

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.





EMPLOYEES BY GENDER

In this sense, of the 19 new hires that have been made in 2020, it is noteworthy that 14 of them have been women and that this number has increased by 31 since 2018.



PROMOTING EQUALITY

In 2020 Kao Corporation was selected for another year for inclusion in the Bloomberg's Gender Equality Index as one of 325 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.



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.

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 2020, a total of 52 people participated in the "Orientation Program for New Employees".

One of the innovations that took place in the training field in 2020 is the course on corporate responsibility that was carried out by the entire KCE purchasing department, as well as other members of the KCSA staff, to acquire new capabilities in the responsible management of the supply chain. Globally, in 2020 around 13,948 hours of training have been carried out at KCE, with a managed budget of about 400,000 euros, which means that each person has done on average approximately 13 hours of training in the year.

Due to the social context derived from covid-19, the overall training hours carried out at KCE have decreased.

Training figures



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.



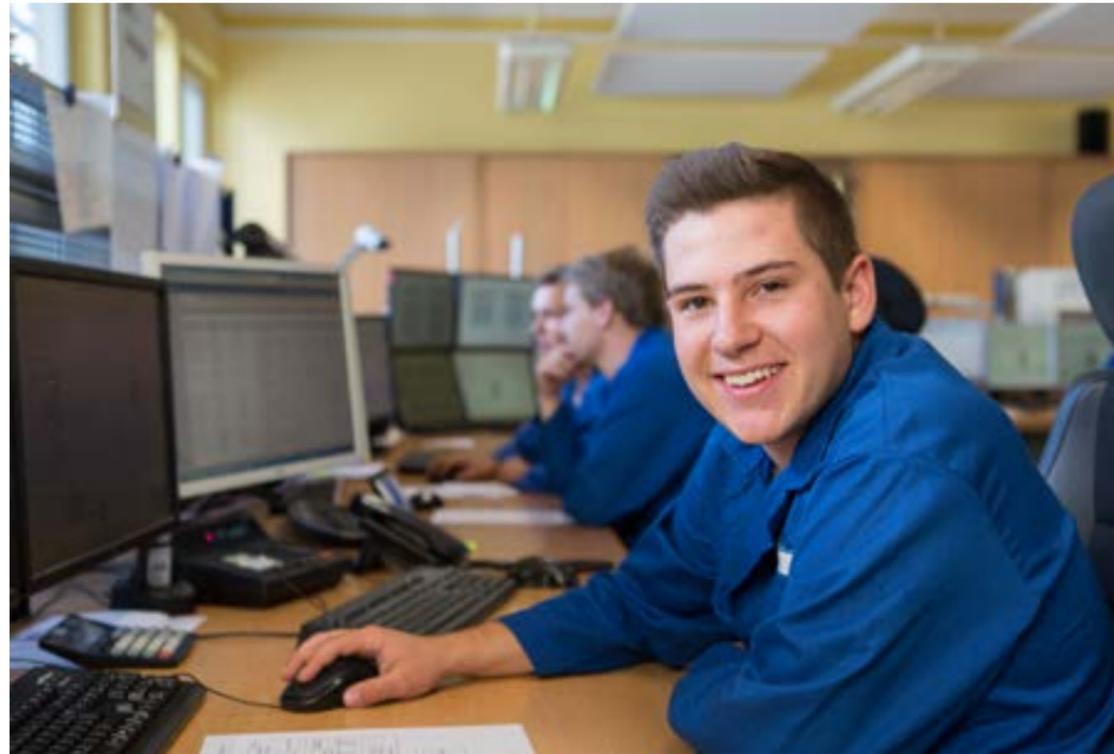
Ensure fairness in the selection processes, taking into account only criteria of merit, capacity and suitability of the applications.



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.

3.4. IMPACT OF COVID-19

Despite being located in different contexts, given the common social and health situation of 2020, and according to the evolution of the pandemic in each country, KCE has sought to minimize the exposure of the workforce whenever it has been allowed, complying with the measures stipulated by governments and security regulations. In accordance with this, all subsidiaries have encouraged, whenever possible, remote work in those areas where it has been possible, the physical spaces have been modified in order to maintain distances, and they have been facilitated the necessary protective equipment. Likewise, hygiene measures have been increased and those positions in which face-to-face work was required have been restructured in order to reduce capacity and reinforce security measures.



All subsidiaries have invested in computer equipment in order to facilitate remote work.

In the production centres, being considered an essential activity for the country, face-to-face work was maintained, maximizing the prevention and safety measures established by the authorities.

As far as possible, bubble groups have been organized in the departments that rotated between face-to-face and remote work, as well as the possibility of adapting the day and making it intensive for those who so requested.

Additionally, in the case of KCSA, remote work adopted in response to Covid-19 has been accompanied with training for the team of managers on leadership of remote teams, in order to maintain cohesion and development of the groups and promote productivity in remote work.