

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

In order to sustainably enhance corporate value over the long term while working to realize a Kirei World in which all life lives in harmony, which is our purpose of our corporate philosophy “The Kao Way”, and to become an essential company in a sustainable world, Kao positions corporate governance as a top-priority management issue and continuously strengthens governance in both systems and operations. Kao’s corporate governance is a framework for transparent, fair, prompt and decisive decision-making. It takes into account the perspectives of all stakeholders and responds in a timely and appropriate manner to changes that are increasingly diverse, complex, and difficult to predict so that we can contribute to society and continuously enhance corporate value. The foundations of our efforts to achieve this are establishing and operating the necessary management structures and internal control systems, implementing the necessary measures in a timely manner, and demonstrating accountability. In addition, we work to understand social trends at all times and actively engage in dialogue with stakeholders to review the status of corporate governance from time to time and implement appropriate and necessary countermeasures and improvements.

#### <Definitions>

As used in these matters to be disclosed, the definitions of the following terms shall be as follows:

“Management” means Executive Directors and Executive Officers.

“Senior Management” means Executive Officers with titles.

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Kao Corporation (hereinafter referred to as “the Company”) implements all principles in accordance with those established in the Corporate Governance Code.

### [Disclosure Based on the Principles of the Corporate Governance Code] [Updated]

Disclosures under this item are described in the “Kao Corporate Governance Policy (hereinafter referred to as the “Policy”)” and “Disclosure Based on the Principles of the Corporate Governance Code” in later of this report. As a result of the establishment of the Policy on July 5, 2023, Disclosure Based on the Principles of the Corporate Governance Code has been revised.

The Policy is available on the Company’s website.

[www.kao.com/global/en/corporate/policies/corporate-governance/](http://www.kao.com/global/en/corporate/policies/corporate-governance/)

[Actions to implement management that is conscious of cost of capital and stock price] [Updated: February 19, 2025]

Regarding Actions to implement management that is conscious of cost of capital and stock price, please refer to the [Principle 5.2] Establishing and Disclosing Business Strategy and Business Plan on Disclosure Based on the Principles of the Corporate Governance Code.

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The following updates have been implemented.

[Principle 3.1(v)] Explanations with Respect to Individual Nominations and Appointments of Directors, Audit & Supervisory Board Members and Senior Management

[Supplementary Principle 3.1.3] Initiatives on Sustainability, and Information on Investments in Human Capital and Intellectual Properties

[Principle 4.6, 4.9, Supplementary 4.10.1] Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc.

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## 2. Capital Structure

Foreign Shareholding Ratio: More than 30%

### [Status of Major Shareholders]

(As of December 31, 2024)

Name / Company Name	Number of Shares	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	88,024,200	18.90
Custody Bank of Japan, Ltd. (Trust Account)	32,182,000	6.91
STATE STREET BANK WEST CLIENT - TREATY 505234	10,520,967	2.26
SMBC Nikko Securities Inc.	8,974,847	1.93
Oasis Opportunities Fund One SPC – ECHO SP	6,879,100	1.48
Mizuho Securities Co., Ltd.	6,857,931	1.47
JAPAN SECURITIES FINANCE CO., LTD.	6,798,600	1.46
Nippon Life Insurance Company	6,691,215	1.44
STATE STREET BANK AND TRUST COMPANY 505001	6,567,063	1.41
JP MORGAN CHASE BANK 385781	6,455,983	1.39

Controlling Shareholders (except for Parent Company)	None
Parent Company	None

#### Supplementary Information **Updated**

- The number of shares in the list above may include the number of shares held in trusts or subject to share administration.
- The ratio of shareholding for each shareholder above has been calculated based on the number of issued shares excluding treasury shares.

- The amendment to the large shareholdings report filed by BlackRock Japan Co., Ltd. and 11 other persons on April 20, 2022, which is open to the public, stating that they held shares of the Company as shown below as of April 15, 2022. However, these shareholdings were not included in the above list of major shareholders because the Company could not confirm the number of beneficial shares.

Name	Number of shares (thousand shares)	Ratio of shareholding (percentage)
BlackRock Japan Co., Ltd. and 11 other persons	34,539	7.27

- The amendment to the large shareholdings report filed by Nomura Securities Co., Ltd. and three other persons on April 19, 2024, which is open to the public, stating that they held shares of the Company as shown below as of April 15, 2024. However, these shareholdings were not included in the above list of major shareholders because the Company could not confirm the number of beneficial shares.

Name	Number of shares (thousand shares)	Ratio of shareholding (percentage)
Nomura Securities Co., Ltd. and three other persons	26,964	5.79

- The large shareholdings report filed by Oasis Management Company Ltd. on December 10, 2024, which is open to the public, stating that they held shares of the Company as shown below as on December 5, 2024. However, these shareholdings were not included in the above list of major shareholders because the Company could not confirm the number of beneficial shares.

Name	Number of shares (thousand shares)	Ratio of shareholding (percentage)
Oasis Management Company Ltd.	24,347	5.23

4. The amendment to the large shareholdings report filed by Sumitomo Mitsui Trust Asset Management Co., Ltd. and another person on March 6, 2025, which is open to the public, stating that they held shares of the Company as shown below as on February 28, 2025. However, these shareholdings were not included in the above list of major shareholders because the Company could not confirm the number of beneficial shares.

Name	Number of shares (thousand shares)	Ratio of shareholding (percentage)
Sumitomo Mitsui Trust Asset Management Co., Ltd. and another person	30,200	6.48

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	December 31
Type of Business	Chemicals
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

None

### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

None

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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Details of the information about Audit & Supervisory Board Members are reported on the Japan Audit & Supervisory Board Members Association's website.  
[www.kansa.or.jp/support/el009\\_130711\\_2.pdf](http://www.kansa.or.jp/support/el009_130711_2.pdf)

### [Directors] [Updated]

Maximum Number of Directors Stipulated in Articles of Incorporation	0 (Not stipulated)
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside Director
Number of Directors	9
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)												
Name	Attributes	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Osamu Shinobe	From another company								△			
Eriko Sakurai	From another company								△			
Takaaki Nishii	From another company								△			
Makoto Takashima	From another company								△			
Sarah L. Casanova	From another company											

\*Categories for "Relationship with the Company"

"○" when the director presently falls or has recently fallen under the category

"△" when the director fell under the category in the past

"●" when a close relative of the director presently falls or has recently fallen under the category

“▲” when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2) <span style="background-color: yellow;">[Updated]</span>
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Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Osamu Shinobe	○	Mr. Shinobe previously had executive authority at ALL NIPPON AIRWAYS CO., LTD., but ceased to have such authority from April 2017. ALL NIPPON AIRWAYS CO., LTD. provides public transportation services as an airline company, and the Kao Group engages in regular transactions with ALL NIPPON AIRWAYS CO., LTD. and its group companies in terms of the directors, officers and employees of the Company using its services as a means of transportation in making business trips, however, the amounts involved in such transactions account for less than 0.1% of the ALL NIPPON AIRWAYS group's consolidated net sales and the Kao Group's consolidated net sales for the latest fiscal year, respectively. While there are transactions to sell Kao Group's products to ALL NIPPON AIRWAYS group, as well as transactions involving training programs held by the Company, the amounts involved in such transactions account for less than 0.1% of the ALL NIPPON AIRWAYS group's consolidated net sales and the Kao Group's consolidated net sales for the latest fiscal year, respectively. He previously had executive authority at the Japan Institute of International Affairs,	(i) He has extensive experience and deep insight in global corporate management and risk management, having served as an executive at an airline that actively operates both passenger and cargo businesses worldwide. During Board discussions, he has actively contributed by providing insights and recommendations on key management issues for Kao Group. Since March 2022, he has served as Chairperson of the Board, demonstrating strong leadership in enhancing the effectiveness of the Board and contributing to the company's corporate value. Additionally, since March 2024, he has chaired the Compensation Advisory Committee for Directors and Executive Officers, playing a key role in ensuring transparency and fairness in executive compensation discussions. Given his extensive experience and expertise, we expect him to continue overseeing Kao Group's management as an independent outside director. He was reappointed as the Chairperson of the Board of Directors and Chairperson of the Compensation Advisory Committee for Directors and Executive Officers at the Board of Directors meeting following

		<p>but ceased to have such authority from June 2023. The Company pays membership fees to the Institute; however, the ratios of the amount involved in such transactions account for less than 0.1% of the Institute's ordinary income and the Kao Group's consolidated net sales for the latest fiscal year, respectively.</p>	<p>AGM held on March 21, 2025.</p> <p>ii) The Company determined that none of the requirements for prior discussion as provided in Section III. 5. (3) 2 of the "Guidelines Concerning Listed Company Compliance, etc." of the TSE applies to him, and also that he has the necessary independence based on the "Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members of Kao Corporation" established by the Company in line with the above guidelines.</p>
Eriko Sakurai	○	<p>Ms. Sakurai previously had executive authority at Dow Chemical Japan Limited, but ceased to have such authority from July 2022. As a Japanese subsidiary of a US chemical manufacturer, Dow Chemical Japan Limited manufactures, imports, and sells various chemical products and provides technical services. The Kao Group conducts transactions related to the purchase of raw materials, etc. with the corporate group to which Dow Chemical Japan Limited is affiliated; however, the amounts involved in such transactions account for less than 0.1% of such group's consolidated net sales and less than 0.1% of the Kao Group's consolidated net sales for the latest fiscal year.</p>	<p>i) She has extensive experience in corporate management, having served for many years at the Japanese subsidiary of a U.S.-based chemical manufacturer with a global presence. She has also held outside director positions at multiple major manufacturers and financial institutions, contributing to governance oversight at global companies. With her background in the chemical industry, she possesses deep insights into Kao Group's chemical business, which operates alongside its consumer products business. She has actively contributed to Board discussions by providing valuable input from this perspective. Additionally, she has offered strategic guidance on compensation, talent development, and human resources management based on her experience in formulating and executing HR strategies in global business environments. Since March 2024, she has served as Chairperson of the Committee for Examination of Nominees for Directors and Audit &amp; Supervisory Board Members, overseeing discussions on Board composition, the skills required for directors to achieve K27, candidate selection, and succession planning. Given her extensive experience and deep expertise, we expect her to continue supervising Kao Group's management as an independent outside director. She was reappointed as the Chairperson of the Committee</p>

			<p>for the Examination of the Nominees for Directors and Audit &amp; Supervisory Board Members at the Board of Directors meeting at the Board of Directors following AGM held on March 21, 2025.</p> <p>ii) The Company determined that none of the requirements for prior discussion as provided in Section III. 5. (3) 2 of the “Guidelines Concerning Listed Company Compliance, etc.” of the TSE applies to her, and also that she has the necessary independence based on the “Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members of Kao Corporation” established by the Company in line with the above guidelines.</p>
Takaaki Nishii	○	<p>Mr. Nishii previously had executive authority at Ajinomoto Co., Inc., but ceased to have such authority from June 2022. The Ajinomoto Group is engaged in business that uses amino acids as raw materials, and there are raw material purchasing and other relations between the Ajinomoto Group and the Kao Group. However, the amounts involved in such transactions accounted for less than 0.5% of the Ajinomoto Group’s consolidated net sales and less than 0.1% of the Kao Group’s consolidated net sales for the latest fiscal year, respectively.</p>	<p>i) He has a long history of corporate management in a globally operating food manufacturer, where he demonstrated strong leadership in driving corporate cultural transformation and enhancing sustainable corporate value through ROIC-based management. At Kao’s Board meetings, he has consistently provided insights and recommendations from a capital efficiency perspective, which has contributed to embedding ROIC principles within the company. Additionally, with his extensive experience in key HR and overseas subsidiary leadership roles in the food industry, he has provided valuable insights on talent strategy and international business operations, actively contributing to Board discussions. Furthermore, based on his experience implementing effective governance reforms, he has offered guidance on optimizing Board oversight. Given his wealth of experience and strong expertise, we expect him to continue supervising Kao Group’s management as an independent outside director.</p> <p>ii) The Company determined that none of the requirements for prior discussion as provided in Section III. 5. (3) 2 of the</p>

			<p>“Guidelines Concerning Listed Company Compliance, etc.” of the TSE applies to him, and also that he has the necessary independence based on the “Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members of Kao Corporation” established by the Company in line with the above guidelines.</p>
Makoto Takashima	○	<p>Mr. Takashima previously had executive authority at Sumitomo Mitsui Banking Corporation, but ceased to have such authority from April 2023. Although the Kao Group has transactions with the Sumitomo Mitsui Financial Group, such as the use of corporate credit cards, the ratios of the amount involved in such transactions account for less than 0.1% of the Sumitomo Mitsui Financial Group’s consolidated ordinary income and the Kao Group’s consolidated net sales for the latest fiscal year, respectively. In addition, although the Kao Group has regular banking transactions with and borrows from the Sumitomo Mitsui Financial Group, the amount borrowed by the Kao Group from the group as of the end of the latest fiscal year accounts for less than 1.5% of the total consolidated assets of the Kao Group.</p>	<p>i) He has extensive experience in global corporate management, having worked in international operations and corporate planning at a major global financial institution for many years. He later served as an executive in a rapidly evolving global financial industry, demonstrating strong leadership in adapting to change. At Kao’s Board meetings, he has actively contributed by providing insights and recommendations on key areas such as Investor Relations (IR), Shareholder Relations (SR), and global partnerships. Leveraging his vast experience and deep expertise, we expect him to continue overseeing Kao Group’s management as an independent outside director.</p> <p>ii) The Company determined that none of the requirements for prior discussion as provided in Section III. 5. (3) 2 of the “Guidelines Concerning Listed Company Compliance, etc.” of the TSE applies to him, and also that he has the necessary independence based on the “Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members of Kao Corporation” established by the Company in line with the above guidelines.</p>
Sarah L. Casanova	○	None	<p>i) Ms. Casanova has extensive experience in marketing across multiple countries, including Japan, at a major global restaurant chain. With extensive experience as an executive and regional leader in various country subsidiaries, she demonstrated exceptional management skills as the CEO of the Japanese company from 2013 to 2019, executing growth strategies which led to</p>

			<p>significant business performance improvements. She also has experience engaging with capital markets as the executive of a publicly listed company. Given her extensive experience and expertise, our strong view is that she will provide valuable oversight as an independent outside director, particularly for Kao Group's global growth strategies, brand strategy, and marketing initiatives.</p> <p>ii) The Company determined that none of the requirements for prior discussion as provided in Section III. 5. (3) 2 of the "Guidelines Concerning Listed Company Compliance, etc." of the TSE applies to her, and also that she has the necessary independence based on the "Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members of Kao Corporation" established by the Company in line with the above guidelines.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson <b>[Updated]</b>
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	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members	Compensation Advisory Committee for Directors and Executive Officers
All Committee Members	6	6
Full-time Members	0	0
Inside Directors	0	1
Outside Directors	5	5
Outside Experts	0	0
Other	1	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation
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The Company has established the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee for Directors and Executive Officers which fulfill functions similar to the nominating committee and compensation committee of a "company with committees."

Details of each committee are described in "Policy 2.2 Voluntary Establishment of Committees" and "Disclosure Based on the Principles of the Corporate Governance Code" [Principle 3.1 (iii)] Directors' Remuneration, [Principle 3.1 (iv)] Policy on Nomination of Director and Audit & Supervisory Board Member Candidates and Senior Management and Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management.

In addition, the composition of the committee members was reviewed in order to promote specialized and focused deliberations in each committee.

