

3.

HUMAN CAPITAL DEVELOPMENT



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3.1. SOCIAL AND PERSONNEL ISSUES

The human team is the most important asset of the company. Kao Corporation and its subsidiaries strive to create a corporate environment and culture in which both individuals and the company can grow together, maximizing the potential of each employee and contributing positively to society.

EMPLOYMENT

In 2021, KCE had a total of 1,112 people employed in the organization (863 men and 249 women), 28 more people than in the previous year





PROMOTING EQUALITY

In 2021 Kao Corporation was selected for another year for inclusion in the Bloomberg's Gender Equality Index as one of 380 companies worldwide that have demonstrated excellent performance in developing measures to advance gender equality.

All KCE subsidiaries have as the maximum the application of principle 5 of Kao's code of conduct, called the 'Kao Business Conduct Guideline' or BCG, which determines to "respect the diversity of the workforce and maximize its potential" to reinforce the solidity of Kao Group. For this reason, companies of the group develop and implement initiatives aimed at applying the code of conduct, as well as specific actions related to equal treatment and opportunities within them.



SALARY GAP

KCE maintains the commitment to effectively apply the principle of equal salary for work of equal value, and takes it as a basis in its remuneration policy, adopting it in its salary application practice both at the time of the beginning of the collaboration and in subsequent reviews.

The remuneration system for 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, which, as a general rule, are made up of a base salary depending on the job position and bonuses and supplements linked to the experience, knowledge and conditions of the jobs that, in no case, are due to gender reasons or biases.



SOCIAL RELATIONS WITH THE STAFF

KCE maintains an open dialogue with the staff globally. In accordance with the principles of the Global Compact, all aspects related to full freedom of affiliation and the effective recognition of the right to labour bargaining are met.

The planning and structure of dialogue with the staff and their representatives is operationalized at the local level according to each specific need and the legal framework of the country in question. In companies based in Europe, the agreement of the chemical sector of each of the countries (Spain and Germany) is applied, covering the entire workforce. As a result of the agreement with the social representation in each case, there is a specific improvement of conditions that exceeds that stipulated by regulations in each sectoral collective agreement.

In the case of Quimikao, the workforce is covered by two different modalities that share some benefits, such as grocery vouchers, savings fund, and punctuality bonus.



WORK-LIFE BALANCE AND DIGITAL DISCONNECTION

With a view to improving labour relations, KCE tries to create an environment in the company that makes it easier for its human team to achieve a higher quality of life, a balance between personal and family life and the development of their professional careers. To do this, a set of measures to reconcile family and work life and options adapted to different situations are articulated.

3.2. TRAINING

Through its Human Resources policies, KCE aims to contribute and ensure continuous development, aligned with the demands of the organization and the changes in the market in which it operates.

For this reason, we work so that the staff has the necessary training to attend not only to the requirements of their job, but also to face the demands of the future derived from the use of new technologies, equipment, instruments, etc. or those derived from the need to assume greater responsibilities or projects.

The training programs and actions carried out at KCE pursue the improvement and growth of people, both from a personal

and professional perspective, under the principle of effectiveness. For this, the training offer is analysed and reviewed on a continuous basis, so that it is always possible to respond to the needs detected at all times in the performance of the functions and that, in turn, allows compliance with the established standards of excellence.

