

4

# OUR PEOPLE

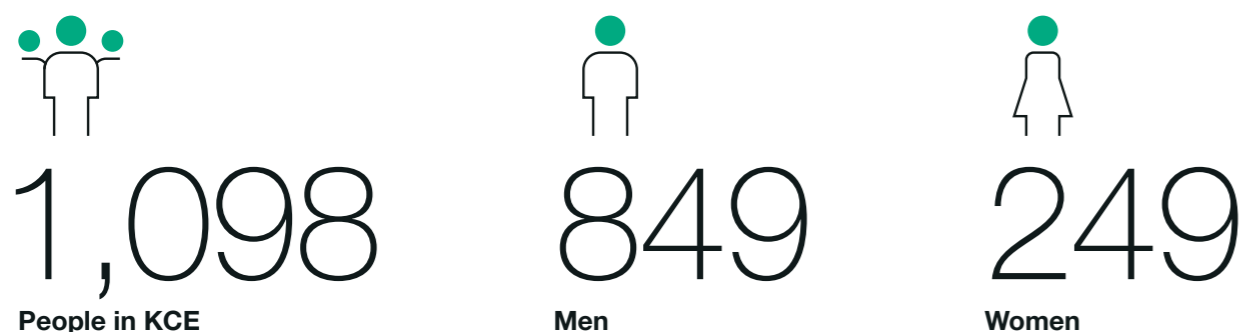


# 4.1 COMPOSITION OF THE STAFF<sup>1</sup>

## (103-2) (103-3)

Our people are the most important asset for KCE. Year after year, we promote a culture based on the principles of "The Kao Way" and a firm commitment to quality work, equal opportunities, respect for diversity and the development of our talent.

## (102-7)



	KCG	QK	KCHI	KCSA	TOTAL KCE
Men	186	205	135	317	849
Women	66	27	38	117	249
<b>TOTAL</b>	<b>252</b>	<b>232</b>	<b>173</b>	<b>434</b>	<b>1,098</b>

## KCE'S STAFF EVOLUTION

	TOTAL KCE 2020	TOTAL KCE 2021	KCE 2022
Men	838	863	849
Women	246	249	249
<b>TOTAL</b>	<b>1,084</b>	<b>1,112</b>	<b>1,098</b>

<sup>1</sup> The totals in these tables include 7 people who hold KCE management positions (1 woman and 6 men), but, since the data was not very representative, adding an exclusive category for this group has been rejected, and they have been included in the KCSA staff group.

## STAFF BY AGE GROUP

	KCG		QK		KCHI		KCSA		TOTAL KCE	
	N°	%	N°	%	N°	%	N°	%	N°	%
≤ 29	60	24%	69	30%	11	6%	33	8%	173	16%
30 - 50	91	36%	124	53%	103	60%	336	52%	544	49%
≥ 51	101	40%	39	17%	59	34%	175	40%	381	35%
<b>TOTAL</b>	<b>252</b>		<b>232</b>		<b>173</b>		<b>434</b>		<b>1,098</b>	

Currently, in all of KCE there is only one case in KCG of a person under 18 years of age with an apprenticeship contract, therefore covered under the apprenticeship policy, strictly regulated by local

legislation. In no case is this worker exposed to jobs that may be considered dangerous, according to the ILO convention.

## STAFF BY PROFESSIONAL GROUP

	KCG		QK		KCHI		KCSA		TOTAL KCE
	M	W	M	W	M	W	M	W	
Directors	4	0	3	1	0	0	5	1	21
Managers / Group Lead	22	6	18	0	12	0	40	20	118
Staff / Shift Lead	73	51	70	26	45	15	89	66	435
Factory Workers	74	3	114	0	78	23	183	30	505
Apprentices KCG	13	6	0	0	0	0	0	0	19
<b>TOTAL</b>	<b>186</b>	<b>66</b>	<b>205</b>	<b>27</b>	<b>135</b>	<b>38</b>	<b>317</b>	<b>117</b>	<b>1,098</b>

The detailed information of the information provided below is available in the tables of Annex 3 - Verification and list of contents according to Law 11/2018

## (405-1) (401-1)

The presence of women is still quite low in all KCE subsidiaries and is mainly due to a structural problem in the chemical sector, in which the presence of women has historically been very low.