#### **[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	0 (Not stipulated)
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments
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■Cooperation between Audit & Supervisory Board Members and the Accounting Auditor  
 Audit & Supervisory Board Members work together with the Accounting Auditor and the Department of Internal Audit to improve the effectiveness of audits.  
 For more information, please see 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System), II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3
Outside Audit & Supervisory Board Members' Relationship with the Company (1)	

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Nobuhiro Oka	Attorney-at-law										○			
Saeko Arai	CPA													
Junya Naito	Attorney-at-law													

\*Categories for "Relationship with the Company"

“○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category

“△” when the Audit & Supervisory Board Member fell under the category in the past

“●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category

“▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- Executive of the Company or its subsidiary
- Non-executive director or accounting advisor of the Company or its subsidiaries
- Non-executive director or executive of a parent company of the Company
- An Audit & Supervisory Board Member of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Member are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- Others

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobuhiro Oka	○	Mr. Oka serves as a Professor at the Keio University Law School, and is involved in business execution. The Kao Group has transactions with Keio University related to joint research, instructions on research, etc.; however, the amounts of such transactions account for less than 0.1% of the university's income from education activities and the Company's net sales for the latest fiscal year, respectively.	(i) He, in his career as an attorney and a university professor, has obtained considerable professional expertise and experience in relation to corporate legal affairs and corporate governance. Having served as an audit & supervisory board member of principal subsidiary of the Company since 2014, he also has expertise in relation to the business of the Kao Group. He has served as an Audit & Supervisory Board Member of the Company since March 2018, conducting effective audits from a professional perspective including group governance. The Company expects that he will to make full use of his experience in the auditing of the entire Kao Group. (ii) The Company determined that none of the requirements for prior discussion as provided in Section III.5 (3) 2 of the "Guidelines Concerning Listed Company Compliance, etc." of the TSE applies to him, and also that he has the necessary independence based on the "Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation" established by the Company in line with the above guidelines.
Saeko Arai	○	None	(i) Ms. Arai has served as an outside director and outside audit & supervisory board member for several companies, leveraging her extensive knowledge of accounting and finance as a certified public accountant to support corporate management such as establishing internal control systems. In addition to management experience as CFO of a venture company, she also has extensive international experience, including serving as a representative of a U.S. corporation. The Company has determined that she will be able to use these experience and knowledge in the auditing of the Group. (ii) The Company determined that none of the requirements for prior discussion as provided in Section III.5 (3) 2 of the "Guidelines Concerning Listed Company

			Compliance, etc.” of the TSE applies to her, and also that she has the necessary independence based on the “Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation” established by the Company in line with the above guidelines.
Junya Naito	○	None	<p>(i) Mr. Naito is a licensed attorney in both Japan and the state of New York, with extensive knowledge and experience in corporate law, commercial law, international business transactions, international arbitration, and cross-border disputes. He has also served as an outside auditor or audit committee member for multiple companies, gaining substantial experience in auditing practices. Given his expertise, we are confident he will contribute effectively to Kao Group’s audit functions.</p> <p>(ii) The Company determined that none of the requirements for prior discussion as provided in Section III.5 (3) 2 of the “Guidelines Concerning Listed Company Compliance, etc.” of the TSE applies to him, and also that he has the necessary independence based on the “Standards for Independence of Outside Directors/Audit &amp; Supervisory Board Members of Kao Corporation” established by the Company in line with the above guidelines.</p>

#### **[Independent Directors/Audit & Supervisory Board Members] [Updated]**

Number of Independent Directors/Audit & Supervisory Board Members	8
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#### **Matters relating to Independent Directors/Audit & Supervisory Board Members**

All Outside Directors and all Audit & Supervisory Board Members of the Company meet qualification for Independence and the Company has reported these members to the TSE as Independent Directors/Audit & Supervisory Board Members.

#### **■ The Company’s Policy for Independence of Outside Directors/Outside Audit & Supervisory Board Members**

The Company has adopted at a meeting of its Board of Directors the “Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation”, with the unanimous consent of its Audit & Supervisory Board Members. The purpose of establishing these Standards is to provide clear criteria for an outside director/Audit & Supervisory Board Member to qualify as an independent director/Audit & Supervisory Board Member.

Please read these Standards on the Company’s website.

[www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/governance\\_002.pdf](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/governance_002.pdf)

#### **■ Regular Exchange of Information Solely among Independent Outside Directors and Outside Audit & Supervisory Board Members**

To promote discussions from diverse perspectives, independent Outside Directors and Outside Audit & Supervisory Board Members hold meetings exclusively to exchange information and share

awareness of issues related to the Company’s management and the activities of the Board of Directors, development of future Senior Management, and other matters. Also, newly appointed members who attended the meeting expressed their view that they were reassured by the fact that outside members can make their proposals directly to the Company through frank exchanges of opinions undertaken at the meeting.

**[Incentives]**

Incentive Policies for Directors	Performance-based Remuneration
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**Supplementary Explanation**

It is described in the following “Disclosed Details of Policy for Determining Amount and Calculation Method of Remuneration” in Remuneration for Directors.

Recipients of Stock Options	
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**Supplementary Explanation**

The Company grants stock options to applicable stock option grantees for the purpose of further increasing the Company’s corporate value by aligning the interests of the stock option grantees with those of the shareholders of the Company. The Company selects as stock option grantees Inside Directors and Executive Officers, who are in charge of management and conform to this purpose.

## [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Director
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### Supplementary Explanation

The remuneration, etc., paid to Directors and Audit & Supervisory Board Members for FY2024  
(million yen)

Category	Number of Members	Aggregate Amount of Remuneration, etc.	Components of Remuneration			
			Base Salary	Short-term incentive compensation (performance-based bonus)	Long-term incentive compensation (Performance-based share incentive plan)	
					Variable portion	Fixed portion
Directors (including, in parentheses, Outside Directors)	11 (6)	821 (80)	402 (80)	207 (—)	149 (—)	63 (—)
Audit & Supervisory Board Members (including, in parentheses, Outside Audit & Supervisory Board Members)	6 (4)	127 (50)	127 (50)	— (—)	— (—)	— (—)
Total (including, in parentheses, Outside Directors and Outside Audit & Supervisory Board Members)	17 (10)	948 (130)	529 (130)	207 (—)	149 (—)	63 (—)

Notes:

- The above numbers of Directors/Audit & Supervisory Board Members include one Inside Director, two Outside Directors, and one Outside Audit & Supervisory Board Member who resigned at the conclusion of this 118th Annual General Meeting of Shareholders held on March 22, 2024.
- The variable portion of the long-term incentive compensation (performance-based stock compensation) will be finalized on the final year of the applicable period of four fiscal years from 2024 to 2027 of the Mid-term Plan “K27.” As such, the variable portion equals the amount of provision for long-term incentive compensation recognized in the current fiscal year.
- The maximum amounts of remuneration, etc. are as follows:

(1) Maximum aggregate amount of monetary remuneration, etc., to be paid to Directors:

An annual amount of 630 million yen (as resolved at the 101st Annual General Meeting of Shareholders held on June 28, 2007). The Company had 15 Directors (including two Outside Directors) at the conclusion of this Annual General Meeting of Shareholders. Such maximum aggregate amount includes the maximum annual amount of 100 million yen to be paid to Outside Directors (as resolved at the 110th Annual General Meeting of Shareholders held on March 25, 2016) but does not include the salary amounts, etc. to be paid to Directors who also serve as employees of the Company, for their service as employees. The Company had seven Directors (including three Outside Directors) at the conclusion of this Annual General Meeting of Shareholders.

Based on a resolution adopted at the 118th Annual General Meeting of Shareholders held on March 22, 2024, the Company has introduced a performance-based share incentive plan for its Directors (excluding Outside Directors) and its Executive Officers, which shall be applicable separately from the maximum aggregate amount of monetary remuneration, etc., for Directors. Under this share incentive plan, trust money of up to 4.64 billion yen is contributed during the fiscal years subject to the Company's mid-term plan (the initial period to be covered being the period of four fiscal years from the fiscal year ended December 31, 2024 to the fiscal year ending December 31, 2027), and the Company's shares are acquired through a trust and are then vested, etc., through the trust, based on the evaluation indicators consisting of Business Growth Evaluation indicators (such as the degree of growth in overall business sales, profit, and EVA), ESG Activities Evaluation indicators (such as evaluation by external indicators and status of realization of internal indicators), and Top Management Activities Evaluation indicators (such as TSR (Total Shareholder Return) and evaluation of management activities by the Company's employees). The Company had four Directors (excluding Outside Directors) at the conclusion of this Annual General Meeting of Shareholders.

(2) Maximum aggregate amount of remuneration, etc., to be paid to Audit & Supervisory Board Members:

An annual amount of 180 million yen (as resolved at the 118th Annual General Meeting of Shareholders held on March 22, 2024). The Company had five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) at the conclusion of this Annual General Meeting of Shareholders.

4. Aggregate amount of remuneration, etc. paid to Outside Directors and Outside Audit & Supervisory Board Members by the Company's subsidiaries, etc., other than the aggregate amount of remuneration, etc. paid to Outside Directors and Outside Audit & Supervisory Board Members:  
Remuneration paid to one Outside Audit & Supervisory Board Member for his service as an Audit & Supervisory Board Member of Kao Group Customer Marketing Co., Ltd. was 4 million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
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The purpose of the Company's compensation system for Directors, Audit & Supervisory Board Members and Executive Officers is as follows:

- Securing and retaining diverse and excellent talent to establish and improve competitive advantages;
- Promoting prioritized measures for continuous increases in corporate value; and
- Sharing interests in common with shareholders.

Remuneration of Directors, other than Outside Directors, and Executive Officers consists of (a) a base salary, (b) a bonus as short-term incentive compensation, and (c) performance-based share incentive plan as long-term incentive compensation, and is designed to provide an impetus for continuing annual improvement in business results and medium-to-long-term growth. Linkage of remuneration to business results increases with rank and takes into account the responsibilities of each position and individual performance. An overview of the components of remuneration is as follows:

(a) Base salary

A base salary is paid as fixed monthly remuneration in an amount determined in accordance with duties as a Director or Executive Officer and rank.

(b) Bonus as short-term incentive compensation

When the bonus payment rate is paid at 100%, the bonus is set at 100% of the base salary for the President and CEO, 50% to 70% of the base salary for the Executive Officers with titles other than the CEO and 30% to 50% of the base salary for other Executive Officers. In order to achieve "profitable growth," the Company determines the bonus payment rate by looking at sales and profit results against the single-year target, improvement from the previous year's results, business results that reflect the achievement level of the single-year target EVA, which is a management index that the Company holds in high regard as an indicator to measure the degree of corporate value, and the results of individual evaluation. The bonus payment rate is set within a range of 0% to 200%.

The net sales, profit, and EVA targets have been made consistent between Directors, other than Outside Directors, and Executive Officers and employees so that they can work together to achieve them. In the process of individual evaluation, the Company has put in place a process of evaluation by Outside Directors and Outside Audit & Supervisory Board Members to ensure objectivity and transparency of the evaluation.

The single-year targets for these evaluation indicators for the fiscal year under review were sales (sales calculated based on the accounting standards used before the adoption of IFRS 15) of 1,680.3 billion yen, profit (gross profit minus selling, general administrative expenses) of 130.5 billion yen, with EVA single-year target of 24.0 billion yen. The actual results were sales of 1,737.9 billion yen, profit of 140.3 billion yen, and EVA of 33.2 billion yen. In addition to the above, the percentage improvement from the results of the previous fiscal year is used as an evaluation indicator for sales and profit. The rate of business performance-based remuneration based on these results for the fiscal year under review came in at 139.86%.

(c) Performance-based share incentive plan as long-term incentive compensation

With four years from 2024 to 2027 as the period applicable to the Mid-term Plan "K27," the Company's shares, etc., are delivered to Directors, other than Outside Directors, and Executive Officers based on factors such as the degree of achievement against the key performance targets adopted under "K27." This performance-based share incentive plan consists of two parts: a variable portion in which Company shares, etc. are delivered in accordance with the degree of



achievement against targets adopted under the mid-term plan, etc., and a fixed portion in which a certain number of Company shares, etc. are delivered annually. The purpose of the variable portion of the system is to provide an impetus for achieving the targets of the Company's mid-term plan as well as to increase the link between performance and compensation over the medium to long term. The purpose of the fixed portion of the system is to strengthen shared interest with the Company's shareholders by promoting the holding of shares by Directors, other than Outside Directors, and Executive Officers. The variable portion accounts for 70% of shares delivered, with the fixed portion accounting for 30%. When the variable coefficient for the variable portion of the system is 100%, the yearly share remuneration amount is set at approximately 30% to 100% of a base salary.

The variable portion is delivered after Directors, etc. retire (or after the applicable period for Directors with foreign nationalities, etc.) depending on the level of their achievement. The fixed portion is delivered after the end of each fiscal year. A certain proportion of the amount is delivered in the Company's shares and the remainder is delivered in the amount of the Company's shares cashed within the trust for delivering shares.

In calculating the variable coefficient, in order to promote "contributing to an 'enriched sustainable society' and growing the businesses of the company through proactive engagement in ESG activities and investment," which is the goal of "K27," "Business Growth Evaluation (degree of growth in overall business sales, profit, and EVA, etc.)"; "ESG Activities Evaluation (evaluation by external indicators, status of realization of internal indicators, etc.)"; and "Top Management Activities Evaluation (evaluation of management potential (Total Shareholder Return (TSR) and evaluation of management activities by employees, etc.)" are used as evaluation indicators and evaluations are made based on the degree of achievement. The degree of achievement that is reflected in the variable portion will be determined within the range of 0% to 200% depending on the evaluation results of these indicators after the applicable period from 2024 to 2027.

Kao also has put in place a clawback provision, which allows the Company to reclaim the stock compensation paid through a resolution by the Board of Directors in the event that it had to correct its financial statements after filing them due to material misstatements or misconduct in accounting, or a Director or an Audit & Supervisory Board Members committed an act of disloyalty, for instance.

#### Evaluation indicators for the variable portion of the performance-based share incentive plan

	Evaluation indicator		Weight	Scale	Objective
Business Growth Evaluation	Degree of overall business growth, sales, profit, and EVA (ROIC)		40%	5-point scale	The degree of contribution to continued growth and sound financial management is evaluated.
ESG Activities Evaluation	Achievement level of KLP (Kao Kirei Life Plan) priority targets Decarbonization (CO <sub>2</sub> emissions reduction rate), Zero Waste (Plastic recycling rate), Ratio of female managers, Number of serious compliance violations, etc.		25%	7-point scale	Solution to a variety of social issues and contribution to a sustainable society are evaluated from multiple perspectives.
	External evaluation results by major ESG rating agencies		15%	7-point scale	
Top Management Activities Evaluation	Relative TSR evaluation	Comparison with TOPIX (including dividends)	5%	7-point scale	The adequacy of corporate governance is evaluated.
		Comparison with benchmark companies	5%	7-point scale	
	Employee engagement survey results		10%	7-point scale	

Compensation for Outside Directors and Audit & Supervisory Board Members, who hold a position independent from the Company's business execution function, is limited to a fixed monthly salary. The Company has no retirement bonus system for Directors or Audit & Supervisory Board Members.

#### Process for Determining the Amount of Remuneration

The compensation system and compensation standards for the Directors and Executive Officers, including details of individual remuneration for the Directors are examined by the Compensation



Advisory Committee for Directors and Executive Officers and determined by the Board of Directors. The Compensation Advisory Committee for Directors and Executive Officers comprises the Company's Representative Director, President and CEO, and all of the Company's Outside Directors. As such, over half of the Committee's members are independent. The chairperson is elected from among the Outside Directors.

Regarding determining individual compensation for Directors for the current fiscal year, the Compensation Advisory Committee for Directors and Executive Officers conducted a comprehensive review of the proposed plan, including its alignment with the objectives of the Company's executive remuneration policy, and submitted its recommendations. After reviewing and deliberating the committee's findings and recommendations, the Board of Directors confirmed that the remuneration structure is consistent with the stated objectives of executive remuneration, and has approved them.

The levels of compensation for Audit & Supervisory Board Members are determined through discussions by the Audit & Supervisory Board. Furthermore, the Company has established a Compensation Advisory Committee for Audit & Supervisory Board Members, and examines the validity and transparency in the decision-making process of compensation amounts for Audit & Supervisory Board Members from an objective perspective. The committee is composed of all Outside Audit & Supervisory Board Members, the President and CEO, and one Outside Director. The chairperson is elected from among the Outside Audit & Supervisory Board Members.

The levels of compensation for Directors, Executive Officers, and Audit & Supervisory Board Members are determined each year after ascertaining the levels of other major manufacturers of a similar size, industry category, and business type to the Company and other companies that are comparable to the Company in terms of the direction of management strategies and business form, using officer compensation survey data from an external survey organization.

#### **[Supporting System for Outside Directors and Outside Audit & Supervisory Board Members]**

To allow for active discussions at meetings of the Board of Directors, the Board of Directors Secretariat provides Outside Directors and Outside Audit & Supervisory Board Members with sufficient explanations by distributing materials on matters such as the background, purposes, and content of the respective agenda items, as necessary, prior to the meeting of the Board of Directors.

Outside Audit & Supervisory Board Members are supported by staff of Office of the Audit & Supervisory Board Member who assist their duties. In addition, to enhance audit activities, administrative divisions such as the Department of Internal Audit, Legal Department and Finance & Accounting Department support them.

#### **[Status of Persons who have retired from Representative Director and President, etc.]**

Name of Consultants, Advisors, etc. who have retired from Representative Director and President, etc.
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Name	Title/ Position	Description of Tasks	Form and Conditions of Services (Full-time, Part-time, Paid or Unpaid, etc.)	Date of Retirement from President, etc.	Term
Michitaka Sawada	Special Advisor	Activities of external organizations and government agencies (not involved in the Company's management)	Part-time, no compensation	December 31, 2020	Two years (No renewal)

Total number of Consultants, Advisors, etc. who have retired from Representative Director and President, etc.	1
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Others
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## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

### ■ Outline of the Current Corporate Governance Structure

The Company has introduced, within the framework of a “Company with an Audit & Supervisory Board\*,” the Executive Officer system in order to separate the supervision function from the execution function. Following the conclusion of the 119th Annual General Meeting of Shareholders held in March 2025, the Company has: nine (9) Directors, including five (5) Outside Directors; five (5) Audit & Supervisory Board Members including three (3) Outside Audit & Supervisory Board Members; and 30 Executive Officers (including Executive Officers concurrently serving on the Board of Directors. As of January 1, 2025). All Outside Directors and all Outside Audit & Supervisory Board Members maintain their neutrality, independent from the Company’s management. In order to improve the transparency and other aspects of discussions in the Board of Directors, an Independent Outside Director has become the chairperson of the Board after the 108th Annual General Meeting of Shareholders held in March 2014. The term of office for Directors and Executive Officers is one (1) year.

