting next-generation leaders. As a result of these development efforts, 6% of participants have been promoted to executive officers and 52% to senior management, contributing to the cultivation of leadership talent that will underpin our future management foundation.

360-degree leadership assessment

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

At Kao, we conduct 360-degree leadership assessments for all members of the management layer to enable them to objectively understand their strengths and challenges in leadership and management. Based on the assessment results, we provide group training to reflect on individual behaviors, along with elective learning opportunities related to taking up challenges and co-creation. Through these initiatives, we promote behavioral change and enhance practical leadership capabilities. This, in turn, strengthens management capabilities to generate results while leveraging diverse talent in a rapidly changing business environment, and contributes to enhancing organizational management capabilities that enable the creation of value by bringing out the strengths of diverse talent.

More transparency in evaluation

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

Objectives and Key Results (OKR) targets, which are also linked to evaluations, are set across three categories, Business Contribution, ESG, and One Team & My Dream. These targets are established after considering the medium- to long-term time horizon, as well as the direction of the organization to which the employee belongs. 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. (In the FY2025 employee engagement survey, the group-wide score for fair evaluation was 63, a two-point improvement from the previous year, while the score for feedback was 66, which was also a two-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 harness the strengths of our diverse human capital and foster a more agile and resilient organizational structure, we conduct an introductory training program for managers who are supervising subordinates for the first time. Based on our fundamental human capital development policy, participants systematically learn the basics of management—including goal setting, performance evaluation, and communication with team members. We also provide follow-up training and case studies to help them internalize and enhance their practical management skills. Through these initiatives, we are strengthening our organizational capabilities to develop talent on the front lines and drive results, while ensuring that performance evaluations are perceived as fair and transparent.

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, ESG, 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 FY2025 CEO Award recognized two initiatives (a total of 37 recipients): strengthening the domestic sales foundation through a collaborative structure between the Cosmetics Business and Sales, and enhancing stakeholder engagement through the strategic integration of IR, SR, and PR activities. Furthermore, the initiatives of "*Quickle* Wash Basin Cleaner: Creating a New Cleaning Habit" and "*Pureora* Carbonated Toothpaste: Value Creation Based on Consumers' True Voices" were each selected for special recognition as the Excellence Award. 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 reviewed the systems for standard compensation* and living-related allowances across the domestic group companies, increasing the proportion of standard compensation in consideration of future social structural changes, and we standardized the scheme. We have also standardized support for relocated employees, which was previously inconsistent across group companies. As a result, across the Kao Group companies in Japan, an environment has been established in which diverse human capital can play active roles regardless of their employing company. Furthermore, from 2026, a cafeteria plan will be introduced as a new form of employee benefits common to all domestic group companies. This initiative aims to create an environment in which employees with diverse backgrounds and life circumstances can work with greater motivation and engagement. This initiative will cover 10 domestic group companies and approximately 20,000 regular employees.

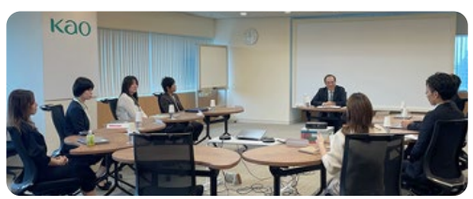
* The base salary set by each domestic Group company will be maintained at the respective company's level.

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 issues related to organizational management and working conditions, 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 continue to be 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. The FY2025 Kao Forum was designed to further enhance the level of dialogue between management and employee representatives, with the aim of helping employees internalize corporate strategies and company initiatives and translate them into concrete actions at their respective workplaces. As a result, the FY2025 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, "Being able to engage in direct dialogue with the senior management increased my sense of trust," 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*. In addition to the Kao Forum, we hold employee roundtable discussions several times a year, where HR managers engage in direct dialogue and exchange views with employee representatives from each business site regarding HR policies and working conditions.