To reverse this situation, we promote measures that promote the incorporation of women in the company and in the different labour categories.

During 2022, a total of 80 people joined KCE, of which 22.5% were women and 77.5% were men

## (102-8)

In 2022, **94% of the total KCE workforce was on a permanent or indefinite contract**, while

43% were on temporary ones. Part-time contracts accounted for 2% in 2022. In all cases, this type of contractual relationship has been promoted by the workers themselves for reasons of work-life balance. The case of KCG stands out, in which part-time contracts for women represent 27%.

9% of all women at KCE work under part-time contracts for reasons of work-life balance.

The group with the lowest rate of permanent contracts is that of people up to 29 years of age. However, the temporary workforce in this age range has only accounted for 3% of all hiring at KCE in 2022, with KCG being the subsidiary with the most contracts in this modality (10%). The professional group with the highest temporary employment at KCE is that of the production area, with 1% at KCHI, 2% at KCSA and 2% at KCG, which represents 5% of the group's temporary contracts.

## 4.2 COMPENSATION AND BENEFITS POLICY

(103-2) (405-2) (102-35) (102-36)

KCE is committed to effectively applying the principle of equal pay for work of equal value and takes this as a basis for its remuneration policy, adopting it in its practice of applying wages at the start of employment and at subsequent revisions.

The remuneration system of the people who work at KCE is adapted to the salary structure established in the collective agreements of the sector and in the specific company agreements applicable in each country. As a general rule, salaries are

made up of a base salary depending on the job position and bonuses and supplements linked to experience, knowledge and conditions of the jobs.

Additionally, KCE hires the services of the main consulting companies dedicated to analysing the salary references of the different sectors and countries where it operates, with the aim of guaranteeing an adequate standard of living in accordance with the best practices of the companies present in the market.

## 4.3 WELL-BEING AND WORK-LIFE BALANCE

(103-2)

(NO GRI) Organization of work: measures designed to facilitate the work-life balance and promote the jointly responsible exercise of these by both parents.

At KCE we promote the quality of life and well-being of our workforce. We implement measures to reconcile family and work life, complying with the laws of each country where we are present. In addition, we implement specific additional measures at the local level.

- **At KCG:** everyone has a pool of excess hours that they can later offset with breaks. Part-time workdays are more widely implemented at KCG. 10% of the workforce have decided to take this option (25 people, 22 women and 3 men).
- **At KCHI:** everyone has a flexible schedule, with an hour to spare at the start and end of the workday. Four people (2 women and 2 men) have taken advantage of a reduced working day in 2022 to care for children under 12 years of age and specific agreements have been reached with 3 people (1 man and 2 women) to adapt the full-time schedule to the needs of their children under 12 years of age.
- **At KCSA:** 10 people have taken advantage of a reduced working day for the care of children under 12 years of age, and 40 people have arranged to adapt their working hours during 2022.
- **In QK:** the Federal Labour Law of Mexico stipulates the obligation to have at least one day off after six worked, and determines the mandatory holidays, so that the QK workforce has six additional days with respect to those that the law prescribes.

(103-2)

In 2020, the KCSA Digital Disconnection Policy was launched with the aim of delimiting work and rest time and guaranteeing the right to digital disconnection.



At KCE we promote the quality of life and well-being of our workforce





## 4.4 EQUALITY AND DIVERSITY

(405-1) (406-1)

The fifth principle of our Conduct Guide establishes respect for the diversity of the workforce and the maximization of its potential to reinforce the solidity of the group.

At KCE we promote initiatives to guarantee equal opportunities and that there is no type of discrimination against our people based on nationality, social origin, age, sexual orientation, ideology, or any other personal, physical, psychological or social condition. During 2022, no complaints have been received nor have there been any cases of discrimination.

KCHI and KCSA have Equality Plans. At KCG, the General Law of Equal Treatment applies and there are two people from the company responsible for ensuring compliance with the legal obligations of the law.

At KCSA, dissemination of the Harassment and Discrimination Prevention Protocol has continued, reaching 30.2% of the total workforce in 2022. Likewise, a training programme on equality awareness has been started in which 18.2% of the workforce has participated. These two dissemination actions will continue to be carried out over the next few years with the aim of reaching the total workforce.