Information on the Company’s Corporate Governance Structure and Initiatives is available on the Company’s website.

<http://www.kao.com/global/en/corporate/policies/corporate-governance/structure/>

\*Information concerning reasons for adopting a company with an Audit & Supervisory Board, please see "Policy 2.1 Company with Audit & Supervisory Board"

### • Board of Directors

#### Activities of the Board of Directors in FY2024

Title	Name	Attendance Rate
Representative Director	Yoshihiro Hasebe	100% (14 out of 14 meetings)
Representative Director	Masakazu Negoro	100% (14 out of 14 meetings)
Representative Director	Toru Nishiguchi	100% (14 out of 14 meetings)
Director	David J. Muenz	100% (14 out of 14 meetings)
Outside Director	Osamu Shinobe	100% (14 out of 14 meetings)
Outside Director	Eriko Sakurai	100% (14 out of 14 meetings)
Outside Director	Takaaki Nishii	100% (14 out of 14 meetings)
Outside Director	Makoto Takashima	100% (11 out of 11 meetings)
Full-time Audit & Supervisory Board Member	Yasushi Wada	100% (14 out of 14 meetings)
Full-time Audit & Supervisory Board Member	Sadanao Kawashima	100% (14 out of 14 meetings)
Outside Audit & Supervisory Board Member	Hideki Amano	100% (14 out of 14 meetings)
Outside Audit & Supervisory Board Member	Nobuhiro Oka	100% (14 out of 14 meetings)
Outside Audit & Supervisory Board Member	Saeko Arai	100% (11 out of 11 meetings)

\* During FY2024, 14 meetings of the Board of Directors were held. After Mr. Makoto Takashima took office as Director, and Ms. Saeko Arai took office as Audit & Supervisory Board Member, 11 meetings were held.

#### Major topics discussed by the Board of Directors

In FY2024, the Board of Directors, in accordance with the Board of Directors' approach confirmed in FY2022, focused its deliberations on the following points.

#### <How the Board of Directors should function>

Kao’s Board of Directors will conduct a substantial delegation of authority to the executive

organizations, and further strengthen its monitoring function to encourage appropriate risk-taking by management and prompt and bold decision-making. In particular, the Board will effectively supervise the appropriate allocation of management resources, including human capital and the adequate implementation of strategies by management. It also recognizes that it is the responsibility of the Board to develop internal controls and risk and crisis management systems, and will build and operate these systems appropriately.

➤ **Monitoring of the progress of the Mid-term plan and issues**

The introduction of ROIC by business segment has enabled the Board of Directors to discuss the profitability of the Company's businesses from a medium- to long-term perspective. They have continuously discussed challenging businesses and key themes in each meeting, and they have seen results, particularly in the sanitary business, hair care business, as well as the divestiture of the pet care business and beverage business. In FY2025, in order to sustainably enhance the Company's earning power and establish a solid foundation for accelerated growth, they plan to regularly monitor the progress of "K27" and discuss global strategies and growth strategies, including the cosmetics business and salon business.

➤ **Human capital strategy**

The progress of human capital strategy activities (including the human capital structural reforms implemented in FY2023) to realize the Company's growth strategy and the evaluation of management activities by the Company's employees (results of the engagement survey) were reported, and future actions based on these reports were discussed. The Board also continuously deliberates on the new human capital revitalization system OKR (Objectives and Key Results), which encourages employees to take on new challenges, as well as the progress and results after the introduction of internal open recruitment. The Board of Directors will continue to confirm that diverse challenges are increasing and expanding across the group, and that further collaboration through dialogue is being promoted.

➤ **Sustainability (Climate Change Risks/Human Rights, etc.)**

The Board of Directors received reports on the Kao Group's initiatives, including global ESG trends and the incorporation of "decarbonization" and "biodiversity" strategies into business plans, and confirmed their promotion status. The Board will continue to review issues related to sustainability.

➤ **Establishment and Operation of Internal Control System**

The Board of Directors was confirmed that the internal control system has been established and is operating without any major problems.

In addition to the above, director who concurrently serve as executive officer reports on execution and executive officers in charge report on matters deliberated by the Management Board.

• **Audit & Supervisory Board**

The activities of the Audit & Supervisory Board are described in "Disclosure Based on the Principles of the Corporate Governance Code" [Principle 4.4] Roles and Responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board

• **Accounting Auditor**

The Company executed an audit contract with Deloitte Touche Tohmatsu LLC with respect to audits required under the Companies Act and the Financial Instruments and Exchange Law.

The names of the certified public accountants (CPA) who engaged in the audit for FY2024 (ended December 31, 2024) and the composition of the assistants in the audit are as follows:

Name of the CPAs engaged in the audit:

Designated Limited Liability Partner/Engagement Partner: Junichi Yamanobe, Koji Inoue and Yuichiro Nakashima

Composition of assistants in the audit:

15 CPAs and 36 others

The accounting firm, Deloitte Touche Tohmatsu LLC as the Company's Accounting Auditor, ensures, in accordance with applicable laws, regulations, etc., that none of its employees who become involved in the audits of the Company will be involved in such audit for more than 7 accounting periods and a lead engagement partner is not involved for more than five consecutive

accounting periods. The Company executed an audit contract with Deloitte Touche Tohmatsu LLC with respect to audits required under the Companies Act and the Financial Instruments and Exchange Law, and pays remuneration to the accounting firm in accordance with this contract.

#### Response to Accounting Auditors:

In order to ensure the reliability of disclosure information related to the Company's financial results and the quality of our audits, the Company understands the audit plan formulated by the Accounting Auditors and ensures sufficient audit time. Accounting Auditors cooperate with the President & CEO and Executive Officers responsible for overseeing accounting and finance, Audit & Supervisory Board Members, and the Department of Internal Audit through regular meetings and information exchanges. In the event that Accounting Auditors discover fraud, the Accounting Auditors immediately report to the Company, and works with Audit & Supervisory Board Members and the Department of Internal Audit, to implement an appropriate response system.

#### Appointment of Accounting Auditors:

The Audit & Supervisory Board gathered information from the Accounting Auditors on the quality of audits, including the independence of the Accounting Auditor, the auditing system, and the status of implementation of audits. The Audit & Supervisory Board also exchanged opinions at joint meetings with Company's Accounting and Finance Department and Department of Internal Audit, and then evaluated the appropriateness of the reappointment of the Accounting Auditors. As a result, the quality control system is in place, ongoing improvement activities are being implemented, and the auditing system within the auditing firm is also functioning effectively. The integrated auditing system for domestic Group companies is also functioning, and the provision of information to Audit & Supervisory Board members is also good.

The Audit & Supervisory Board confirmed that information sharing was good for each overseas Group company by establishing a cooperative system with each Accounting Auditor.

Furthermore, risk awareness using IT and appropriate proposals and advice for improving audit efficiency are being made, and effective communication with related departments is also being attempted.

Based on these results and the status of the response to the pre-approval process for non-assurance services, the Audit & Supervisory Board determined that it was appropriate to reappoint Deloitte Touche Tohmatsu LLC, recognizing the audit methods, results, and quality as appropriate.

The Audit & Supervisory Board also exchanged opinions on the continuing audit period and rotation of the current auditing firm.

#### Collaboration between Audit & Supervisory Board Members, the Accounting Auditor, and the Department of Internal Audit

##### 1. Coordination of the Three Types of Audits (Audit & Supervisory Board Members, Accounting Auditors, and the Department of Internal Audit)

To further strengthen the coordination of the three types of audits, they initiated the Three Types of Audits Meetings (held three times) where we shared each audit plan and key issues. We also exchanged opinions on the disclosure of non-financial information, which is a medium- to long-term issue.

##### 2. Individual Coordination

###### (1) Coordination between Audit & Supervisory Board Members and the Department of Internal Audit

In addition to regular meetings (held four times), they share information and exchange opinions as needed regarding each other's audit plans, findings from on-site hearings, and internal audit results. Furthermore, the head of the Department of Internal Audit attends the Audit & Supervisory Board meetings and the Conference of Auditors for Domestic Group Companies as appropriate.

###### (2) Coordination between Audit & Supervisory Board Members and Accounting Auditors

Audit & Supervisory Board Members receive explanations from Accounting Auditors regarding audit plans, key audit items, and audit results (semi-annual reviews and annual audits), as well as key audit matters (KAM). They exchange opinions regularly and as needed. Non-assurance services provided by Accounting Auditors and group companies are implemented based on policies and procedures stipulated in regulations and with the prior approval process of the Audit & Supervisory Board Members. Audit & Supervisory Board Members share the audit plans and findings of Accounting Auditors at Board of Directors meetings and opinion exchange meetings. Audit & Supervisory Board Members share with the Directors, including Outside Directors, the audit plans of the accounting auditors and audit findings at meetings of the Board

of Directors and at meetings for exchange of opinions. Additionally, if deemed necessary by the Directors, direct information exchange sessions with Accounting Auditors are arranged to ensure efficiency and sufficient coordination.

Audit & Supervisory Board Members share the audit plans, audit findings of the accounting auditors at meetings of the Board of Directors and at meetings for exchange of opinions with Directors including Outside Directors. Furthermore, the Company ensures efficiency and adequate collaboration with the accounting auditors by providing a forum for direct exchange of information with them whenever the directors deem it necessary.

(3) Coordination between the Department of Internal Audit and Accounting Auditors

The Department of Internal Audit and Accounting Auditors strive for mutual coordination by sharing information as needed regarding the establishment and evaluation of internal controls related to financial reporting and the status of internal audit activities.

■ Summary of Directors and Officers Liability Insurance

The Company has entered into a directors and officers liability insurance contract with an insurance company, as provided for in Article 430-3, Paragraph 1 of the Companies Act, insuring the Directors, Audit & Supervisory Board Members, and Executive Officers, etc., of the Company and the Kao Group. This contract covers compensation for damages and legal costs that may be incurred by the insured if they receive a claim for damages as a result of their actions (including omissions) committed by them in connection with their duties as officers, etc. of the Company and the Kao Group. However, the contract does not cover damages arising from actions taken by the insured with the knowledge that they were in violation of the law, so as not to impair the appropriate execution of duties by the insured. Insurance premiums are covered by the Company and the Kao Group.

**3. Reasons for Adoption of Current Corporate Governance System**

The Company has made continuous efforts to improve its corporate governance structure in order to respond changes in the business and management environment. The Company will continue to examine the issue of corporate governance structure improvement as part of its managerial challenges. The Company considers it appropriate to make efforts to improve its corporate governance structure through establishing the Committee for the Examination of the Nominees and the Compensation Advisory Committee for Directors and Executive Officers, on the basis of its current structure as a “Company with an Audit & Supervisory Board\*” which has the Board of Directors (consists of four (4) Inside Directors and four (5) Outside Directors) and the Audit & Supervisory Board (consists of two (2) Full-time Audit & Supervisory Board Members and three (3) Outside Audit & Supervisory Board Members.)

The reasons for the Company's selection of a company with Audit & Supervisory Board are described in "Policy 2.1 Company with Audit & Supervisory Board.

The policy is available on the Company's website below.

[www.kao.com/global/en/corporate/policies/corporate-governance/](http://www.kao.com/global/en/corporate/policies/corporate-governance/)

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting [Updated]	<p>The Company strives for the early disclosure of the convocation notice of its Annual General Meeting of Shareholders ("AGM") every year so that our shareholders can fully examine agenda items of AGM. Prior to the dispatching of the printed convocation notice, on February 19, 2025, the Company uploaded and disclosed it on the Timely Disclosure Network of the Tokyo Stock Exchange and on the Company's website for the AGM to be held on March 21, 2025.</p> <p>(<a href="http://www.kao.com/global/en/investor-relations/stock-information/shareholders-meeting/">www.kao.com/global/en/investor-relations/stock-information/shareholders-meeting/</a>)</p> <p>The printed copy of convocation notice was dispatched on March 4, 2025.</p>
Allowing Electronic Exercise of Voting Rights	The exercise of voting rights by electromagnetic means was started at the Annual General Meeting of Shareholders held in 2006.
Participation in Electronic Voting Platform	The use of an electronic voting right exercise system for institutional investors ("Platform" operated by ICJ, Inc.) was also started at the Annual General Meeting of Shareholders held in 2006. Furthermore, in order to encourage the exercise of voting rights by the foreign shareholders, who hold close to 50% of the Company's total shares, the Company conducts surveys on shareholders who actually own the shares and provides them with the summary of the notice of Annual General Meeting of Shareholders in English. The Company also encourages the exercise of voting rights by Japanese Institutional Investors at analyst meeting and interviews for full-year financial results.
Providing Convocation Notice in English	English translation (summary) of the convocation notice is published on the Company's website on the same day as Japanese.
Other [Updated]	<p>&lt;Determination of an Appropriate Date for the Annual General Meeting of Shareholders&gt;</p> <p>The Company decides on a date for its Annual General Meeting of Shareholders within the three-month period after the fiscal year-end by designing a schedule premised on providing sufficient time for deliberation by shareholders who have received a convocation notice and ensuring a sufficient number of days for an audit of the financial statements by the Accounting Auditor then considering factors including securing an assembly hall with the capacity to hold the attendees and days when Directors and Audit &amp; Supervisory Board Members, including Outside Directors/Audit &amp; Supervisory Board Members, and Executive Officers can attend.</p> <p>&lt;Providing Appropriate Information to Shareholders&gt;</p> <p>The Company works to enhance the content of its convocation notices for Annual General Meetings of Shareholders by conducting regular revisions to proactively incorporate information considered conducive to appropriate judgments by shareholders, in addition to items required by law. Also, it provides institutional investors and others with explanation as necessary. At the Annual General Meeting of Shareholders, the Company provides shareholders with easy-to-understand explanations of the main parts of the business report, major issues and the medium-to-long-term outlook using projected images and a thorough question-and-answer session.</p> <p>&lt;Conducting SR with Institutional Investors&gt;</p> <p>As described in Policy 5.2.1 Dialogue with Shareholders, etc., the Company considers its shareholders and investors to be important stakeholders. It emphasizes constructive dialogue to enhance corporate value, and considers it important to deepen mutual understanding of stances and standpoints and to adopt proper responses based on such understanding. The Company conducted these dialogues in October 2024, February 2025, and March 2025."</p> <p>&lt;Response in the Event a Considerable Number of Votes are Cast against a Proposal</p>

	<p>by the Company&gt;</p> <p>For proposals against which a considerable number of votes have been cast at the Annual General Meeting of Shareholders, after conducting an analysis of the causes, including confirmation of matters such as benchmarks for the exercise of voting rights by institutional investors, the Company works to gain understanding of its stance through explanations to institutional investors by sending letters or conducting direct dialogues. In addition, the Company takes the advice and opinions of institutional investors seriously and uses them to reconsider and improve items related to such proposals against which votes were cast.</p> <p>&lt;Delegation of Powers of the General Meeting of Shareholders to the Board of Directors&gt;</p> <p>The Company enables the delegation of certain powers of the Annual General Meeting of Shareholders, such as issuing an interim dividend and exempting Directors and Audit &amp; Supervisory Board Members from liability, to the Board of Directors. Such delegation is premised on the attendance at Meetings of the Board of Directors (nine (9) Directors and five (5) Audit &amp; Supervisory Board Members) of the eight (8) outside members, who consist of five (5) Independent Outside Directors, and the three (3) independent Outside Audit &amp; Supervisory Board Members, representing majority of attendees, thus maintaining a structure for conducting checks from the perspective of shareholders.</p> <p>&lt;Posting Videos from Annual General Meeting of Shareholders&gt;</p> <p>The Company has posted videos of the business report including the presentation by the chairperson on the Company's website. The videos are available only in Japanese. (<a href="http://www.kao.com/global/en/investor-relations/stock-information/shareholders-meeting/">www.kao.com/global/en/investor-relations/stock-information/shareholders-meeting/</a>)</p>
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## 2. IR Activities