Dialogue between senior management and mid-level employees

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 deepen and broaden connections vertically, horizontally, and diagonally!" was established for the FY2025 Dialogue Festival held throughout September. During the festival, a self-reflection seminar was held to learn techniques of self-reflection and dialogue for building strong teams, and a line care training for building connections and expanding networks through dialogue was also conducted. In addition, a Global Career Roundtable was organized in which employees active on the global stage introduced their real work experiences. We also distributed short videos designed to succinctly convey key points for keeping the dialogue lively, along with a variety of content on topics such as psychological safety. Furthermore, following the previous year, employee cafeterias at our worksites were used as venues for cross-division networking opportunities. Approximately 600 employees participated in the self-reflection seminar and 950 employees in the line care training, 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 2025, in Japan, the mandatory e-learning program Basic Knowledge of Unconscious Bias was held for non-management employees. As a result, all employees have completed the e-learning programs on psychological safety and unconscious bias launched in 2023. In the Americas, training on unconscious bias and microaggressions is conducted as part of fundamental DE&I training, while in Australia, unconscious bias workshops continue to be provided for all employees. 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 2025 showed that the proportion of employees setting targets and taking actions that contribute to both individual and organizational growth is approaching 80%, reflecting the steady 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 continuously aligning and progressing in the same direction. A detailed ROIC Reverse Tree has been created to illustrate how each division’s activities enhance ROIC. By utilizing this tree in dialogues with superiors, individual targets are connected to organizational contributions. In addition, video content is distributed to clearly communicate the purpose and significance of these initiatives. 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.

P261 Our Progress > Inclusive & Diverse Workplaces

Realization of flexible work

Region: Japan
Corresponding strategy: (4)

Kao has long implemented a flextime system to enhance flexibility in working hours. In addition, the diversification of work locations and environments, such as remote work using telecommuting systems, has become established. 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. Recently, as creativity and work productivity have improved, office attendance rates have also increased as a result. In promoting flexible work styles, we are continuing to implement office reforms sequentially as part of the necessary efforts to develop the working environment.

The SWS (Smart Work Support) application continues to be utilized to visualize individual work statuses in a timely manner, including 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.

Wellbeing

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

P276 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)

	2022	2023	2024	2025
Monthly average of hours worked outside regula working hours (hours)	13.4	12.4	15.3	15.3
Average days of paid leave taken (days)	16.6	17.3	16.6	17.3
Average paid leave utilization rate (%)	85.8	88.0	84.2	87.1
Number of employees utilizing the work-from-home option (persons)	7,653	6,431	6,034	5,967

* Counted in enrolled companies
* Until 2022, only regular employees; from 2023, regular employees and full-time, indefinite-time, non-regular employees
* When employees take annual paid leave, they receive the same wages they would have earned if they had worked during the days or hours taken as leave.

Total annual hours worked per person (hours)

	2022	2023	2024	2025
Kao Group	1,803	1,833	1,813	1,799

* Employees from regular employment and those in full-time indefinite-term employment from non-regular employment
* Premium allowances are provided in accordance with labor laws and company rules of work and employment when overtime work, holiday work, or night work occurs

Number of employees / management positions (persons)

		2022			2023			2024			2025		
		All	Male	Female	All	Male	Female	All	Male	Female	All	Male	Female
Kao Group	Employees	35,411	16,677	18,734	34,257	16,055	18,202	32,566	15,173	17,313	31,514	14,619	16,895
	Management positions	6,974	4,845	2,129	6,553	4,514	2,039	6,359	4,288	2,071	6,263	4,135	2,128
	Of which Top management	–	–	–	901	726	175	846	673	173	812	648	164
	Middle management	–	–	–	1,644	1,204	440	1,628	1,157	471	1,687	1,174	513
	Junior management	–	–	–	4,008	2,584	1,424	3,885	2,458	1,427	3,764	2,313	1,451
Japan	Employees	23,584	10,404	13,180	22,464	9,895	12,569	20,831	9,069	11,762	20,044	8,666	11,378
	Management positions	4,555	3,534	1,021	4,558	3,439	1,119	4,366	3,209	1,157	4,225	3,054	1,171
Of which, Kao Corporation	Employees	8,403	5,974	2,429	8,199	5,739	2,460	7,861	5,356	2,505	7,761	5,204	2,557
	Management positions	2,957	2,238	719	2,985	2,221	764	2,907	2,101	806	2,889	2,059	830
Asia	Employees	6,948	3,848	3,100	6,798	3,791	3,007	6,618	3,693	2,925	6,555	3,658	2,897
	Management positions	1,154	605	549	1,038	562	476	1,009	545	464	1,014	545	469
Europe	Employees	3,376	1,691	1,685	3,494	1,663	1,831	3,560	1,676	1,869	3,389	1,570	1,819
	Management positions	920	545	375	556	307	249	573	315	258	614	325	289
Americas	Employees	1,503	734	769	1,501	706	795	1,557	735	757	1,526	725	801
	Management positions	345	161	184	401	206	195	411	219	192	410	211	199