**Kao has been recognized by Bloomberg as one of 418 companies worldwide that have demonstrated excellent performance in implementing gender equality measures.**

(103-2) (405-1)

At KCE **we are committed to the effective labour market integration of people with different abilities**, and we ensure compliance with the applicable legislation in each country.

In total, KCE employs 12 people with disabilities (9 men and 3 women).

- In **Germany**, KCG has hired five people (four men and one woman), one person more than in 2021. They have a representative on their committee for people with different abilities who work in the company.
- In **Spain**: The General Law on Disability (LGD, formerly LISMI) obliges companies with more than 50 employees to include 2% of staff with disabilities in their workforces, or to subcontract the equivalent to Special Employment Centres (CET) in terms of turnover of products or services.

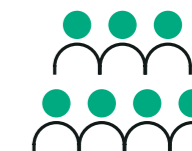
In KCSA, the 2% reserve corresponds to 9 workers, with four people hired (two men and two women). It has been granted authorization for exceptional measures and therefore subcontracts products and services for the equivalent of 14 workers, far exceeding the legal minimum.

In KCHI, the 2% reserve corresponds to 3 workers, with three employees (three men), so exceptional measures do not need to be applied.

- In **Mexico**: in QK, despite the fact that there is no applicable regulation in reference to staff with different abilities, there are state regulations that act as a declaration of principles in the field of equality and non-discrimination at work (NMX-R-025- SCFI-2015 on labour equality and non-discrimination).

At KCE we collaborate with entities dedicated to the labour market integration of people with different abilities and at risk of social exclusion. In 2022, KCG has purchased work supplies from special employment centres. In Spain, we have subcontracted gardening maintenance services, laundry services and the supply of hygiene and cleaning products for its three work centres to a special employment centre.

We ensure that the workplaces are accessible. All work plans for access to KCE work centres include the design of accessibility measures and we adapt the position and work tools to the needs of these workers.





## 4.5 HEALTH AND SAFETY

### (403-1)

Kao, and by extension KCE, has a Health and Safety Policy based on the principles of **Responsible Care®**. The policy influences all corporate activities and decisions and is aimed at obligating the organization to comply with preventive and legal requirements. The Policy is available to the entire organization and stakeholders and is updated periodically.

All KCE subsidiaries have an occupational safety management system. In the case of KCG, KCSA and KCHI, these systems are certified according to the ISO 45001 standard. For its part, QK has a safety management system certified according to the **Responsible Care®** scheme.

### 4.5.1 PREVENTIVE CULTURE

#### (403-2)

Each of KCE's companies has resources aimed at hazard identification and risk assessment.

- KCG has an HSE department. Additionally, the company has people designated as "safety officers" in all departments, who support the work of specialists and participate in the company's Safety Committee.
- QK has a preventive health and safety service at work with duly trained people from the company itself.
- KCHI has a contract with an External Prevention Service recognized at the national level.

- In the case of KCSA, it has its own Prevention Service integrated into the HSE department. The occupational medicine specialty is contracted to a specialized company that provides a basic health unit, made up of a person with a degree in medicine and another with a degree in nursing.

Based on the results of the risk assessments carried out in each KCE subsidiary, actions are then planned to eliminate or control them. In addition, Kao annually sets health and safety improvement objectives that each subsidiary implements and complements with specific actions.

Among the actions carried out in 2022, the following are worth highlighting:

- At KCG, development of the process management system has continued, completing the information that describes each of the processes and expanding its scope. In the BBS committee, new awareness-raising actions on preventive culture have been implemented and projects have been started to optimize and digitize occupational health and safety, with the intention of simplifying processes.
- In QK, safety culture meetings have been implemented with people from the area of operations. Breathalyzer tests have also been implemented and a weekly patrol brigade has been created with the aim of detecting safety failures in equipment, tools or working conditions carried out by external contractors.
- At KCHI, the management of work with special risk has been improved. Procedures and specific instructions have been updated, new needs for improvement have been identified and training focused on these risks has been carried out.
- At KCSA, a new edition of the Risk Prevention Management System has been developed. The new edition incorporates new legal requirements as well as improvements from Kao and audit recommendations. It also strengthens the concept of ESG. Finally, another notable aspect is the incorporation of management measures aimed at a healthy business model and the updating of the language to ensure it is inclusive.