	Supplementary Explanations	Explanation by Representative(s) of the Company
Preparation and Publication of Disclosure Policy	<p>The Company has established and published Disclosure Guidelines which set forth its commitment to strict compliance with the Companies Act, the Financial Instruments and Exchange Law, the rules set down by the Tokyo Stock Exchange (TSE) and other applicable laws and regulations. In Addition, based on the revision of the Financial Instruments and Exchange Law in April 2018, Kao Disclosure Guidelines have been updated, which takes into account fair disclosure. The Company's Disclosure Guidelines are published on the Company's website.</p> <p><a href="http://www.kao.com/global/en/investor-relations/disclosure/">www.kao.com/global/en/investor-relations/disclosure/</a></p>	
Regular Investor Briefings for Analysts and Institutional Investors	<p>Financial results briefings are held on the date of the announcement of full-year and interim financial results. A business management overview and management policy are reported and explained by the President and CEO, and the actual and expected corporate performance are reported and explained by the officer, Responsible for Management Finance (Accounting and Finance, Business Structure Reforms, Procurement, Human Capital Strategy). For the first quarter and the third quarter, the Company holds conference calls. As part of a constructive dialogue with a view to enhance the corporate value, small meetings between the President and CEO and analysts and institutional investors are held. Furthermore, the Company holds briefings on new strategies, initiatives, and businesses whenever necessary.</p>	Yes
Regular Investor Briefings for Overseas Investors	<p>To hold constructive dialogues with a view to enhance the corporate value and to facilitate the exercise of voting rights, the President and CEO engages in direct dialogue with various institutional investors and holds timely dialogue with various institutional investors on topics such as ESG and other matters. Also, other members of the management engage in direct dialogue with institutional investors in Asia adequately, and they explained the Company's management policy, as well as matters such as the managerial environment and business performance and outlook, and answered questions subsequently asked</p>	Yes



	by investors. In recent years, the Company continues to hold meetings using online tools. In addition, the executive officer in charge and IR staff participate in conferences hosted by securities companies as appropriate, and hold dialogues with various institutional investors regarding management policies and business performance.	
Posting of IR Materials on Website	<p>Reports of financial results, annual securities reports, semi-annual reports, quarterly securities reports, notices of convocation of shareholders meetings, integrated report, and presentation materials at shareholders meetings and financial results briefing sessions are published on the Company's website. Furthermore, reports of financial results, notices of convocation of shareholders meetings and presentation materials at financial results briefing sessions are translated into English and published on the Company's website. Presentation materials at shareholders meetings in Japanese and English are disclosed promptly at the same time on the Company's website. From fair disclosure perspectives, Q&amp;As from various meetings such as interim and full-year financial results briefings and conference calls are disclosed in script in Japanese and English. Financial results briefings videos are posted on the website as well.</p> <p>In recent years, the investor information website was redesigned to expand public information and improve convenience, and the Company has continued to add and update information since then.</p> <p>Investor information in Japanese: <a href="http://www.kao.com/jp/investor-relations/">www.kao.com/jp/investor-relations/</a> Investor information in English: <a href="http://www.kao.com/global/en/investor-relations/">www.kao.com/global/en/investor-relations/</a></p>	
Establishment of Department and/or Manager in Charge of IR	Corporate Planning performs IR functions, aiming to reinforce strategic disclosure of information, communicate with securities analysts and institutional investors, hold events and disclose information on the website. A total of eight members respond to IR issues at the head of one Vice President.	
Other	<p>&lt;Measures aimed at Shareholders&gt;  Since 2021, the Company has been holding online events to inform more shareholders about Kao's "Yoki-Monozukuri" and ESG initiatives.</p> <p>&lt;Measures aimed at institutional investors&gt;  The Company conducts exchanges of opinions with multiple institutional investors in Japan and outside Japan regarding how to promote constructive dialogues and ESG and makes use of such exchanges to improve information disclosure and daily IR activities. Also, the Company held a seminar on Kao Group Mid-term Plan 2020 (K20).</p> <p>&lt;Published Integrated Report&gt;  The Company releases the Kao Integrated Report, which covers both financial and non-financial information. Kao's Financial Report is also available in PDF format.  Integrated Report  <a href="http://www.kao.com/global/en/investor-relations/library/reports/Financial-Report">www.kao.com/global/en/investor-relations/library/reports/Financial-Report</a>  <a href="http://www.kao.com/global/en/investor-relations/library/financial-report/">www.kao.com/global/en/investor-relations/library/financial-report/</a></p> <p>&lt;External Evaluation&gt;  The Company received Commendation Award in 2023 Internet IR Award by Daiwa Investor Relations Co. Ltd and Companies' Website Ranking "AAA Website" by Nikko Investor Relations Co., Ltd.</p>	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of	The Kao Way, an essence of the Company's corporate philosophy, declares, "As one, we create a Kirei life for all - providing care and enrichment for the life of all people and the planet; As one Kao, we work together with passion to provide comprehensive care and enrichment to create a Kirei life – a cleaner, more



Stakeholders	<p>beautiful, and healthier life for all people and the planet. Through innovation that provides excellent value, we share joy and create a safer, more harmonious world for all." The "Vision" section of the Kao Way further states, " To be closest to the individual and beyond their expectation; By deeply knowing and understanding our world and its people, we aim to improve people's lives beyond their expectations for a future where humans and nature thrive together."</p> <p>Furthermore, the Principles of Corporate Ethics in "Kao's Business Conduct Guidelines" state, "Kao Corporation seeks to be an honest and exemplary company, guided by sensible and fair actions and driven by a fundamental adherence to ethical principles that go beyond mere compliance with laws to earn the true respect of all stakeholders. The Business Conduct Guidelines also give specific guidance about respecting the standpoint of stakeholders."</p>
Implementation of Environmental Activities, CSR Activities etc. [Updated]	<p>&lt; Evaluation of ESG Measures&gt;</p> <p>The Company has achieved the highest rating for five consecutive years from CDP in all areas of "Climate Change," "Forests," and "Water Security."</p> <p>CDP, an international NGO, conducted three surveys on "Climate Change," "Forests," and "Water Security" for over 24,800 companies worldwide, and the company was selected as a "Climate A List Company," receiving the highest rating in all three areas. This marks the Company's fifth consecutive achievement of a triple A rating—its sixth time in "Climate Change," fifth time in "Forests," and eighth time in "Water Security." Furthermore, the Company has been recognized for its efforts to address climate change across its entire product line, including the supply chain, and has been selected for the "Supplier Engagement Leader Board" for seven consecutive years.</p> <p>*CDP: CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.</p> <p>Included in Stock Indices for ESG Investing</p> <ul style="list-style-type: none"> <li>• FTSE4Good Index</li> <li>• FTSE Blossom Japan Index</li> <li>• FTSE Blossom Japan Sector Relative Index</li> </ul> <p>Index developed by FTSE Russell, a unit of the London Stock Exchange Group.</p> <ul style="list-style-type: none"> <li>• MSCI ESG Leaders Indexes</li> <li>• MSCI Nihonkabu ESG Select Leaders</li> <li>• MSCI Japan ESG Select Leaders Index</li> <li>• MSCI Japan Empowering Women (WIN) Select Index</li> </ul> <p>Indexes developed by U.S.-based MSCI.</p> <p>For information on other external evaluations, please visit the following website.  <a href="http://www.kao.com/global/en/sustainability/pdf/recognition/">www.kao.com/global/en/sustainability/pdf/recognition/</a>  Details on Kao's sustainability-related initiatives can be found at following websites.  Kao Sustainability Report:  <a href="http://www.kao.com/global/en/sustainability/pdf/">www.kao.com/global/en/sustainability/pdf/</a></p>
Development of Policies on Information Provision to Stakeholders	<p>The Company has established Disclosure Guidelines which set forth its commitment to timely, accurate, and impartial disclosure of information to shareholders, investors, and all stakeholders in strict compliance with the Companies Act, the Financial Instruments and Exchange Law, the rules set down by the Tokyo Stock Exchange (TSE) where the Company's shares are listed, as well as other applicable laws and regulations. In Addition, based on the revision of the Financial Instruments and Exchange Law in April 2018, Kao Disclosure Guidelines have been updated, which takes into account fair disclosure.</p> <p><a href="http://www.kao.com/global/en/investor-relations/disclosure/">www.kao.com/global/en/investor-relations/disclosure/</a></p>
Other [Updated]	<p>&lt;Measures to Promote Diversity&gt;</p> <p>Recognizing that the vitality born from diversity supports our business growth, the Company expresses its aim and principles of action in the Kao Way, the Company's</p>

corporate philosophy, and shares it widely. The Company established and disclosed its Diversity, Equity, and Inclusion (DE&I) Policy in 2023. In order to realize a Kao Group where each employee embraces one another and coexists, turning diversity into a strength, we aim to enhance cognitive diversity\* within the organization and provide support and workplace improvements so that each diverse individual can have equitable opportunities in a work environment that is conducive to their needs. Additionally, we strive to make cognitive diversity a strength of the organization by deepening the understanding of all employees regarding DE&I and enabling them to put it into practice. We will also work on fostering an inclusive organizational culture where everyone can express their true selves and demonstrate their strengths.

\*Cognitive diversity: The internal diversity related to ways of seeing things and making judgments.

Please see below for Sustainability Report, Integrated Report and Diversity, Equity and Inclusion Policy.

- Kao Sustainability Report

[www.kao.com/global/en/sustainability/pdf/](http://www.kao.com/global/en/sustainability/pdf/)

- Kao Integrated Report

[www.kao.com/global/en/investor-relations/library/reports/](http://www.kao.com/global/en/investor-relations/library/reports/)

- Diversity, Equity and Inclusion Policy

[www.kao.com/global/en/sustainability/walking-the-right-path/inclusive-diverse/dei/](http://www.kao.com/global/en/sustainability/walking-the-right-path/inclusive-diverse/dei/)

With regard to core positions, the Company securing diversity by thoroughly evaluating and promoting them based on individual abilities that do not rely on attributes.

Regarding the promotion of women to management positions, the Company has set a goal of achieving a ratio of female managers that is equivalent to a 100% female employee ratio by 2030. This target is based on a weighted average of the proportion of female managers relative to the overall number of management positions within the Company. To support this goal, the Company is working to create a conducive environment for balancing work and life, including implementing diverse work styles. Additionally, they are promoting the participation of female candidates for management positions in various external cross-industry study groups.

On December 31, 2024, the percentage of female employees in Kao Group companies in Japan was 56.5% and the percentage of female employees in managerial positions in Kao Group companies in Japan was 26.5% (24.6% previous year) and the ratio of female managers to the female employee ratio (weighted average based on the number of managerial positions at each company) stands at 69.7%, up from 67.3% the previous year.

With regard to non-Japanese employees, the Company strives to secure excellent human resources regardless of nationality, such as by setting a certain target value. The Company has set a target to have a proportionate ratio of non-Japanese managers in Kao Group companies in Japan to the ratio of non-Japanese employees in Kao Group companies by 2030. On December 31, 2024, the percentage of non-Japanese employees in Kao Group companies in Japan was 0.8% and the percentage of non-Japanese employees in executive positions in Kao Group companies in Japan was 0.5% (0.4% previous year).

With regard to mid-career hires, the Company intends to actively recruit specialist human resources from outside the company in order to acquire experience and knowledge that are not available within Kao and to aggressively develop new businesses in the future, the Company is going to actively recruit specialists from outside the Company. On December 31, 2024, the percentage of mid-career employees in Kao Group companies in Japan was 37.0% and the percentage of mid-career employees in managerial positions in Kao Group companies in Japan was 19.8% (18.0% previous year). The Company has set a target to have a proportionate ratio of mid-career employees in managerial positions of Kao Group companies in

Japan to the percentage of mid-career employees in Kao Group companies in Japan.

#### <Measures to Promote the Health of Employees>

Based on the Kao Group Health Declaration established in 2008, the Company is engaged in health management mobilizing a robust organizational framework led by a dedicated department and involving the participation of the employer, the health insurance union and industrial healthcare staff and also the Company provides equitable health support opportunities for employees and their families. In addition, the Company is promoting practical health promotion activities in which employees and their families participate by incorporating products and health solution services developed from analysis of basic internal and external health information and health care knowledge into the Company's health management. Outstanding initiatives are made available outside the company through the Kao GENKI Project. In 2022, the Company renewed the Kao Group Health Declaration, declaring that the Company will expand its activities beyond employees and their families to corporations, local governments, and consumers.

Due to the positive evaluation of the Company's measures and results, it was selected as a "Health and productivity management brand" tenth time and also recognized by METI, for the ninth consecutive year, as a Certified Health and Productivity Management Organization (White 500) for its outstanding practice of health-conscious management.

Also, in March 2021, the Company won the Development Bank of Japan Inc.'s highest rating in its "DBJ Employees' Health Management Rated Loan Program" as a company that is particularly superior in terms of its consideration for the health of its employees. This is the third time Kao has been given this highest rating. The last time was in 2012 when the Program was first introduced. Kao successfully procured financing under preferential conditions as provided by the Program.

\*Loans with discounted interest rates according to the Rating

DBJ evaluates the health management efforts of corporations and applies three different interest levels based on the result of the evaluation.

#### <Most Ethical Company in the World>

Kao was selected as the "World's Most Ethical Companies 2025" by the U.S. think tank Ethisphere Institute. Kao is one of the six companies that have been selected for 19 consecutive years since the award was established in 2007, and the only company from Asia.

\*World's Most Ethical Companies: The Ethisphere Institute is a leading international think tank focused on developing and sharing best practices in business ethics and corporate social responsibility. For the World's Most Ethical List, it surveys and evaluates companies the world over in five categories: ethics and compliance programs, corporate citizenship and responsibility, culture of ethics, governance and third-party management.

The Kao Group upholds the founder's value of "walking the right path" at the core of all corporate activity. Kao's Business Conduct Guidelines are also shared throughout the Kao Group around the world as a code of corporate conduct for putting the Kao Way into practice. The Company uses and practices these guidelines as a foundation to return to when we are unsure of our decisions, as a guideline for our daily work, and as the basis for realizing sustainable development of the Company and society.

## IV. Matters Related to the Internal Control System

### 1. Systems to Assure Appropriate Business Operations of the Company

The Board of Directors made the following resolution with respect to the “Policy regarding the Development of the Internal Control System” on January 1, 2023.

#### Basic Policy Regarding the Internal Control System

The Company has established an Internal Control Committee chaired by the President and Chief Executive Officer. An important task of the committee is to develop a management structure, organization and system that facilitates legally compliant, efficient, sound and highly transparent management that aims to consistently increase corporate value, and for this objective, the Company implements the following systems:

(1) A system to ensure that execution of duties of Directors and employees of the Company and its subsidiaries conforms to laws and the Articles of Incorporation

Directors, Executive Officers and employees of the Company and its subsidiaries (Kao Group) should act with integrity based on “Kao’s Business Conduct Guidelines (BCG),” which governs compliance with laws, the Articles of Incorporation, internal rules and social ethics. The Compliance Committee, chaired by the Director or Executive Officer in charge of compliance, promotes Kao Group’s compliance as a whole. On the basis of the provision of BCG which declares Kao’s position to reject any relationship with anti-social forces, the Company promotes cooperation with governmental agencies, etc. and collection and management of information regarding anti-social forces and establishes and maintains its internal system. Monitoring by the department in charge of internal control/committee, internal audit by the Department of Internal Audit as well as notices and reports to the Compliance Reporting Hotline from concerned parties in and outside the Company enable Kao to quickly gauge the state of compliance, work to quickly resolve any issues that arise, and take appropriate steps to prevent the recurrence of similar cases.

(2) A system for retention and management of information concerning Directors’ execution of their duties

Information (minutes, decision records and their relevant materials, account books and records, and other information and the like) related to the Directors’ execution of their duties is properly retained and managed according to the document retention and management policies and other related policies. The Directors, Audit & Supervisory Board Members and employees designated by them may access such information at any time.

(3) Rules and other systems concerning management of risk of losses by the Company and its subsidiaries

With regard to the risk of losses, the Company regards potential negative impact on management targets and business activities as “risks” and the manifestation of such risks as a “crises,” and has established systems for appropriate risk and crisis management. Based on the Risk and Crisis Management Policy, the Risk & Crisis Management Board, chaired by the Director or Executive Officer in charge of risk and crisis management, ascertains the progress of cross-divisional Company-wide risk management and establishes a plan for the preparation and application of risk and crisis management activities. Based on this policy and plan, departments concerned with risk or subsidiaries appropriately manage risk by ascertaining and assessing risks, formulating and implementing necessary countermeasures, and other activities. In addition, after deliberation by the Management Board, the President and Chief Executive Officer specifies major Company-wide risks as corporate risk and appoints a person to appropriately manage such risk. When a crisis occurs, the Company responds promptly by establishing an organization for countermeasures centered on this person in charge for corporate risk, and on departments concerned with risk or subsidiaries for other types of risk. In addition, depending on the magnitude of the impact on the Group as a whole, the Company also establishes a countermeasures headquarters with the President and Chief Executive Officer or other person as its general manager. Management of the abovementioned risks and crises is reported to and discussed at the Meeting of the Board of Directors or the Management Board on a regular basis as well as in a timely fashion whenever necessary.