* 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) (%)

		2022	2023	2024	2025
Japan	Employees	69.3	65.6	63.9	63.2
	Management positions	66.3	70.6	70.2	68.6
Indonesia	Employees	5.6	5.7	6.0	6.0
	Management positions	2.3	2.3	2.5	2.5
Thailand	Employees	3.6	3.7	3.9	4.0
	Management positions	4.3	2.6	2.8	2.8
China	Employees	4.2	3.9	3.9	3.9
	Management positions	3.1	2.8	2.8	3.1
Germany	Employees	2.5	2.5	2.7	3.1
	Management positions	4.8	3.4	2.7	3.0
United States	Employees	1.8	1.8	2.1	2.2
	Management positions	2.4	2.8	2.7	3.3

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

Percentage of employees by age group (%)

		2022	2023	2024	2025
Kao Group	< 30 years old	19.3	17.8	16.7	15.4
	30–50 years old	51.9	52.6	54.9	56.2
	> 50 years old	28.7	29.6	26.4	28.4
Japan	< 30 years old	18.0	16.4	15.4	14.3
	30–50 years old	49.9	50.6	53.1	54.4
	> 50 years old	32.1	33.0	31.4	31.3

* Counted in enrolled companies unless otherwise noted. 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. Employee coverage rate: 100%

Situation regarding newly hired employees

		2022	2023	2024	2025
Kao Group	All (persons)	1,555	1,732	1,740	1,595
	Male	625	614	633	686
	Female	930	1,118	1,107	909
	Females as a percentage of the total (%)	59.8	64.5	63.6	57.0
Japan	All (persons)	208	413	450	540
	Male	110	153	177	258
	Female	98	260	273	282
	Females as a percentage of the total (%)	47.1	63.0	60.7	52.2
Of which, Kao Corporation	All (persons)	103	187	235	323
	Male	71	90	126	184
	Female	32	97	109	139
	Females as a percentage of the total (%)	31.1	51.9	46.4	43.0

Percentage of newly hired employees by age group (%)

		2022	2023	2024	2025
Kao Group	< 30 years old	52.5	57.2	53.2	54.6
	30–50 years old	41.3	36.8	39.4	38.6
	> 50 years old	6.2	6.0	7.4	6.8
Japan	< 30 years old	62.0	78.4	71.6	72.8
	30–50 years old	38.0	25.3	27.3	26.5
	> 50 years old	0.0	1.0	1.1	0.7

Retention rate after 3 years of employment (%)

	2022	2023	2024	2025
Kao Group	68.3	66.9	63.2	75.7

Hiring cost per employee hired (yen)

	2022	2023	2024	2025
Kao Group	570,933	495,500	532,106	634,295
Japan	1,650,470	831,229	1,017,955	897,089

Percentage of open positions filled by internal candidates (%)

	2022	2023	2024	2025
Kao Group	77.72	74.65	74.69	76.41
Japan	94.99	90.63	88.81	83.62

Percentage of career hires in new hires (%)

	2022	2023	2024	2025
Kao Corporation	35.9	49.2	46.8	48.0
Kao Group Customer Marketing Co., Ltd.	17.4	17.2	40.0	59.4
Kao Beauty Brands Counseling Co., Ltd.	0.0	0.0	-	-
Kanebo Cosmetics Inc.	0.0	0.0	-	-
e'quipe, LTD.	100.0	100.0	100.0	62.0
Kao Transport & Logistics Co.,Ltd	-	-	0.0	6.3
Kao Professional Services Co., Ltd.	41.7	32.3	46.4	56.3
Nivea-Kao Company Limited	100.0	100.0	100.0	100.0
Kao Business Associe Co., Ltd.	-	100.0	100.0	-
Kao Sanitary Products Ehime Co., Ltd.	-	-	0.0	58.3
Kao Cosmetic Products Odawara Co., Ltd.	100.0	27.8	0.0	100.0
Kao Paper Manufacturing Fuji Co., Ltd	100.0	-	50.0	-
Kao Peony Co., Ltd.	-	-	0.0	50.0