### (403-3)

KCE offers all its staff the possibility of undergoing medical examinations. These are also carried out for all new hires and when employees return after prolonged absences.

With the aggregated information of the results of the medical examinations, epidemiological studies are prepared, and preventive health actions and campaigns are planned in each subsidiary.

### (403-4)

Each company has set up its own committees to ensure good communication, consultation and participation in health and safety and in accordance with the legislation of each country.

- KCG has an Occupational Health and Safety Committee, in which the "Works Council" participates, and which meets at least 4 times a year. In addition, there is a Safety and Environment Committee in which expert representatives on regulations derived from the Seveso Directive also participate.
- In QK, there is a Joint Safety and Hygiene Committee made up of employees appointed by the company and union members, who meet once a month and whose main function is to detect unsafe conditions.
- At KCHI and KCSA there are Health and Safety Committees, which are joint bodies, made up of representatives of the employees and representatives designated by each company. They meet quarterly and facilitate regular and periodic consultation of risk prevention actions. At KCHI, in workplaces with a workforce of less than 10 people, there are no works councils or personnel delegates. However, efforts are being made to promote the consultation and participation of workers through meetings and forums open to dialogue. At KCSA, an Inter-Centre Health and Safety Committee has been set up to address issues common to all workplaces.

Communication and consultation on health and safety by contractors is articulated through other systems. In the case of KCHI and KCSA, through the coordination of business activities.



## 4.5.2 ACCIDENT RATE

(403-9) (403-10)

At KCE we work to reduce accident rates in all our work centres, through our management system and the constant reinforcement of the preventive culture.

In 2022 there have been 15 accidents with leave with a total of 260 days lost. Three types of accidents have been identified that occur more frequently (20% each): falls at the same level, contact with dangerous substances, and becoming trapped.

In 2022, the KCE frequency rate has increased compared to the previous year. However, the severity rate has been significantly reduced.

The absence of occupational diseases declared among the companies of the group is a very positive note.

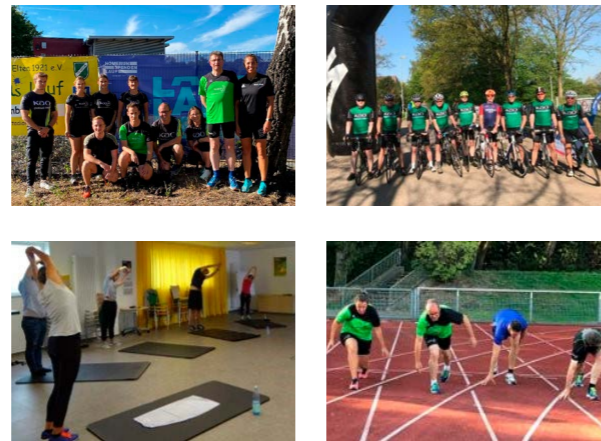
**At KCE we work to reduce accident rates in all our work centres**

## 4.5.3 HEALTH PROMOTION

(403-6)

At KCE we are committed to health. We develop initiatives to raise awareness and promote a healthy lifestyle aimed at our staff, their families and the communities around us, through participation and collaboration with entities and associations.

In 2022, KCG has carried out various activities aimed at improving physical and mental health, including vaccination campaigns against influenza and against COVID-19, promoting the use of bicycles to go to work and yoga courses. The company has also participated in the "Homerun" charity race and has a mountain bike team.



At QK there have been sessions to control stress, physical activities and tools for a healthy lifestyle. The 'Tanit' weight control and reduction campaign has continued, in which an expert in nutrition monitors the caloric intake and physical activity of the people enrolled. There is also a fitness area on the premises.