(4) A system to ensure that Directors of the Company and its subsidiaries efficiently execute their duties

After determining the direction to be focused on in a mid-term business plan, the Board of

Directors reflects such direction in the mid-term plans of each department and subsidiary. The mid-term plans are reviewed annually by the Board of Directors and the Management Board, and necessary adjustments are made in response to the progress of the plans and changes in the business environment. The Management Board reviews, monthly or whenever appropriate, the progress of the revenue and expenditure plan and other important business plans of each division and subsidiary, extracts the main issues and then implements measures in response. In order to separate supervision and execution functions and to ensure the effectiveness of these functions and to accelerate execution, the decision rules for the Board of Directors and the Management Board including items that arise from subsidiaries are established and reviewed as necessary.

(5) A system to ensure the appropriateness of business operations in the Company and its subsidiaries

The Internal Control Committee and related committees promote various policies to make sure that the business activities of the Kao Group conform to laws and the respective Articles of Incorporation. In addition, they promote and monitor efforts to ensure the appropriateness and efficiency of business operations throughout the Kao Group, and report regularly to the Board of Directors. Representative Directors, Directors and Executive Officers in charge of business operations provide guidance for the development of appropriate internal control systems for subsidiaries, according to their respective duties.

(6) A system concerning reporting to the Company regarding execution of duties of Directors of the Company's subsidiaries

The Company applies the Subsidiaries rules (Policy Manual) to all subsidiaries, which require prior approvals of or reporting to the Company. The Company requires them to gain prior approvals or make a report on important management matters to the Board of Directors, Management Board or an executive officer who are in charge of the subsidiary in accordance with such rules as well as the decision and reporting rules for the Board of Directors and Management Board. In addition, Directors of the Company's subsidiaries, regularly or as necessary, discuss or report to the periodic meetings held every month in principle and established by each business area or functional area which supports business. Also, the Department in charge of internal control and the Department of Internal Audit regularly or as necessary, monitor the state of implementation of prior approvals or reporting based on the rules.

(7) A system to ensure the reliability of financial reports

In order to ensure the reliability of financial reports, the Company evaluates, improves and documents in writing the state of the Company's internal control system and the process of business operations based on the principles of the Internal Control Committee and the Board of Directors confirms these activities regularly.

(8) Employees to be assigned if Audit & Supervisory Board Members request staff to assist in their duties

In the event that a request is made by Audit & Supervisory Board Members for the assignment of staff to provide assistance to conduct their audits effectively, the Directors should assign employees after discussing the selection of specific personnel with the Audit & Supervisory Board Members.

(9) Independence of employees in the preceding paragraph from Directors and ensuring effectiveness of instruction by Audit & Supervisory Board Members to such employees

In assignment, evaluation, transfer and disciplinary action of or to employees who assist in the duties of Audit & Supervisory Board Members, the prior consent of the Audit & Supervisory Board Members should be obtained. Instructions by the Audit & Supervisory Board to such employees should not be restricted unreasonably, and such employees must follow the instructions.

(10) A system for Directors, Executive Officers and employees of the Company and Directors, Auditors and employees, etc. of the Company's subsidiaries to report to Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members may attend meetings of the Management Board, the Internal Control Committee and related committees, and may access the minutes, decision records and other documents of important meetings at any time. They may also receive activity reports from the head of each division and subsidiary regularly or as necessary. In addition, Directors, Executive Officers and employees of the Company and Directors, Auditors and employees of subsidiaries, etc. should promptly report to Audit & Supervisory Board Members when any fact

that may potentially cause significant harm to the Company or to its subsidiaries or any fact of a serious violation of laws or the Articles of Incorporation occurred or when those fact were reported. Compliance Committee reports information delivered to Compliance Hotline and Department of Internal Audit reports audit results to Audit & Supervisory Board Members regularly or as necessary. Auditors of subsidiaries share audit results with Audit & Supervisory Board Members of the Company at the Conference of Auditors for Domestic Group Companies held periodically.

(11) A system to ensure that those who made such reports in the preceding paragraph shall not receive any disadvantageous treatment due to his/her submission of the reports  
Directors and employees of Kao Group who made reports to Compliance Hotline or to Audit & Supervisory Board Members, etc. shall not receive any disadvantageous treatment due to his/her submission of the reports and the Company stipulates prohibiting any disadvantageous treatment in Kao Business Conduct Guideline and ensures compliance of this rule.

(12) Policy concerning payment or reimbursement of expenses pertaining to execution of duties by Audit & Supervisory Board Members including advance payment of expenses and reimbursement procedure, etc.

In the event of requests for appropriation to the fiscal year budget for the payment of expenses and other expenditures arising in the execution of the duties of Audit & Supervisory Board Members, a budget is accordingly provided. When expenses provided for in the budget arise, or when the necessity arises for the execution of non-budgeted emergency or additional auditing or other duties and Audit & Supervisory Board Members charge expenses pertaining to execution of their duties or debt disposal, the Company shall promptly accept such requests, except in the cases set forth in Article 388 of the Companies Act.

(13) A system to ensure that audits by Audit & Supervisory Board Members are conducted effectively

In order to conduct efficient and effective audits, Audit & Supervisory Board Members shall maintain close cooperative relationships, including the exchange of information, with the Accounting Auditor, Department of Internal Audit, the departments and committees in charge of internal control, the auditors of subsidiaries, etc., and the departments in charge of internal audits. In addition, Audit & Supervisory Board Members are entitled to hold meetings with Representative Directors, Outside Directors and representative directors of important subsidiaries, independently receive support from outside specialists such as lawyers and certified public accountants when necessary.

(14) Implement of a system to ensure the appropriateness of business operations

The Board of Directors conducts periodic reviews of implement of a system to ensure the appropriateness of Kao Group's business operations, and includes the summary of state of implement in the business report.

## **2. Implementation of Systems to Ensure Appropriate Business Operations**

Based on the "Policy Regarding the Development of the Internal Control System," the Company has established an Internal Control Committee chaired by the Representative Director, President and CEO to set up and properly operate its internal control system. Principal efforts made during this fiscal year, which are considered to be important in terms of internal control, include the following.

### **Efforts Concerning Compliance**

The Compliance Committee, chaired by the Managing Executive Officer responsible for compliance, promotes and facilitates initiatives, involving both domestic and overseas Kao Group companies, such as by improving relevant regulations, including the Kao Business Conduct Guidelines (BCG), which is the code of conduct for implementing the Kao Way, as well as by carrying out educational and awareness activities and setting up and properly operating the Compliance Hotline. The following efforts are made in order to reduce material compliance risks.

- In the event of a compliance violation, the Company has implemented a thorough system to immediately report to the senior management or Audit & Supervisory Board Members. For all reported/consulted incidents, we confirm and assess how these incidents have been addressed, while taking into account the evaluation and suggestions, from a third-party perspective, of an outside attorney who attends the monthly Compliance Committee

Secretariat Meeting as an advisor. For incidents that require special attention, we identify the incidents that could constitute material compliance violations and conduct a root cause analysis. We then implement countermeasures against these incidents in cooperation with the departments in which such potential compliance violations took place in a bid to prevent their recurrence. The Compliance Committee, which is convened quarterly, confirms the status of countermeasures taken by the departments in which the incidents took place or the departments that are principally in charge of the issues involved, to reduce the risk of similar incidents taking place in any other departments.

- The Compliance Hotline is put in place both outside (lawyers) and inside the Company. During the current fiscal year, we received 427 reports and consultations (including inquiries). For all reported and consulted incidents, we conducted fact-finding investigations into the incidents where investigations were requested, and resolved each incident one by one, while implementing necessary measures based on the awareness that there are issues that we should address to maintain a positive workplace climate as the Company. We have also worked to foster an “open corporate climate” that makes it easier for people both inside and outside the Company to voice their opinions, thereby preventing the spread and prolongation of compliance violations.
- In an effort to prevent compliance violations, the Chairperson of the Compliance Committee posted posters conveying the importance of raising one's voice, and the managers of each organization sent out compliance messages to maintain and raise the compliance awareness of each and every one of their employees. Further, a BCG verification test and compliance awareness survey was conducted on all global Kao Group employees (excluding temporary and part-time employees). In addition, the Company provides enlightening information on compliance case studies via the Kao Group's intranet, and in Japan, it builds compliance awareness using posters with a four-panel cartoon printed on them.
- Tasks were identified based on the analysis of evaluation items obtained from the principal external evaluation organizations. The improvement measures for these tasks were added to future activity plans.

Practical examples for FY2024 include: (1) implementing a process to verify, after a certain period of time, whether the measures to prevent the reoccurrence of compliance violations conducted by the department that committed compliance violations and dug into the root cause of such violations have been effective, (2) sharing the information about reported/consulted incidents, communicating the lessons learned from these incidents, and implementing activities to encourage the exchange of opinions among the employees within an organization so they can recognize the differences in opinions with others, (3) creating and putting up posters themed on compliance in multiple languages as an effort to keep all employees informed of compliance information issued by the Company, and (4) continuing to conduct self-evaluation on compliance activities to identify issues and consider measures to be taken to improve the situation in the future.

### **Efforts Concerning Risk and Crisis Management**

By defining risks that have a particularly large impact on management and require enhanced responses as “corporate risks,” we have determined the themes and owners of such risks (those responsible for addressing these themes: Executive Officers) at the Management Board. Specifically, in 2024, the Company worked to strengthen measures against risks, including social issues; geopolitical risks; major earthquakes, natural disasters, and BCP; serious quality issues; cyber-attacks and protection of personal information; reputation risks; and pandemic. With regard to material risks that may hamper the achievement of the Mid-Term Plan “K27,” through the investigation into these risks and interviews with management, we made clear what the material risks for our Global Sharp Top strategy are. Although we have addressed many of these risks, we will address other risks that we have yet to fully respond to as corporate risks for 2025.

On the basis of our response to the 2024 Noto Peninsula Earthquake, we strengthened our support to send relief supplies to the region in cooperation with the Tsunami Response Headquarters, government agencies, and industrial associations. In addition, we promptly responded to the alert about a possible megaquake around the Nankai Trough issued by the Japanese government the other day, as we had been preparing for how to respond to any emergency information.



### Efforts Concerning Subsidiary Management

The executive officers in charge provide guidance on the establishment and operation of the internal control system to subsidiaries in accordance with the segregation of duties.

Overseas subsidiaries are required to internally share information concerning any material risks and the measures to be taken, at the time of management meetings at such subsidiaries. In addition, risks that may be identified by the respective subsidiaries based on instructions given by the Company are reported to the Company's departments that are principally in charge of the matters involved, along with the measures to be taken.

At periodic meetings established based on the businesses and the functions for supporting such businesses, agenda items have been submitted and reports made whenever necessary, based on the criteria for submission of agenda items. In addition, the Company confirmed that proposals and reports have been made in accordance with regulations, etc., by receiving checklists from each department responsible for internal control and by conducting site visits by the Department of Internal Audit.

Regarding important matters of subsidiaries, agenda items were submitted and reports were made from subsidiaries to the Company whenever necessary, in accordance with the Subsidiary Management rules, known as the "Policy Manual," that set forth matters for which the subsidiaries should obtain prior approval from or report to the Company. Based on the Policy Manual, all matters pointed out by the Department of Internal Audit are shared among directors and officers of the relevant subsidiaries, at the time of management meetings at such subsidiaries, along with the measures to be taken and the results thereof and are reported to the Company's departments that are principally in charge of the matters involved.

## 2. Basic Views on Eliminating Anti-Social Forces

The Company has made the following declaration in Kao's Business Conduct Guidelines, as well as stating establishment of system in above Basic Policy Regarding the Internal Control System. The Company has familiarized all employees of Kao Group companies with this policy and posted Kao's Business Conduct Guidelines on the Company's website.

We shall not engage in any activities which are detrimental to society. Furthermore, we shall resolutely resist pressure by any individual, group or organization to support such activities.

- We shall maintain a resolute attitude against activities which are unlawful or contrary to the public welfare.
- We shall not participate in any activities that are illegal or contrary to the public welfare regardless of any competing pressure to do so.
- We shall reject any relationship with groups that act contrary to the public welfare, and shall not yield to any attempt of blackmail or threat. We shall not involve ourselves in any activities or conduct which offends social norms or morality, such as money laundering, offers of illegal interest, etc.

On the basis of provision above, the Company promotes cooperation with governmental agencies etc. and collection and management of information regarding anti-social forces and establishes and maintains its internal system under normal circumstances.

Please see the reference material "Status of Corporate Governance System" in the "Appendices" at the end of this policy.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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The Company has not submitted a proposal for anti-hostile takeover measures to the Annual General Meeting of Shareholders. However, the Company considers the adoption of anti-hostile takeover measures to be a crucial management issue and is giving ongoing consideration to preparations for a hostile takeover with a close attention to the legal system, public trends and other matters.

The Company wants its shareholders to hold its stock for the long term, and therefore believes that it should provide profit to long-term shareholders by raising its corporate value over the long term through vigorous business activities that increase EVA as well as by enhancing shareholder returns through dividends and other measures. The Company believes that by increasing corporate value and enhancing shareholder returns, it will raise its stock price and market capitalization, thus making it difficult to conduct a hostile takeover that is counter to shareholder profit.

The Company believes that concurrently increasing trust in its Management by gaining understanding from all stakeholders of its contributions to society through activities for sustainability and other measures is a major deterrent to hostile takeovers.

In addition, in the event of a tender offer for the Company's stock, the Company will request an explanation of measures for improving the corporate value of the Kao Group from the tender offer or and disclose its own stance to shareholders.

## 2. Other Matters Concerning to Corporate Governance System

### ■Outline of Organization for Timely Disclosure

Internal policies regarding timely disclosure of the Company's information is as follows:

#### 1. Basic Position of Timely Disclosure

To earn the trust and support of society, the Company is committed to timely, accurate and fair disclosure of information to its shareholders, investors and all other stakeholders. The Company strictly adheres to the Japanese Companies Act and the Financial Instruments and Exchange Law and other regulations, as well as the regulations set down by Tokyo Stock Exchange (TSE), Inc., and promptly discloses information in accordance with the Securities Listing Regulations. In addition, the Company proactively discloses information of social relevance pertaining to the Kao Group.

#### 2. Internal System of Timely Disclosure

The Company has established a system which the secretariat of Disclosure Committee consolidates the management of material corporate information including all the decisions, occurrence of material facts and earnings information of the Company and of the Company's subsidiaries. The Disclosure Committee reviews whether certain material corporate information should be disclosed pursuant to the Securities Listing Regulations of TSE in consultation with relevant divisions such as Accounting & Finance, Legal, Public Relations, R&D and Production. If necessary, the Committee decides the contents, time and methods of disclosure after getting an approval of Representative Director and CEO, or if absent, one of the other Representative Directors or Corporate Information Handling Officer registered at TSE.

In principle, Representative Director or its assignees discloses information by TDnet, and press conference and posting of news release if necessary, in accordance with the decision by the Committee. The information registered at TDnet will also be promptly posted on the Kao website. The Public Relations manages the disclosed information.

The system for the secretariat of Disclosure Committee to collect material corporate information is as follows:

##### (1) Decisions by the Company

The secretariat shall be informed of all proposals and reports at the meetings of Management Board and Board of Directors of the Company. All decisions that are required to be disclosed shall always be made at the meetings of Management Board and Board of Directors of the Company. Therefore, the secretariat is aware of all the decisions.

##### (2) Occurrence of Material Fact

Immediately after any of the officers and employees of the Company has the knowledge of occurrence of a material fact or the possibility thereof, he or she is required to inform the secretariat of such information.