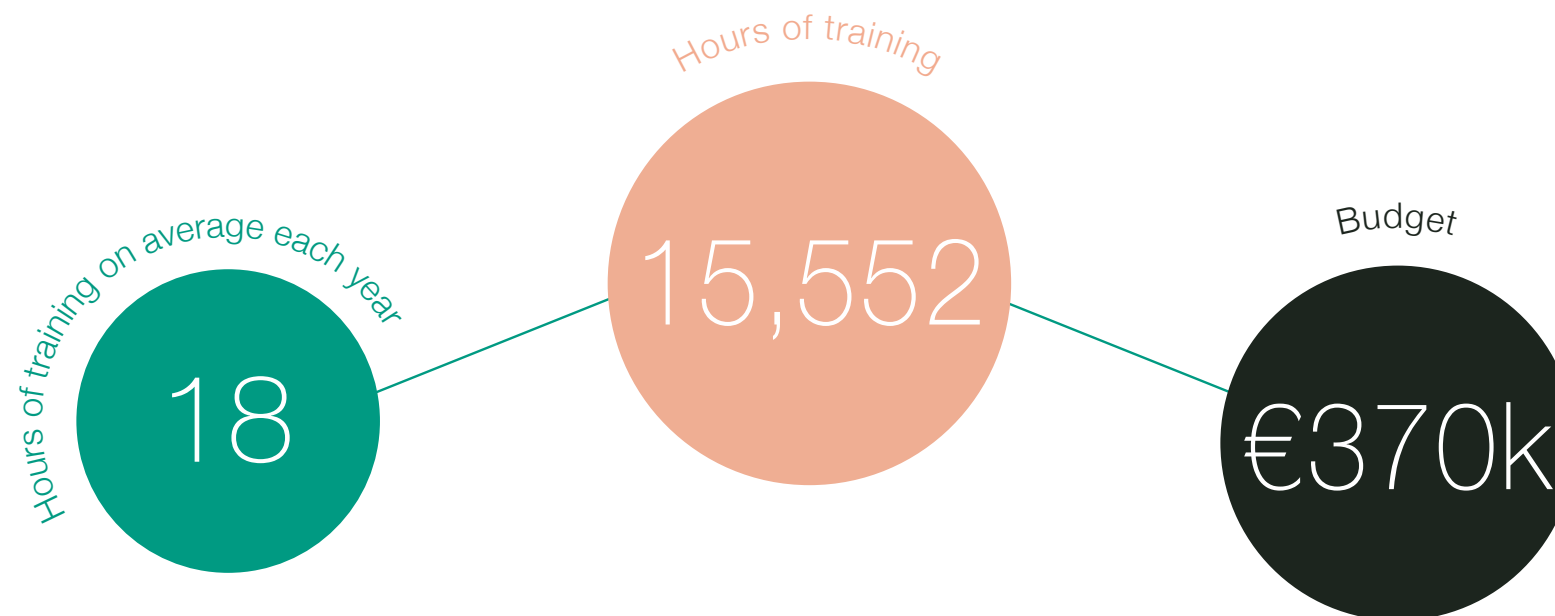
The learning process begins from the moment in which there are new incorporations to the staff, since they receive a guided and systematic reception plan that allows them to integrate into their work environment and acquire basic notions of the operation of the organization,

as well as safety, environmental and quality criteria and those operating standards specific to the function or position to be performed. This plan includes an initial training program called 'Orientation program for new employees'.

In 2021, a total of 71 people participated in the "Orientation Program for New Employees".

Training figures

With a total of 855 people trained (77% of the workforce) the average number of hours of training by gender being an 18.1 for men, and an 18.5 for women.



During this year, and due to Pandemic situation, in those training actions that the methodology allowed, have been adapted to an online format in an asynchronous way or virtual training in a synchronous way, which has allowed to maintain some of the actions initially planned. The acceptance by the participants of the new teaching modalities has been positive, and has allowed the development of training actions while maintaining an optimal level of use. The Virtual Training methodology has allowed a training program to be carried out to the Sales & Marketing staff of all the subsidiaries, which had been planned since 2020.

Training in risk prevention

Each of the KCE companies annually develops and implements risk prevention training programs for their teams. These programs take into account the legally required training, as well as that based on the risks inherent to each of the companies, and are aimed at achieving health and safety objectives. It also ensures that new employees or personnel changing jobs receive adequate training.

For this 2021, the total number of training hours in HSE criteria is 5,406, which represents 34% of the training actions carried out during the year.

Compliance Training

To reinforce and ensure the knowledge of the Kao Business Conduct Guidelines by the entire KCE staff, in 2021 were carried out several training actions during the month of October, established as the month of compliance by Kao Japan.

In KCE, the company organizes training and awareness sessions through “Integrity Workshops”, in which the staff is trained and sensitized on compliance to prevent conducts that violate the ethical principles that make up the mission, company vision and principles based on ‘The Kao Way’.



3.3. HUMAN RESOURCES POLICY



Guarantee equal treatment and opportunities and non-discrimination on grounds of origin, nationality, race, religion, gender, disability, age or sexual orientation.



Ensure fairness in the selection processes, taking into account only criteria of merit, capacity and suitability of the applications.



Guarantee the transparency of the processes, ensuring that are objective and impartial.



Ensure that people who join are aligned with KAO principles and values.



in terms of diversity and inclusion



Respect diversity, promoting non-discrimination based on race, age, gender, marital status, ideology, political opinions, nationality, religion, sexual orientation or any other personal, physical, psychological or social condition.



The recognition of different capacities, promoting the integration of all people and respect for social diversity.



Promote throughout the organization the principle of equal opportunities and treatment, the basis of personal and professional development.



Promote gender equality in regard to access employment, training, professional promotion and working conditions.



Identify and eliminate in the organization any form of sexual or moral harassment.