SEMANA	
2022	
LUNES	**30 DE MAYO** PROYECTOS Y OBRAS DEL 1º PISO HORARIO: 08:00 - 04:00 P.M. EN SALA W
MARTES	**31 DE MAYO** SOPORTE TÉCNICO HORARIO: 08:00 - 12:00 A.M. EN SALA W
MIÉRCOLES	**01 DE JUNIO** REPARACIONES OBRAS HORARIO: 08:00 - 04:00 P.M. EN SALA W
JUEVES	**02 DE JUNIO** PINTADO DE TIENAS MUEBLES HORARIO: 08:00 - 04:00 P.M. EN SALA W
VIERNES	**03 DE JUNIO** REPARACIONES HORARIO: 08:00 - 12:00 A.M. EN SALA DE ASFALTOS

At KCHI, within the framework of the new '12 months 12 causes' plan aimed at activities related to the environment, health and safety, and society, good practice activities have been carried out focused on the distribution of exercises for manual handling of loads and improving eating habits with batch cooking. Also, a safe driving course has been completed and a protected cardio space has been installed.



At KCSA, within the framework of the 'CUIDA'T' program dedicated this year to emotional well-being, various activities have been carried out such as a mindfulness workshop, a Nordic walking activity, an online stress management workshop, a workshop on healthy nutrition and the conference "Sleep well, live better".



# 4.6 LABOUR RELATIONS WITH THE STAFF AND THEIR REPRESENTATIVES

(102-43) (403-1) (402-1) (102-41) (407-1)

Open dialogue with the workforce is maintained globally in KCE. In accordance with the principles of the Global Compact, the company respects all aspects related to the full freedom of affiliation and the effective recognition of the right to labour negotiations.

A Kao European Forum takes place annually, in which the management team for the European region, the general managers of the different subsidiaries and the workers' representatives of each of these participate, in order to establish relationships of trust that encourage dialogue and cooperation.

In 2022, the Kao European Forum was held online again, with the most relevant issues being addressed those related to the new work model (hybrid work), and the importance of diversity and inclusion. And above all, the issue of the presence of women in management positions.

**The company respects all aspects related to the full freedom of affiliation and the effective recognition of the right to labour negotiations**

At KCG, labour relations are regulated by the collective bargaining agreement for the German chemical industry and, more specifically, by company agreements at the KCG workplace. KCG has a works council. A meeting between management and workers' representatives is held quarterly. In addition, the workers' representatives are also present in different committees that regulate different areas: safety, health, personnel matters and economy.

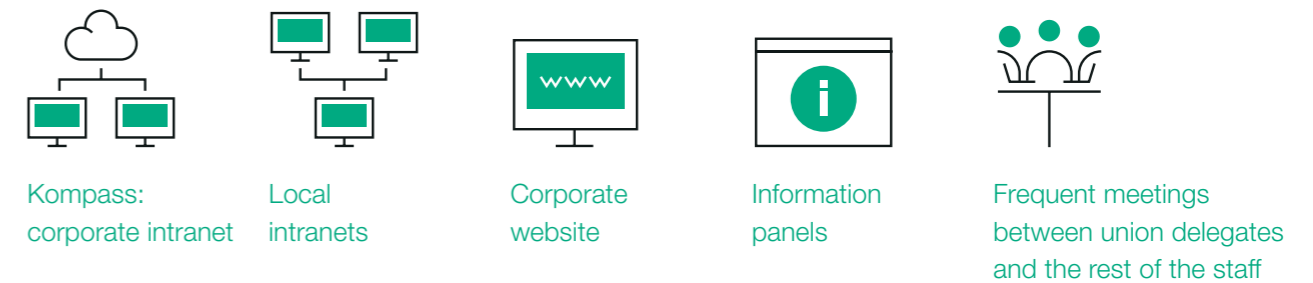
In QK there is a collective bargaining agreement, the terms of which are negotiated annually. QK has a works council with which a minimum of three meetings are established annually. The Mexican Federal Labour Law determines the mandatory issues that must be dealt with.

In the cases of KCHI and KCSA, the National General Collective Agreement of the Chemical Industry is applicable. In addition, in each of the work centres agreements are negotiated with the workers' representatives that respond to the specific needs of each of these work centres.

Regarding KCSA, since it has three different work centres, there are three works councils. In Barberà del Vallès, in Mollet del Vallès and in Olesa de Montserrat. Quarterly meetings are held at each centre to report on the evolution of the workplace and the business results of KCE and KCSA. In order to seek synergies and make communication more effective, a negotiating committee made up of nine members has been created for the set of measures that fall within the global scope of KCSA.

# 4.7 INTERNAL COMMUNICATION

At KCE we maintain an open dialogue with our entire workforce through the following channels.