##### (3) Earnings Information

Accounting and Finance Division prepares earnings information of the Company, which is

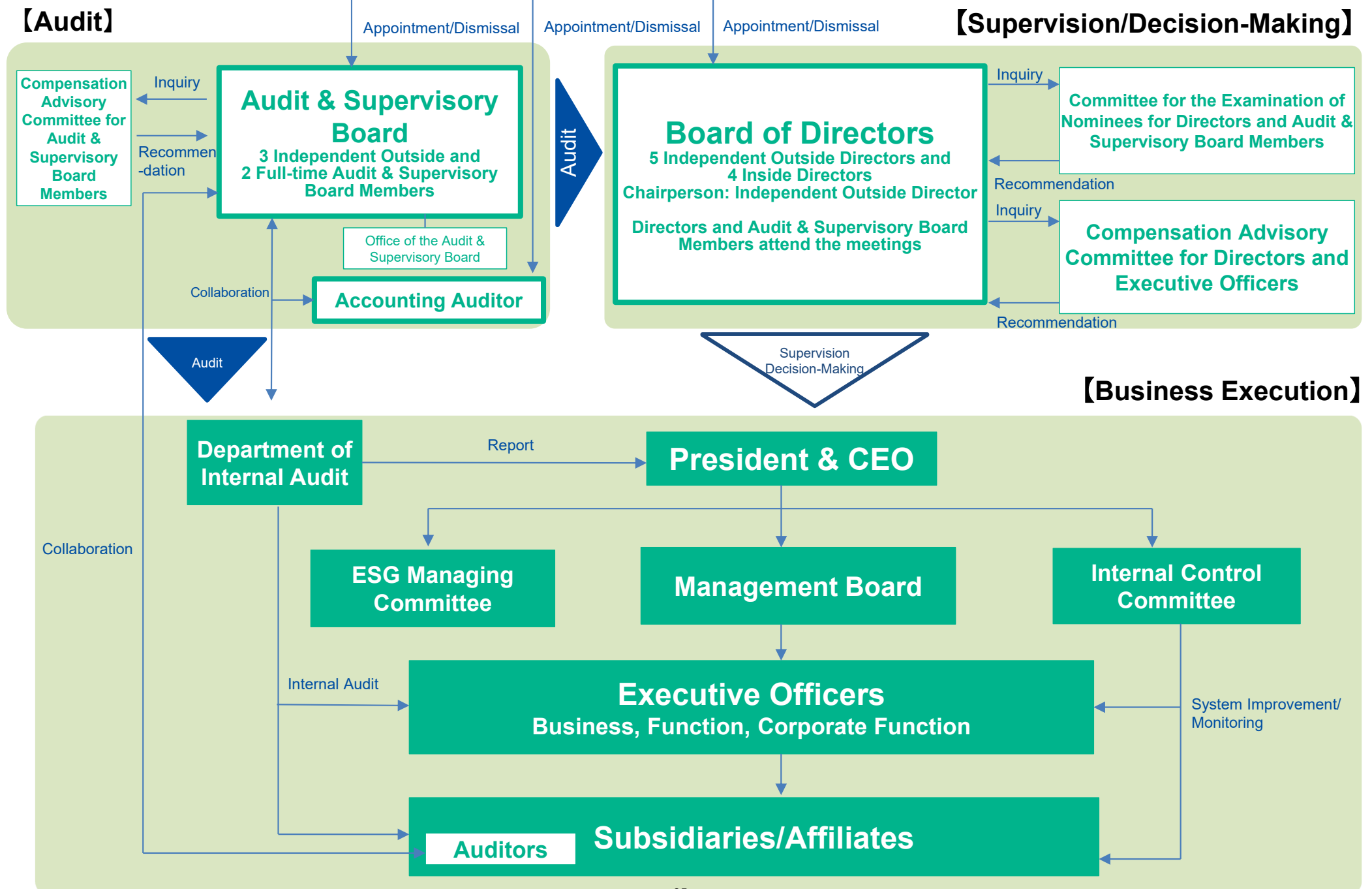
concurrently audited by the Accounting Auditor of the Company. Management Board and Board of Directors of the Company deliberate earnings information and its main items with analytic data before disclosure thereof.

Burden of the end of term audit by Accounting Auditor is reduced by conducting interim audits, which enables the Company to accurately and timely disclose earnings information.

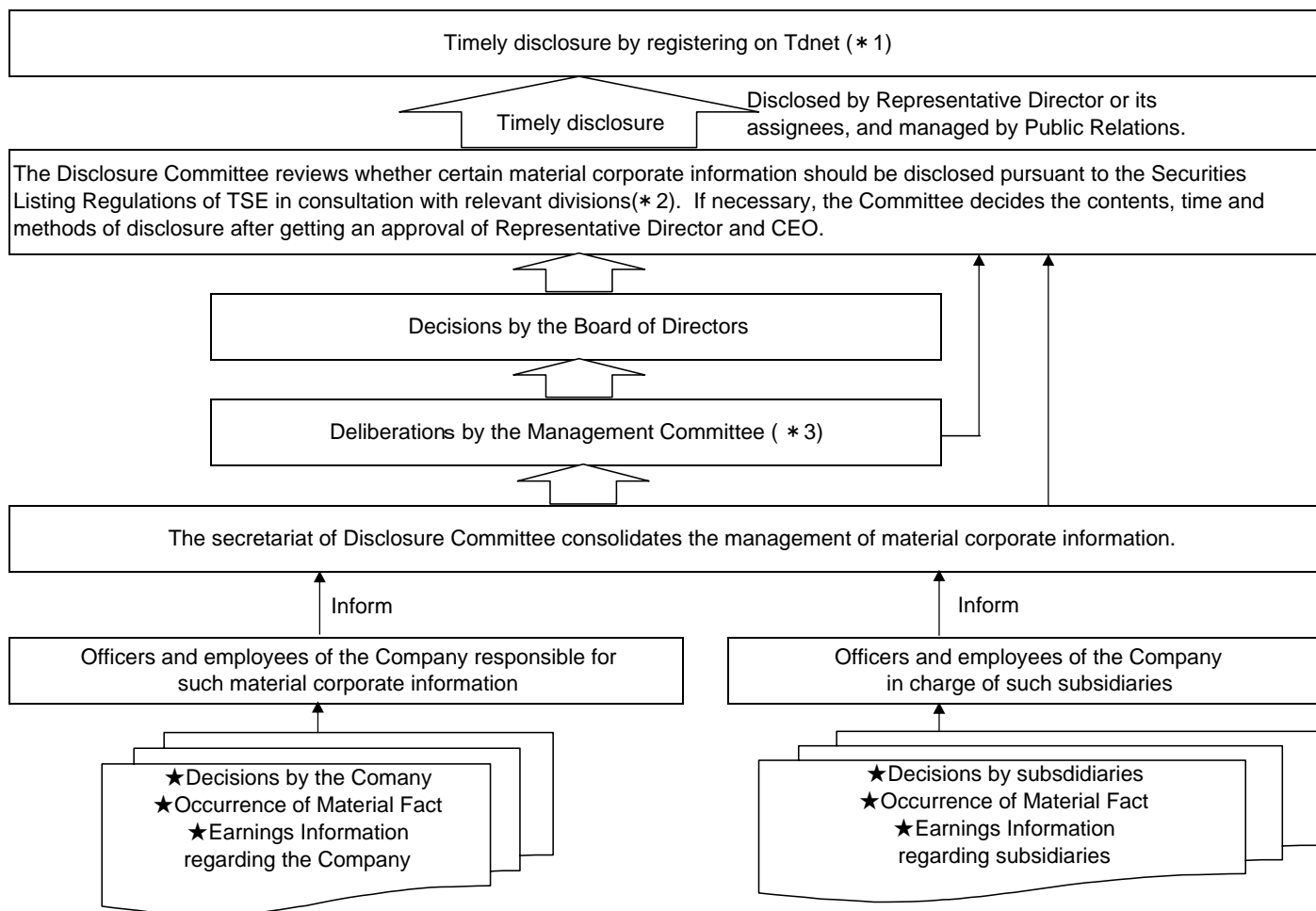
(4) Information regarding Subsidiaries

Immediately after any of the officers and employees of the Company in charge of subsidiaries has the knowledge of occurrence of a material fact or the possibility thereof regarding subsidiaries for which he or she is responsible, he or she is required to inform the secretariat of such information.

## Shareholders Meeting



## Chart regarding Timely Disclosure



\* 1: Disclosure by press conference and posting of news release, if necessary, in addition to registering at TDnet and posting on the Kao website.

\* 2: Relevant divisions consulted by Disclosure Committee are Accounting & Finance, Legal, Public Relations, R&D and Production etc.

\* 3: The Management Committee is a board which deliberates the most important issues other than the Board of Directors.

*The Disclosure based on the principles of the Corporate Governance Code other than those described in the Kao Corporate Governance Policy (hereinafter referred to as the "Policy") are as follows.*

*The Policy is available on the Company's website.*

*[www.kao.com/global/en/corporate/policies/corporate-governance/](http://www.kao.com/global/en/corporate/policies/corporate-governance/)*

## **Disclosure Based on the Principles of the Corporate Governance Code**

### **[Principle 1.4] Cross-Shareholdings\***

Based on the policy described in “Policy 5.1.3 Cross-Shareholdings,” the rationality of continuing to hold cross-shareholdings and the review of the number of shares resulted in 41 strategic stockholdings as of the end of December 2024 (the total amount on the balance sheet increased from ¥6,668 million to ¥7,454 million). Of these, for listed stocks, one was all sold in 2024. Regarding unlisted stocks, the Company acquired one new stock and one was all sold in 2024. Prior to the corporate governance code became effective in 2015, the Company held 83 issues (¥9,384 million) as of December 31, 2014.

All voting rights at annual general meetings of shareholders held during 2024 by companies in which the Company holds shares were used to approve proposals, because there were no proposals that raised concerns of damage to the corporate value of the relevant company.

*\*Cross-Shareholdings: There are cases where listed companies hold the shares of other listed companies for reasons other than pure investment purposes, for example, to strengthen business relationships. Cross-shareholdings here include not only mutual shareholdings but also unilateral ones.*

### **[Principle 1.7] Related Party Transactions**

In addition to the items listed in “Policy 5.1.4 Related Party Transactions,” to obligate Directors, Audit & Supervisory Board Members, Executive Officers and employees of the Kao Group to act with priority on the interests of the Kao Group, the Company has established the “Kao Guidelines on Preventing Conflicts of Interest” after their approval by the Board of Directors. Because the Company has no major shareholders who hold 10% of more of its stock, the Kao Group has not established procedures for approval of transactions with major shareholders.

### **[Supplementary Principle 2.4.1] Measures to Promote Diversity**

The Company's approach to ensuring diversity and its efforts to promote it, as well as its human resources development policy to ensure diversity, are described in “Policy 5.3.2 Promotion of Women, Non-Japanese and Mid-career Employees” and “III Implementation of Measures for Shareholders and Other Stakeholders 3. Measures to Ensure Due Respect for Stakeholders (Other, Measures to Promote Diversity).”

### **[Principle 2.6] Roles of Corporate Pension Funds as Asset Owners**

As described in “Policy 5.6 Roles of Corporate Pension Funds as Asset Owners.”

### **[Principle 3.1(i)] Corporate Philosophy, Mid-term Business Plan**

#### **• Corporate Philosophy**

“The Kao Way” has been prescribed as a corporate philosophy which constitutes the foundation of the business activities of the Kao Group.

#### **(1) Mission**

As one, we create a Kirei life for all – providing care and enrichment for the life of all people and the planet

As one Kao, we work together with passion to provide comprehensive care and enrichment to create a Kirei life – a cleaner, more beautiful, and healthier life for all people and the planet. Through innovation that provides excellent value, we share joy and create a safer, more harmonious world for all.

The Japanese word kirei describes something that is clean, well-ordered, and beautiful all at once. For Kao, this concept of Kirei not only describes appearance but also attitude—a desire to create beauty for oneself, for other people, and for the natural world around us. At Kao, Kirei is the value we want to bring to everyday life through our brands, products, technologies, solutions, and services—now and in the future.

(2) Vision

To be closest to the individual and beyond their expectation

By deeply knowing and understanding our world and its people, we aim to improve people's lives beyond their expectations for a future where humans and nature thrive together.

(3) Values

- 1) Integrity as the only choice
- 2) *Yoki-Monozukuri* in plan & action
- 3) Innovation for today & tomorrow

(4) Principles

- 1) We care for people & the planet
- 2) We think from the *Genba*
- 3) We trust, respect, and need each other
- 4) We act with courage

(For further details regarding “The Kao Way,” please see [www.kao.com/global/en/corporate/purpose/kaoway/](http://www.kao.com/global/en/corporate/purpose/kaoway/))

• **Mid-term Business Plan**

On August 3, 2023, the Company formulated and announced K27, which revised the Kao Group Medium-Term Management Plan (K25). The management policy set in "K25" remains unchanged, but the specific growth axis has been clarified.

Thus far, the Kao Group has developed its business for nearly 130 years, mainly in the areas of cleanliness, beauty, and health, according to the changes of the times. Today, faced with compelling social issues such as the global pandemic and global environmental issues, the responsibilities and roles of companies are undergoing significant changes. For the future, the Kao Group will take on new challenges with the aim of establishing an economy where all of the following are realized: the wholehearted satisfaction and enrichment of the lives of people globally and the sustainability of the world.

As part of this effort, we will aim to create a new business that is not an extension of a conventional business, but instead is in the new area of “Save lives, protect people.” This challenge involves starting an “Another Kao” business that contributes to solving people's urgent problems by making the most of our core technology that we have not to date been able to use fully.

By contributing to an “enriched sustainable world” and growing the businesses of the company through proactive engagement in ESG activities and investment, the Kao Group will aim to be an essential company in a future world.

Outline of Kao Group Mid-term Plan K27

- Vision
  - Protecting future lives
  - Sustainability as the only path
- Concept
  - Kirei—Making Life Beautiful
- K27 Basic Policy
  - 1. Become an essential company in a sustainable world
  - 2. Transform to build robust business through investment
  - 3. Maximize the power and potential of employees

Introduce ROIC company-wide, decisively implement structural reforms and aim to be a company that sustains “Global Sharp Top\*” businesses.

\*Global sharp Top: Contributes as global No.1 with leading-edge solutions that address the critical needs of customers.

Target of Kao Group Mid-term Plan K27

- ROIC: 11.0% or more
- EVA: 70.0 billion yen or more
- Operating Income: Record-high operating income (FY2019 211.7 billion yen)
- Sales outside Japan\*: 800.0 billion yen or more

\* Sales outside Japan are based on the location where the sales were recognized.

(For further details, please see [www.kao.com/global/en/corporate/strategy-and-mid-term-plan/](http://www.kao.com/global/en/corporate/strategy-and-mid-term-plan/))

### **[Principle 3.1(ii)] Basic Views on Corporate Governance**

As described in “Policy 1 Basic Views on Corporate Governance.”

### **[Principle 3.1(iii)] Directors' Remuneration**

The policy and process for determining executive compensation are described in "Policy 4.1 Policy and 4.2 Decision Process."

For further information, please see “Disclosure of Policy on Determining Amounts and Calculation Methods, II. Business Management Organization and Other Corporate Governance System regarding Decision-making, Execution of Business, and Oversight in Management.”

### **Compensation Advisory Committee for Directors and Executive Officers**

The status of attendance, and specific agenda items are as follows.

	Title	Name	Attendance Rate
Chairperson <sup>*1</sup>	Outside Director	Osamu Shinobe	100% (7 out of 7 meetings)
Member	Outside Director	Eriko Sakurai	100% (7 out of 7 meetings)
Member	Outside Director	Takaaki Nishii	100% (7 out of 7 meetings)
Member	Outside Director	Makoto Takashima	100% (4 out of 4 meetings) <sup>*2</sup>
Member	Representative Director	Yoshihiro Hasebe	100% (7 out of 7 meetings)

<sup>\*1</sup> Due to the resignation of Outside Director Nobuhide Hayashi, the chairperson of the Compensation Advisory Committee for Directors and Executive Officers has been replaced by Outside Director Osamu Shinobe as of August 7, 2024.

<sup>\*2</sup> During FY2024, seven meetings of the Compensation Advisory Committee for Directors and Executive Officers were held. After Mr. Makoto Takashima took office as Outside Director, four meetings of the Committee were held. At the close of our Annual General Meeting of Shareholders held on March 22, 2024, Mr. Nobuhide Hayashi and Ms. Chiaki Mukai, who resigned, held three meetings until their retirement, and they attended three meetings.

Major topics discussed by Committee members:

For the FY2024, based on the inquiry from the Board of Directors, the Compensation Advisory Committee for Directors and Executive Officers deliberated on the STI payout rate for the FY2023, the proposal for the performance-linked stock compensation plan "K27" (hereinafter referred to as the "K27 Stock Compensation Plan") submitted to the 118th Annual General Meeting of Shareholders in March 2024, the levels of remuneration for inside directors and executive officers, the appropriateness of the maximum annual amount of remuneration for directors, the evaluation method for the K27 stock compensation, partial revisions to the Rule of Compensation for Directors and Executive Officers and the Share Incentive Plan Rules.

Regarding the K27 Stock Compensation Plan, discussions were centered on ESG activities evaluation indicators and top management activities evaluation indicators to evaluate in a more quantitative and objective manner aiming to achieve the management goals and enhance corporate value of "K27". Additionally, for executive remuneration for FY2025, after confirming market levels, the committee decided on the content of the recommendations to the Board of Directors.

In January 2025, the Company received proposals from a shareholder regarding the remuneration of directors. Based on inquiry from the Board of Directors, the committee scrutinized and deliberated on the three remuneration-related proposals in the shareholder proposals (revision of compensation for outside directors, grant of restricted stock units for outside directors, and approval of the equity compensation plan for directors excluding outside directors). After careful consideration, the committee concluded that there is currently no need to introduce any of these proposals and submitted our recommendations to the Board of Directors accordingly.

## Compensation Advisory Committee for Audit & Supervisory Board

Described in "Policy 2.2.3 Compensation Advisory Committee for Audit & Supervisory Board."

The status of attendance, and specific agenda items are as follows.