* 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)

	2022	2023	2024	2025
Number of employees who reached retirement age	237	255	293	313
Of which, the number of employees re-employed after retirement	204	223	253	291
Percentage (%)	86.1	87.5	86.3	93.0

* Counted in enrolled companies unless otherwise noted. 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. Employee coverage rate: 100%

Situation regarding employee turnover (%)

		2022	2023	2024	2025
Kao Group	Total employee turnover rate	6.17	6.75	8.87	5.64
	Voluntary employee turnover rate	4.61	4.57	4.46	3.51
Japan	Total employee turnover rate	3.76	3.69	7.07	3.07
	Voluntary employee turnover rate	2.68	2.39	2.57	2.50

Employee turnover rate by gender (%)

		2022	2023	2024	2025
Kao Group	Male	35.10	36.74	41.50	41.14
	Female	64.90	63.26	58.50	58.86
Japan	Male	27.62	33.98	39.65	34.80
	Female	72.38	66.02	60.35	65.20

Employee turnover rate by age group (%)

		2022	2023	2024	2025
Kao Group	< 30 years old	36.11	33.92	21.16	28.59
	30–50 years old	41.69	40.59	36.27	46.20
	> 50 years old	22.20	25.49	42.57	25.21
Japan	< 30 years old	40.92	34.58	15.89	34.15
	30–50 years old	32.02	34.46	26.07	42.44
	> 50 years old	27.06	30.96	58.04	23.41

Voluntary employee turnover rate by gender (%)

		2022	2023	2024	2025
Kao Group	Male	29.78	28.88	34.04	35.02
	Female	70.22	71.12	65.96	64.98
Japan	Male	18.64	23.51	27.99	28.60
	Female	81.36	76.49	72.01	71.40

Voluntary employee turnover rate by age group (%)

		2022	2023	2024	2025
Kao Group	< 30 years old	43.81	44.60	36.56	37.92
	30–50 years old	47.92	45.50	52.30	52.40
	> 50 years old	8.27	9.90	11.13	9.68
Japan	< 30 years old	56.08	51.30	41.71	44.59
	30–50 years old	38.86	43.10	52.89	50.23
	> 50 years old	5.06	5.60	5.40	5.18

* Counted in enrolled companies unless otherwise noted. 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. Employee coverage rate: 100%

Human capital development investment per employee

		2022	2023	2024	2025
Kao Group	Average hours of training (hours)	12.98	14.05	18.54	18.58
	Average cost of training (yen)	32,000	37,000	48,000	54,000
Japan	Average hours of training (hours)	12.90	12.91	16.51	16.6
	Average cost of training (yen)	32,000	36,000	49,000	56,000

Ratio of training hours by gender

		2023		2024		2025	
		Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)
Japan	Male	114,633	47.3	195,380	56.5	164,223	49.1
	Female	127,556	52.7	150,215	43.5	170,084	50.9

* 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 58.7% of all Kao Group employees and 87.1% of Japanese employees

Ratio of training hours by age group

		2023		2024		2025	
		Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)
Japan	< 30 years old	94,025	38.8	86,624	25.1	87,469	26.2
	30–49 years old	106,101	43.8	168,653	48.8	167,175	50.0
	≧ 50 years old	42,063	17.4	90,317	26.1	79,663	23.8

* Except for certain companies

Ratio of training hours by management level

		2023		2024		2025	
		Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)	Total training time (hours)	Ratio (%)
Japan	All employees are targeted	50,007	20.6	179,051	51.8	139,630	41.8
	Junior management	145,893	60.2	126,831	36.7	122,731	36.7
	Middle management	44,386	18.3	32,450	9.4	65,293	19.5
	Top management	1,903	0.8	7,263	2.1	6,654	2.0

* Except for certain companies

Situation regarding union members

		2022	2023	2024	2025
Kao Group	No. of union members (persons)	12,716	10,851	10,238	10,105
	Percentage (%)	34	32	32	32
Japan	No. of union members (persons)	8,560	6,785	6,422	6,191
	Percentage (%)	34	30	31	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.