A corporate communications style manual was developed in 2021, which also includes a section on inclusive communication. The manual was designed by the KCSA subsidiary and shared with all group companies.

## 4.6.1 TRADE UNIONS RELATIONSHIPS

Dialogue with the staff and their representatives is structured at the local level and in accordance with the legal framework of each country.

- In Europe, the agreements for the chemical sector in Spain and Germany are applied, with coverage for the entire workforce and, in each case, there is a specific improvement in conditions that exceeds that stipulated in each sectoral collective agreement. KCSA contacts personnel services companies to provide support in certain areas of the company and in accordance with the legislation. The staff involved are covered by the agreement that applies in accordance with the activity they carry out.
- In the case of QK, the workforce is covered by two distinct modalities. 51% of the staff is governed by the individual work contract and the remaining 49% (Factory Workers) is covered by the collective work contract. Both modalities share some benefits, such as grocery vouchers, savings fund, and punctuality bonus.

# 4.8 TALENT DEVELOPMENT

(404-2)

We strive to create an environment in which all people can grow, supporting their talent and abilities and maximizing their potential. At KCE we believe that the diversity of our workforce and the promotion of their talent are essential for growth and development as an organization.

Through an extensive training programme, we ensure this development is aligned with the demands of the organization and market changes. With this

objective, we work to guarantee that all people are continuously trained and acquire skills not only to meet the requirements of their job, but also to face the demands of the future. To achieve this, we continuously analyse and review the training offer so that we can respond to the needs detected at any given time in the performance of each job function. This in turn, ensures compliance with the established standards of excellence.

(404-1)

76%  
Of KCE staff

15,311  
Training hours

830  
Trained people

€370,000  
Training investment

Training hours	2020	2021	2022
Men	11,516	12,126	12,710
Women	2,460	3,426	2,601.5
<b>TOTAL</b>	<b>13,976</b>	<b>15,552</b>	<b>15,311.5</b>

In 2020 due to the pandemic situation, the global training hours carried out at KCE decreased, while in 2021 and 2022 training hours increased reaching pre-pandemic figures.

## TRAINING HOURS BY GENDER

Training hours	KCG	QK	KCHI	KCSA	TOTAL KCE
Men	1,862	2,259	1,832	6,757	12,710
Women	505	537	388,5	1,171	2,601.5
<b>TOTAL</b>	<b>2,367</b>	<b>2,796</b>	<b>2,220,5</b>	<b>7,928</b>	<b>15,311.5</b>

The difference between the number of training hours between men and women is related to the greater presence of men in KCE work centres, especially in the production and logistics areas, in which the greatest number of training hours are concentrated. This is because they represent the core of KCE's business activity with regard to industrial safety and

product quality and, consequently, require more hours of training in safety, quality, operating procedures, risk prevention and regulatory compliance.

**However, the average hours of training by gender was very similar in 2022 at KCE. 18.4% for men, and 19.4% for women.**

% training hours	KCG	QK	KCHI	KCSA	TOTAL KCE
Men	18.3	16.7	15.8	22.9	18.4
Women	12.6	38.4	14.9	11.5	19.4
<b>TOTAL</b>	<b>16.7</b>	<b>18.8</b>	<b>15.6</b>	<b>20.0</b>	<b>17.8</b>

## TRAINING HOURS BY PROFESSIONAL GROUPS

	KCG		QK		KCHI		KCSA		TOTAL KCE	
	hours	%	hours	%	hours	%	hours	%	hours	%
Directors	2	0.1%	50	1.8%	0	0%	13	0.2%	65	0.4%
Managers / Group Lead	233	9.9%	796	28.5%	254,5	11.5%	476	6.0%	1,759.5	11.5%
Staff / Shift Lead	1,319	55.7%	1,052.5	37.7%	1,126	50.7%	2,151	27.1%	5,648.5	36.9%
Factory Workers	772	32.6%	897.5	32%	840	37.8%	5,288	66.7%	7,797.5	50.9%
Apprentices KCG	41	1.7%	0	0%	0	0%	0	0%	41	0.3%
<b>TOTAL</b>	<b>2,367</b>	<b>100%</b>	<b>2,796</b>	<b>100%</b>	<b>2,220.5</b>	<b>100%</b>	<b>7,928</b>	<b>100%</b>	<b>15,311.5</b>	<b>100%</b>

Most of the training hours carried out are concentrated in technical and production positions, where most of the staff is located.