	Title	Name	Attendance Rate
Chairperson	Outside Audit & Supervisory Board Member	Hideki Amano	100% (1 out of 1 meetings)
Member	Outside Audit & Supervisory Board Member	Nobuhiro Oka	100% (1 out of 1 meetings)
Member	Outside Audit & Supervisory Board Member	Saeko Arai	—*
Member	Outside Director	Osamu Shinobe	100% (1 out of 1 meetings)
Member	Representative Director	Yoshihiro Hasebe	100% (1 out of 1 meetings)

\* During FY2024, one meeting of the Compensation Advisory Committee for Audit & Supervisory Board was held and once before the retirement of Outside Audit & Supervisory Board Member Mr. Takahiro Nakazawa and has not met since the appointment of Outside Audit & Supervisory Board Member Ms. Saeko Arai.

Major topics discussed by Committee members:

In FY2024, in response to a request for consultation from the Audit & Supervisory Board, the Committee deliberated on the revision to the amount of compensation, etc. for Audit & Supervisory Board Members, which was submitted to the 118th Annual General Meeting of Shareholders for approval. For the Company to enable its Audit & Supervisory Board Members to fulfill their increasing responsibilities and carry out the level of auditing activities expected of them, it needs to secure diverse human capital with professional expertise and broader perspectives and consider increasing their number. For this reason, the Committee discussed the possibility of revising upward their compensation from 120 million yen or less a year to 180 million yen or less a year. The Committee also confirmed the market level of their compensation, etc., and, as a result, has decided on the content of the report to the Audit & Supervisory Board.

- Compensation amount for Audit & Supervisory Board Members for the FY2024.

### [Principle 3.1(iv)] Policy on Nomination of Director and Audit & Supervisory Board Member Candidates and Senior Management and Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management

#### •Nomination Policy

It is described in “Policy 3.2 Composition of the Board of Directors” and “3.7 Structure of the Audit & Supervisory Board and Execution System.”

Furthermore, Senior Management are nominated with emphasis on their understanding of the business environment and of the status of the Kao Group’s businesses and management in order to deal with such environment necessary to plan the business strategies, and on their experience and ability to display strong leadership in quickly and properly executing the business strategies set by the Board of Directors.

#### •Nomination Procedure

It is described in “Policy 3.3 Appointment and Term of Office of Directors” and “3.8 Appointment and Term of Office of Audit & Supervisory Board Members.”

The frequency of meetings of the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members in FY2024, the status of attendance, and specific agenda items are as follows.

	Title	Name	Attendance Rate
Chairperson	Outside Director	Eriko Sakurai	100% (5 out of 5 meetings)
Member	Outside Director	Osamu Shinobe	100% (5 out of 5 meetings)
Member	Outside Director	Takaaki Nishii	100% (5 out of 5 meetings)
Member	Outside Director	Makoto Takashima	100% (5 out of 5 meetings)



Member	Outside Audit & Supervisory Board Member	Nobuhiro Oka	100% (5 out of 5 meetings)
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Furthermore, with the appointment by the Chairperson, President and CEO attends the meeting to contribute by submitting necessary and sufficient documents for an examination (including a summary of the new management structure, incorporating a classification of duties of the Directors and Executive Officers, in addition to materials related to the subjects of the examination) to each member of the Committee and work to enhance the examination by making arrangements such as creating opportunities for nominees and the Committee members to meet beforehand.

Major topics discussed by Committee members:

In FY2024, upon the inquiry of the Board of Directors, the committee deliberated on the composition of the Board, the elements required for director candidates, the skill matrix, the next Director and Audit & Supervisory Board member candidates, the CEO succession plan, and the director candidates proposed by shareholders. The committee then submitted our recommendations to the Board of Directors.

Regarding the composition of the Board, it was discussed that the Company should remain similar in size to ensure efficient decision-making and substantive discussions while ensuring diversity. The committee also considered diverse talents with high expertise and sufficient management experience and discussed to achieve the goal of having a 30% female ratio on the Board. Additionally, it was concluded that this year the Board should particularly strengthen brand strategy, including corporate branding and marketing, as a skill. Based on this approach, the committee conducted a rigorous review of Director and Audit & Supervisory Board member candidates, including document checks and interviews, and submitted the review results to the Board of Directors.

Regarding the CEO succession plan, a list of multiple successor candidates, including emergency successors, was presented based on the talent requirements. the committee discussed development plans such as tough assignments and areas of knowledge to be strengthened, as well as the future process and points of contact between candidates and the Board of Directors.

Furthermore, the Company received proposals from shareholders for Outside Director candidates. Following the inquiry from the Board of Directors, the committee conducted a rigorous review, including document checks and interviews, in accordance with the appropriate process. As a result, the committee concluded that none of the candidates possessed the experience, expertise, engagement expected of an Outside Director, and therefore, the committee did not recommend them as Outside Director candidates. The committee reported this conclusion to the Board of Directors.

Further, the procedure for determining the dismissal of Directors and Audit & Supervisory Board Members is in accordance with the Companies Act. In case that the CEO, Directors and Audit & Supervisory Board Members should be dismissed, the Committee would be convened timely and conduct deliberations. Then, it would report to the Board of Directors for further deliberations and resolutions.

With regard to Senior Management, the titles and responsibilities of all nominees of Executive Officers are reported to the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and decisions are subsequently made by the Board of Directors. In case that Senior Management should be dismissed, the Board of Directors conducts deliberations in a timely manner.

**[Principle 3.1(v)] Explanations with Respect to Individual Nominations and Appointments of Directors, Audit & Supervisory Board Members and Senior Management [Updated]**

The Company states the reasons for the election of candidates for all candidates for Directors and Audit & Supervisory Board Members in the Notice of Convocation of the annual general meeting of shareholders. The following are the reasons for the election of nine (9) Directors and two (2) Audit & Supervisory Board Member elected at the 119th Annual General Meeting of Shareholders held on March 21, 2025. In addition, the reasons for the appointment of other four (3) Audit & Supervisory Board Members are described below.

As of March 21, 2025

Position	Name	Age	Gender	The reasons for the election of candidates
Directors	Yoshihiro Hasebe	64	M	<p>Mr. Hasebe has been integral to driving Kao's "Yoki-Monozukuri" philosophy to deliver innovative products that contribute to a harmonious and prosperous world through a focus on research and development. He has also served as the head of the Strategic Innovative Technology office, leading strategic digital transformation initiatives. Since assuming the role of President and CEO in January 2021, he has actively pursued initiatives beyond conventional business models, leveraging digital technologies, maximizing employee engagement, and enhancing operational productivity to establish Kao as a company that is "Protecting Future Lives." In 2023, he was instrumental in the formulation and launch of the K27 mid-term management plan which included the implementation of structural reforms aiming to establish Global Sharp Top businesses. Since then, he has been vigorously driving the Global Sharp Top Strategy in both talent and business domains, ensuring steady progress on K27 to enhance corporate value. We have determined that Mr. Hasebe's leadership, along with his extensive experience and expertise, will further contribute to enhancing Kao Group's corporate value.</p>
	Masakazu Negoro	65	M	<p>Mr. Negoro has for many years been involved in the Chemical Business, which comprises the two key pillars of the Kao Group together with the Consumer Products Business, and has contributed to the global expansion of the Chemical Business. He also has experience managing Kao's overseas subsidiaries in the chemicals sector.</p> <p>In January 2019, he was appointed Head of the Procurement Division, where he promoted initiatives to ensure traceability across the entire supply chain in collaboration with business partners, in accordance with Kao's Policies for Procurement. His efforts also focused on addressing social issues such as resource conservation, environmental protection, safety, and human rights.</p> <p>Additionally, as an executive officer in charge of finance and accounting, he engaged in constructive dialogue with stakeholders through earnings conference and other communications. Since 2023, he has led the introduction of business-specific ROIC (Return on Invested Capital) to enhance portfolio management and advance Kao's Economic Value Added (EVA) approach. He has also driven structural reforms essential for achieving K27, contributing to sustainable profit expansion through global growth and operational improvements.</p> <p>We are confident that Mr. Negoro's experience and expertise will contribute to Kao Group's corporate value by strengthening the Board's strategic planning, decision-making, and oversight.</p>

	Toru Nishiguchi	63	M	<p>Mr. Nishiguchi has been at the forefront of Kao's "Yoki-Monozukuri" philosophy for many years, leading product development—the core function of innovation—and marketing to effectively communicate the essential value of products to consumers.</p> <p>More recently, he has overseen Kao's Consumer Products Business, gaining deep insights into global competitive dynamics, evolving consumer and partner expectations, stakeholder demands, and the company's strengths and challenges. He also has extensive global management experience, including leadership of key subsidiaries across Asia, particularly in China.</p> <p>Since 2023, as Responsible of the Consumer Products, he has been driving the swift and decisive development of Kao's Global Sharp Top business. He has spearheaded structural reforms in the baby diaper segment, improved profitability in the sanitary products business, and accelerated research and development and marketing through digital transformation (DX). Notably, in the hair care segment, he successfully led Kao's rapid entry into Japan's premium market, demonstrating strong results.</p> <p>We are confident that Mr. Nishiguchi's experience and expertise will contribute to Kao Group's corporate value by strengthening the Board's strategic planning, decision-making, and oversight.</p>
	Lisa MacCallum	52	F	<p>Ms. MacCallum has extensive experience leading business transformation and brand repositioning at a major global sportswear company. She also has a strong background as an advisor on brand purpose, strategy, communications and ESG.</p> <p>Since July 2019, she has served as a member of Kao's ESG External Advisory Board, and since September 2021, she has been an Executive Fellow, providing guidance on Kao Group's ESG initiatives and communications from a global and multi-stakeholder perspective. She has a deep understanding of Kao's business, competitive advantages and organizational culture.</p> <p>Leveraging her extensive experience and expertise, we believe Ms. MacCallum will further strengthen Kao Group's global integration of sustainability and business, as well as enhance its marketing, corporate branding, and brand strategy.</p>
	Osamu Shinobe (Outside and Independent)	72	M	<p>Mr. Shinobe has extensive experience and deep insight in global corporate management and risk management, having served as an executive at an airline that actively operates both passenger and cargo businesses worldwide.</p> <p>During Board discussions, he has actively contributed by providing insights and recommendations on key management issues for Kao Group. Since March 2022, he has served as Chairperson of the Board, demonstrating strong</p>

				<p>leadership in enhancing the effectiveness of the Board and contributing to the company's corporate value. Additionally, since March 2024, he has chaired the Compensation Advisory Committee for Directors and Executive Officers, playing a key role in ensuring transparency and fairness in executive compensation discussions.</p> <p>Given his extensive experience and expertise, we expect him to continue overseeing Kao Group's management as an independent outside director. He was reappointed as Chairperson of the Board and Chairperson of the Compensation Advisory Committee after the General Meeting of Shareholders.</p>
	Eriko Sakurai (Outside and Independent)	64	F	<p>Ms. Sakurai has extensive experience in corporate management, having served for many years at the Japanese subsidiary of a U.S.-based chemical manufacturer with a global presence. She has also held outside director positions at multiple major manufacturers and financial institutions, contributing to governance oversight at global companies. With her background in the chemical industry, she possesses deep insights into Kao Group's chemical business, which operates alongside its consumer products business. She has actively contributed to Board discussions by providing valuable input from this perspective. Additionally, she has offered strategic guidance on compensation, talent development, and human resources management based on her experience in formulating and executing HR strategies in global business environments.</p> <p>Since March 2024, she has served as Chairperson of the Committee for Examination of Nominees for Directors and Audit &amp; Supervisory Board Members, overseeing discussions on Board composition, the skills required for directors to achieve K27, candidate selection, and succession planning. Given her extensive experience and deep expertise, we expect her to continue supervising Kao Group's management as an independent outside director. At the meeting of the Board of Directors following the General Meeting of Shareholders held on March 21, 2025, in addition to continuing to serve as she was newly appointed as Chairperson of the Committee for the Examination of the Nominees for Directors and Audit &amp; Supervisory Board Members.</p>
	Takaaki Nishii (Outside and Independent)	65	M	<p>Mr. Nishii has a long history of corporate management in a globally operating food manufacturer, where he demonstrated strong leadership in driving corporate cultural transformation and enhancing sustainable corporate value through ROIC-based management. At Kao's Board meetings, he has consistently provided insights and recommendations from a capital efficiency perspective, which has contributed to embedding ROIC principles within the company.</p>

				<p>Additionally, with his extensive experience in key HR and overseas subsidiary leadership roles in the food industry, he has provided valuable insights on talent strategy and international business operations, actively contributing to Board discussions.</p> <p>Furthermore, based on his experience implementing effective governance reforms, he has offered guidance on optimizing Board oversight.</p> <p>Given his wealth of experience and strong expertise, we expect him to continue supervising Kao Group's management as an independent outside director.</p>
	Makoto Takashima (Outside and Independent)	66	M	<p>Mr. Takashima has extensive experience in global corporate management, having worked in international operations and corporate planning at a major global financial institution for many years. He later served as an executive in a rapidly evolving global financial industry, demonstrating strong leadership in adapting to change.</p> <p>At Kao's Board meetings, he has actively contributed by providing insights and recommendations on key areas such as Investor Relations (IR), Shareholder Relations (SR), and global partnerships.</p> <p>Leveraging his vast experience and deep expertise, we expect him to continue overseeing Kao Group's management as an independent outside director.</p>
	Sarah L. Casanova (Outside and Independent)	59	F	<p>Ms. Casanova has extensive experience in marketing across multiple countries, including Japan, at a major global restaurant chain. With extensive experience as an executive and regional leader in various country subsidiaries, she demonstrated exceptional management skills as the CEO of the Japanese company from 2013 to 2019, executing growth strategies which led to significant business performance improvements. She also has experience engaging with capital markets as the executive of a publicly listed company.</p> <p>Given her extensive experience and expertise, our strong view is that Ms. Casanova will provide valuable oversight as an independent outside director, particularly for Kao Group's global growth strategies, brand strategy, and marketing initiatives.</p>

Position	Name	Age	Gender	The reasons for the election of candidates
Audit & Supervisory Board Members	Yasushi Wada	65	M	Mr. Wada has held important positions in the departments responsible for process engineering and product quality management at the Company, and has a deep understanding and extensive knowledge of production sites. He also has experience pursuing “Yoki-Monozukuri” and quality at a high level. In addition, he has a global perspective gained from extensive experience in operations related to production outside Japan. Having served as the officer in charge of legal affairs and Chairperson of the Compliance Committee, he also has knowledge of legal affairs and risk management. The Company has determined that he will be able to use these experience and knowledge in the auditing of the Group. (117 <sup>th</sup> Annual General Meeting of Shareholders)
	Mami Murata	59	F	Ms. Murata has held key positions in the Consumer Products Business Division for many years, serving as a brand manager and leading marketing and media strategy development. Through these roles, she has gained extensive experience in brand strategy formulation and value communication, as well as a deep understanding of Kao Group’s business operations and organizational management. Additionally, she has overseen Kao’s PR strategy division, strategically managing corporate communications. She has also served as a committee member for Kao’s internal compliance, risk and crisis management, and information disclosure committees, as well as an executive director of the Kao Foundation for Arts and Sciences. Through these roles, she has acquired extensive knowledge in environmental and social issues, as well as risk and crisis management. Given her expertise and experience, our strong view is that Ms. Murata will contribute to Kao Group’s audit functions.
	Nobuhiro Oka (Outside and Independent)	61	M	Mr. Oka, in his career as an attorney and a university professor, has obtained considerable professional expertise and experience in relation to corporate legal affairs and corporate governance. Having served as an audit & supervisory board member of principal subsidiary of the Company since 2014, he also has expertise in relation to the business of the Kao Group. He has served as an Audit & Supervisory Board Member of the Company since March 2018, conducting effective audits from a professional perspective including group governance. In view of these facts, the Company has determined that it would be most suitable if Mr. Oka were to continue auditing as an Independent Outside Audit & Supervisory Board Member. (116 <sup>th</sup> Annual General Meeting of Shareholders)
	Saeko Arai (Outside and Independent)	61	F	Ms. Arai has served as an outside director and outside audit & supervisory board member for several companies, leveraging her extensive

				knowledge of accounting and finance as a certified public accountant to support corporate management such as establishing internal control systems. In addition to management experience as CFO of a venture company, she also has extensive international experience, including serving as a representative of a U.S. corporation. The Company has determined that she will be able to use these experience and knowledge in the auditing of the Group. (118 <sup>th</sup> Annual General Meeting of Shareholders)
	Junya Naito (Outside and Independent)	61	M	Mr. Naito is a licensed attorney in both Japan and the state of New York, with extensive knowledge and experience in corporate law, commercial law, international business transactions, international arbitration, and cross-border disputes. He has also served as an outside auditor or audit committee member for multiple companies, gaining substantial experience in auditing practices. Given his expertise, we are confident Mr. Naito will contribute effectively to Kao Group's audit functions, and therefore, we are nominating him as an Outside Audit & Supervisory Board Member candidate. Although he has never been directly involved in company management, the Company considers, based on the above reasons, that Mr. Naito properly perform his duties as an Outside Audit & Supervisory Board Member.