* Counted in enrolled companies unless otherwise noted. 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. Employee coverage rate: 100%

Employees' opinions

Human Capital Development Initiatives for Human Capital Sustainability

Joseph Lim
Resource Center Head,
Fatty Chemical (Malaysia) Sdn. Bhd.

Human Capital Sustainability is essential to ensure that our organization develops in line with our Ideal Human Capital and Organization, which are grounded in The Kao Way. This sustainability is achieved by continuously developing our people while aligning individual growth with long-term business objectives.

At the core of Human Capital Development is the belief that every individual possesses unique talents, aspirations, and potential. By integrating personal goals with organizational objectives, the company fosters a culture of shared purpose, ownership, and accountability. Tools such as OKRs support this alignment by creating a scrum-based organization that promotes focus, transparency, and collaboration, while enabling teams to remain agile and future-oriented. OKRs also encourage aspiration, recognizing that we often overestimate what can be achieved in one year but underestimate what can be accomplished over five years.

To ensure continuous improvement, the annual Kao Engagement Survey plays a vital role in measuring the effectiveness of personal efforts aligning with the company's direction.

Employees' opinions

Developing human capital and creating opportunities through on-the-ground experience

Jun Shukunobe
Brand Director,
Asia (International) Group,
Skin Care Business
HLBC Business

I joined Kao in 2007 and began my career in sales at KCMK. After that, I immersed myself in marketing in the Hair Care Business. In 2017, my 11th year with the company, I worked for about one year at Kao Singapore as an MK trainee. It was my first time living outside Japan, and I was not yet comfortable communicating in English. Even so, I discovered the joy of working with colleagues of different nationalities and perspectives, united by a shared language: consumer-driven marketing and the mission, vision, and values of the brands we manage. At the same time, I came to realize how exceptional the working environment and support systems at Kao Japan are. This experience also prompted me to think deeply about what it takes to continue growing a business outside Japan.

After returning to Japan, I was responsible for Bioré UV for five years. From 2023, I spent three years stationed in China as an MK Director, overseeing skincare and hair care. While I gained valuable insights into advanced digital marketing, it was the experience of managing business in a rapidly changing market and learning from both successes and failures that contributed most to my own growth. Standing at the forefront of the business sometimes requires courage. Yet I believe there are lessons and rewards that cannot be gained through training alone. I hope to continue taking on new challenges together with colleagues who share the same aspirations.

Stakeholder engagement

Aiming to foster a fairer workplace culture that respects individuality

Hirohito Takada
Partner, Ohno Office Labor and Social Security Attorney's Firm
Makuhari Office Manager / Certified Labor and Social Security Attorney

As a certified labor and social insurance attorney, I have been involved in conducting labor compliance diagnostics for the Kao Group. Specifically, I have evaluated and provided recommendations on the status of personnel regulations, including work rules, labor-management agreements, and legally required records, as well as the operation of HR and labor systems, from the perspectives of legal compliance and the rationality and efficiency of the systems and their implementation.

What impressed me most is that the Kao Group's systems go beyond simply complying with legal requirements. They are designed and operated through careful discussion, with a constant focus on the wellbeing of each employee and on how the workplace can be made more supportive and comfortable. In particular, the generous support provided to employees with childbirth, childcare, and caregiving responsibilities, such as paid childcare leave and special leave for nursing care that far exceeds statutory requirements, is among the most advanced in Japan. These measures significantly contribute to fostering a corporate culture in which employees, especially those with families, can balance their personal lives and work and continue working with peace of mind over the long term.

From a governance perspective, the Kao Group also appears to have established not only well-developed internal rules but also clear processes for decision-making and accountability, along with systems that enable appropriate corrective action when issues arise. This is made possible by the ongoing communication between management and employees in the workplace, demonstrating that the Group's governance is not merely formal but truly effective in practice. In an era when sustainability and human capital management are increasingly emphasized, this represents a significant strength.

Turning again to the HR and labor field, frequent legal revisions are expected in the future. Therefore, it is important to continuously check whether the company is responding properly and in a timely manner to current legal requirements. At the same time, as lifestyles and ways of working continue to diversify, I hope that Kao will continue building workplaces that are fairer and more respectful of individuals, while maintaining legal compliance as its foundation. I believe that such steady efforts will ultimately contribute to enhancing the corporate value of the Kao Group as a whole.