## 4.8.1 TRAINING ACTIVITIES

(404-2)

In 2022, and given the legacy of Covid-19, many of the training actions have been adapted to an online format with a positive reception and an optimal level of results.

- An Orientation Programme for new workers is carried out in all KCE subsidiaries. In 2022, 129 people have participated: 14 at KCG, 28 at QK, 9 at KCHI and 78 at KCSA. This programme is the beginning of the learning process in the company.
- KCSA has continued to roll out the corporate skills training programme designed for the years 2021-2023, whose objective is to enhance and develop the skills of each person in the organization. In this second year, approximately 63% of the workforce has been covered, with a high degree of satisfaction. We have also implemented the new Operational Leadership Programme, focused on the development of skills in production environments and whose objective is to develop and enhance the skills of this group.
- KCHI during this 2022 has carried out the Communicate Applying the Best Attitude (CALMA) project, in which 37 people have participated. The goal of the programme is to improve the quality of communication. It will continue to be implemented throughout 2023 and extended to everyone in the organization.



### TRAINING IN RISK PREVENTION AND SAFETY

All KCE subsidiaries implement risk prevention training programmes annually. These programmes cover the legally required training and additional training focused on the risks of each one of the subsidiaries.

Each of KCE's plants conducts annual emergency drills, in which, in addition to fire response training and instruction, all personnel are trained in handling a major accident.

In 2022, the total number of training hours in the field of HSE was 4,655 h. This represents 30% of the training carried out during the year.

Training hours	KCG	QK	KCHI	KCSA	TOTAL KCE
Men	518.5	404	693	2,721.8	<b>4,337.3</b>
Women	8.5	40	40	229.5	<b>318</b>
<b>TOTAL</b>	<b>527</b>	<b>444</b>	<b>733</b>	<b>2,951.3</b>	<b>4,655.3</b>

### TRAINING IN ANTI-CORRUPTION AND PREVENTION OF MONEY LAUNDERING

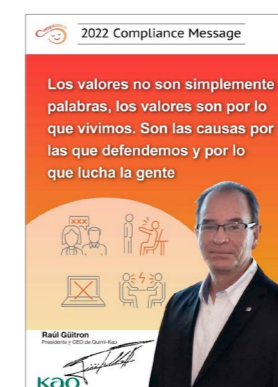
KCE organizes training and awareness sessions through the 'Integrity Workshops', in which the team is trained and informed about compliance matters for the prevention of conduct that violates the ethical principles that make up the mission, vision and principles of the company based on the "Kao Way". The training session are given to all KCE people and organizational levels, with the guarantee that all areas carry them out every three years.

- In the case of QK, various Integrity sessions were held during the year in which 56 people attended. In Europe, small face-to-face sessions were held. Specifically, the one at KCSA was attended by 112 people, while at KCHI there were 72 people.
- At KCSA, two face-to-face training sessions on anti-monopoly practices (Anti-Trust Training) have also been held, attended by 31 people. And a virtual training session in which 54 people from the subsidiaries located in Spain KCSA and KCHI participated.

In 2022, Kao shared with all the group companies' various messages aimed at reinforcing the culture of compliance. Training actions were carried out throughout the year. These included messages from the president of the Kao Japan compliance committee and the president of each of the companies which were disseminated through posters and awareness-raising actions were carried out describing cases studies in compliance.

# 100%

Of in-scope employees completed compliance training



### ESG TRAINING

Throughout the year, e-learning training actions and seminars have been carried out in which the people responsible for evaluations and reports related to ESG criteria (EcoVadis, Sedex, EINF, etc.) have participated. These dealt with aspects such as due diligence in human rights, Good Labour Practices and possible improvements in human resources policies.

Meanwhile, during this 2022, specific training was carried out on the contents of the law, the structure of the report, the content of the NFIS and the assurance process, which was attended by all the people responsible for the preparation of said report. Likewise, the 2021 NFIS has been disseminated to the different areas of each subsidiary and to the stakeholders that participated in the materiality analysis in 2020.