**[Supplementary Principle 3.1.3] Initiatives on Sustainability, and Information on Investments in Human Capital and Intellectual Properties [Updated]**

**(1) Initiatives on Sustainability**

By integrating ESG into the core of its company management, the Company drives business growth and better serve consumers and society through its enhanced products and services. Recognizing its responsibility as an enterprise that provides products which people use on a regular basis in their daily lives, the Kao Group takes active steps to reduce the environmental footprint of its products throughout the entirety of the product lifecycle.

In July 2018, the ESG division was newly established. Also, the Sustainability Committee renamed the ESG Committee and had promoted global initiatives. In April 2019, the Company launched the Kirei Lifestyle Plan, its ESG strategy, which incorporates 19 key leadership actions. In June 2021, the ESG Committee was re-established as an ESG Managing Committee to enhance the speed of ESG activities, and in addition to formulating policies and strategies related to ESG activities, the Company also added the role of approving ESG-related investments.

\*Kirei is a Japanese word that represents the concept of cleanliness, beauty, health, purity and fairness. For information on Kao Group's sustainability, please see the following website:

Sustainability: [www.kao.com/global/en/sustainability/](http://www.kao.com/global/en/sustainability/)

Kao Sustainability Report: [www.kao.com/global/en/sustainability/pdf/](http://www.kao.com/global/en/sustainability/pdf/)

In addition, Kao Sustainability Report has been compiled with reference to the recommendations for disclosure given by the Task Force on Climate-related Financial Disclosures (TCFD).

Furthermore, in April 2022, the Company established the ESG Steering Committee in conjunction with the ESG Committee to ensure and promptly implement ESG initiatives. The topics of these issues are decarbonization, plastic packaging, human rights and DEI and chemical stewardship.

GRI/UNGP Index: [www.kao.com/global/en/sustainability/pdf/research-index/](http://www.kao.com/global/en/sustainability/pdf/research-index/)

**(2) Information on Investments in Human Capital**

Maximizing the vitality of "human resources," which is Kao's greatest strength and asset, is an important theme that supports the "Global Sharp Top Strategy" aimed at achieving the mid-term plan "K27." By providing equal opportunities to diverse human resources and fully leveraging the abilities of all employees, The company aims

to create an environment and culture where both individuals and the company can grow together. Based on this policy, the company is advancing investments in more proactive and aggressive human resources, with a focus on dialogue.

Starting in 2023, the Company implemented the "DX Adventure Program" to expand the base of digital transformation (DX) talent across all companies and departments within the Kao Group. This initiative aims to accelerate the creation of new value and the transformation of business processes. By 2024, we expect approximately 14,000 employees (about 52% of workforce in Japan) to complete the beginner program, and around 9,000 employees (about 33% of workforce in Japan) to finish the intermediate program, with a global rollout also commencing.

Kao Group (global consolidated) education and training expenses per employee in FY 2024 were 48 thousand yen (130% year on year) and 18.54 hours (132% year on year).

### (3) Information on Investments in Intellectual Properties

The Company has been creating innovations that change lives by combining discoveries and inventions obtained through Essential Research that identifies phenomena and objects with the eyes of science with the needs of consumers, and converting them into product design and value information. The expectations and trust of consumers cultivated through this is the foundation of our strong brand power, which is widely recognized in the world. In addition, to “make a company with a global presence, valuable to society,” the Company is keeping an eye on issues that arise not only in Japan but also on a global scale, and established management strategies to meet the expectations of consumers around the world. To promote research and development in line with this management strategies, the Company believes that it is essential to invest in human resources and activity costs in the Research and Development Department and intellectual property acquisition, which is the result of research and development activities, and the Company is actively implementing such investment. Among these, investment in intellectual property is the securing of patents, design rights, trademarks, and other "intellectual property" such as inventions resulting from research and development, new business models, and the creation of new businesses, as well as naming, etc. conceived as symbols of brands, etc., to promote business activities to realize high profitability, and to promote the diffusion of technologies for the public good by opening them up to the public. The Company is also working to promote the diffusion of technologies for the public good by opening them up to the public.

The Intellectual Property Department plays a key role by strategically applying for, acquiring and exercising rights relating to patents and technology-based designs, which are indicators of key company values from the perspective of technology development capability, in a broad range of fields. For designs and trademarks based on designs, the Brand Legal Department collaborates closely with business divisions to file applications, obtain rights and enforce rights while taking cost-effectiveness into consideration. Research and development expenses and the number of patents and trademarks held are listed on the website below.

Kao by the Numbers: [www.kao.com/global/en/corporate/](http://www.kao.com/global/en/corporate/)

Recently, the Company has been pursuing measures against counterfeit products in Asia and other regions. The Intellectual Property Department and the Brand Legal Department work together to optimize Kao Group's overall intellectual property portfolio and reduce the risks associated with intellectual property.

### [Principle 4.1] Roles and Responsibilities of the Board (1)

In order to properly carry out the formulation of the business strategies including the improvement of profitability and capital efficiency, their execution, and the supervision and audit of execution, it is extremely important to place persons with the diverse experience and knowledge, high level of expertise and insight necessary for these purposes in a well-balanced fashion as the Directors and Audit & Supervisory Board Members who attend the Board of Directors meetings and as the Management that lead execution. By doing so, the Company believes it can raise the level of management by enabling each to properly fulfill their respective roles and duties as follows:

- 1) The members of Management, who have diverse experience and knowledge regarding the operation of each of the Kao Group's businesses and divisions, conduct discussions based on their understanding of the business environment in which the Company operates and the strengths and issues of the Kao Group to create proposals for the business strategies. In the event that consideration from more diverse perspectives, including evaluation of risks, is appropriate when planning and otherwise dealing with business strategies, the members of Management strive to utilize external experts.
- 2) Inside Directors and Full-time Audit & Supervisory Board Members who are familiar with the status of the



Kao Group's management and businesses, its strengths and issues, and other matters, and Outside Directors and Outside Audit & Supervisory Board Members with diverse experience and knowledge of business and other areas, a high level of expertise and insight, and a neutral, objective perspective deliberate from their diverse perspectives, including evaluating risks, at Board of Directors meetings and make decisions on proposed business strategies submitted by the Management.

- 3) The members of Management quickly and properly execute the business strategies utilizing their respective diverse experience and knowledge.
- 4) Each year, the members of Management ascertain changes in the business environment that forms the premises of the business strategies, consider the status of progress of the strategies, issues in their achievement and response to such issues, the necessity of changes to the strategies and other matters and report to the Board of Directors.
- 5) In response to the above report from the members of Management, the Outside Directors and Outside Audit & Supervisory Board Members through their diverse perspectives supervise and audit whether the business strategies and other matters have been executed properly and makes decisions on the necessity of changing the business strategies and other matters at the Board of Directors meetings.

#### **[Supplementary Principle 4.1.1] Scope of Matters Delegated to the Management**

The Company has established the regulations of the Board of Directors and deliberation and reporting standards for the Board of Directors and the Management Board to clearly set forth the matters to be deliberated on and reported at Board of Directors meetings and the matters to be delegated to the Management Board, which makes decisions on execution.

As set forth in [Principle 4.1] above, the purpose of these regulations and standards is to realize the separation of supervision and execution by mainly having the Board of Directors conduct deliberations from various perspectives, including evaluation of risks, and deciding on the medium-to-long-term direction of management in the business strategies and, regarding the execution of the business strategies, delegate wide-ranging authority to the Management Board, which is mainly composed of members with the position of Managing Executive Officer or higher who have abundant experience in business execution as persons responsible for core businesses or divisions, to accelerate decision-making and management. The Management Board, in turn, is expected to conduct proper supervision by making clear the matters to be reported to the Board of Directors.

For example, the matters regarding basic management policies, basic business strategies, key investment strategies, mid-to-long-term plans, annual budgets and important personnel changes have been set forth as requiring deliberations by the Board of Directors. Purchases of assets through merger and acquisition, investment or other means and debts including borrowings are decided by the Management Board, in principle. However, among these matters, extremely important items or items involving large outlays are submitted to the Board of Directors.

#### **[Principle 4.4] Roles and Responsibilities of the Audit & Supervisory Board**

##### **Activities of Audit & Supervisory Board Members**

Please see the following website regarding the activities of the Audit & Supervisory Board Members.

[www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/shareholders\\_2025\\_001.pdf](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/shareholders_2025_001.pdf)

Please see the following website regarding the summary of the Effectiveness Evaluation of the Audit & Supervisory Board.

[www.kao.com/content/dam/sites/kao/www-kao-com/global/en/corporate/policies/pdf/audit\\_2025.pdf](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/corporate/policies/pdf/audit_2025.pdf)

#### **[Principle 4.6, 4.9, Supplementary 4.10.1] Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc.**

The Company uses a structure with the appropriate number of independent Outside Directors and Outside Audit & Supervisory Board Members who satisfy the "Standards for Independence of Outside Directors/Corporate Auditors of Kao Corporation" (hereafter, the "Standards for Independence") to provide a check on the status of deliberations of the Board of Directors from an objective perspective independent of the Company's Management so that the Company's management judgment is not biased toward the logic of persons inside the Company.

For further details regarding the Standards for Independence, please see

[www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/governance\\_002.pdf](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/governance_002.pdf)

(For information concerning appointment of Independent Directors and Audit & Supervisory Board Members, etc., please see "Outside Directors' Relationship with the Company (2)" in "Directors" below, as well as "Outside Audit & Supervisory Board Members' Relationship with the Company (2)" in "Audit & Supervisory Board Members," II Business Management Organization and Other Corporate Governance Systems regarding Decision-making,

## Execution of Business, and Oversight in Management)

- Status of Appointment of Independent Directors and Audit & Supervisory Board Members, etc. **[Updated]**  
Five (5) of the nine (9) Directors are Outside Directors, all of whom satisfy the Standards for Independence. Three (3) of the five (5) Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members, all of whom satisfy the Standards for Independence.
- Chairperson of the Board of Directors  
In the current structure, independent Outside Director acts as Chairperson of the Board of Directors as a measure to further increase the neutrality and independence of the Board of Directors.
- Communication and Cooperation among Independent Directors, Audit & Supervisory Board Members and Management  
The Chairperson of the Board of Directors takes the role of promoting communication and cooperation with members of Management and Audit & Supervisory Board Members. All the Audit & Supervisory Board Members, including the independent Outside Audit & Supervisory Board Members, and the Representative Directors hold meetings to exchange opinions multiple times during the year and from July 2018 all Outside Directors and Audit & Supervisory Board Members (including full-time) have started to hold periodic meetings to exchange information and opinions.

### **[Supplementary Principle 4.11.1] Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors**

In addition to the matters described in "Policy 3.2 Composition of the Board of Directors, 3.2.1, 3.2.2 and 3.2.3," at the Board of Directors (attended by Directors and Audit & Supervisory Board Members), Directors provide broad direction regarding the business strategies and Directors and Audit & Supervisory Board Members deliberate on their appropriateness and the risks related to their realization and other matters in an objective and multidimensional fashion. They also supervise and audit the status of execution. To conduct these tasks, the Company considers it important for such individuals coming from inside and outside the Company with diverse knowledge, experience, and abilities to conduct constructive discussions.

The Kao Group Mid-term Plan 2027 "K27" includes the vision of "Protecting future lives." To accomplish this, the Company's management is executing business in line with the Company's strategies of (1) becoming an essential company in a sustainable world, (2) transforming to build robust business through investment, and (3) maximizing the power and potential of employees.

The Board of Directors considers it important for Inside and Outside Directors and Audit & Supervisory Board Members to complement each other with each of their knowledge, experience, and abilities, and to be able to demonstrate high effectiveness as a whole, in order to supervise that management is implementing business execution in a framework for transparent, fair, prompt and decisive decision-making accordance with the above strategies.

(See Skills Matrix of the Board of Directors below)

### **[Supplementary Principle 4.11.2] Status of Concurrent Duties of Outside Directors and Outside Audit & Supervisory Board Members**

The status of important concurrent positions held by Outside Directors and Outside Audit & Supervisory Board Members is stated in the Convocation Notice of the 119th Annual General Meeting of Shareholders.

(Please see [www.kao.com/global/en/investor-relations/stock-information/shareholders-meeting/](http://www.kao.com/global/en/investor-relations/stock-information/shareholders-meeting/))

In addition, as stated in "Policy 3.3.2", the Company limits the number of concurrent positions of Directors or Audit & Supervisory Board Members of the Company's Directors in listed companies to three (3) excluding the Company, in principle.

### **[Supplementary Principle 4.11.3] Analysis and Evaluation of Effectiveness of the Board of Directors Taken as a Whole and Summary of the Results Thereof**

Please see the following website regarding Analysis and Evaluation of Effectiveness of the Board of Directors.  
[www.kao.com/global/en/corporate/policies/corporate-governance/directors/](http://www.kao.com/global/en/corporate/policies/corporate-governance/directors/)

### **[Supplementary Principle 4.14.2] Measures for Directors and Audit & Supervisory Board Members to improve understanding and knowledge required to fulfill their roles and duties**

The training will be conducted in accordance with the policy described in "Policy 3.9 Training for Directors and

Audit & Supervisory Board Members.”

<Details of Current Efforts>

- As future candidates for Director or Audit & Supervisory Board Member, participation by Executive Officers in training programs held by external institutions to acquire the skills and knowledge and attain the deep discernment required of top management
- Explanation of the Companies Act, corporate governance and related issues upon inauguration
- Explanation of the business strategies, details of businesses, operating structure and other matters upon inauguration
- Visits to main factories and major business sites, etc.
- Lectures to foster well-rounded character and insight as a top management
- Lectures on the Companies Act, corporate governance and other matters by experts and lectures on useful information regarding management by top management of other companies and knowledgeable persons
- Briefings on compliance, including prevention of insider trading

**[Principle 5.1] Policy for Constructive Dialogue with Shareholders**

As described in “Policy 5.2 Constructive Dialogue with Shareholders, etc. and Enhancement of Information Disclosure.”

For further details regarding IR Related Activities, etc., please see “2. IR Activities” in “III Implementation of Measures for Shareholders and Other Stakeholders.”

For further details regarding Disclosure Guidelines

[www.kao.com/global/en/investor-relations/management-information/disclosure/](http://www.kao.com/global/en/investor-relations/management-information/disclosure/)

**[Principle 5.2] Establishing and Disclosing Business Strategy and Business Plan**

In establishing and disclosing business strategies and business plans, companies are required to have an accurate understanding of their cost of capital.

The Company’s capital policy follows a basic strategy of securing a sound financial structure to make investments for sustainable growth and tolerate the related risks, and to make stable, continuous returns to shareholders. To realize this policy, the Company uses Economic Value Added (hereinafter “EVA\*\*”) and Return On Invested Capital (hereinafter “ROIC”), a management indicator that takes capital cost into account, as its main indicator and works to enhance its corporate value by improving EVA. Guided by EVA and ROIC management which places importance on both continuous enhancements in corporate value and long-term profits for all stakeholders, the Company develops its business strategy and business plan.

The Company manages all equity and interest-bearing liabilities as subject of capital cost and intends to optimize capital cost from the viewpoint of safety and capital efficiency. For equity, the Kao Group aims for a streamlined and sound structure from a medium- to long-term perspective with efficiency in mind and, while maintaining interest-bearing liabilities at a moderate level, aims to maintain high credit ratings which will allow it to procure capital for large-scale investments. The Company is not subject to significant capital regulations except for general requirements under the Companies Act and others.

Although the Company emphasizes shareholder returns, it realizes that investment for growth will meet the expectations of its stakeholders, and therefore prioritizes such investment. In addition to providing stable dividends, the Company uses surplus funds to flexibly conduct share repurchases while the Kao Group aims to continuously increase dividends to reflect improvement in business results.

In addition to making returns to shareholders and improving EVA and ROIC, the Company retains the capital necessary to conduct investments for growth in a timely fashion and to ensure sufficient soundness to deal with situations that exceed assumptions.

\*\*EVA is a monetary metric obtained by deducting capital costs from NOPAT, while ROIC is a ratio metric obtained by dividing NOPAT by invested capital. EVA is a registered trademark of Stern Stewart & Co.

The Group defines NOPAT as net income which the interest expenses with tax adjustments are added back; capital costs as invested capital multiplied by the group's WACC; and invested capital as the average of the beginning and ending balances of total capital which a part of corporate bonds, borrowings, and other financial liabilities are added.

For more information on EVA, please see below.

[www.kao.com/global/en/investor-relations/management-information/economic-value-added/](http://www.kao.com/global/en/investor-relations/management-information/economic-value-added/)

Management Strategy and Mid-term Plan 2027 (K27)

[www.kao.com/global/en/corporate/strategy-and-mid-term-plan/](http://www.kao.com/global/en/corporate/strategy-and-mid-term-plan/)

Earnings Conference

[www.kao.com/global/en/investor-relations/library/presentations/](http://www.kao.com/global/en/investor-relations/library/presentations/)

For more information on deepen EVA-driven management

P14, Integrated Report 2024

[www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/reports-fy2024e.pdf](http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/reports-fy2024e.pdf)

# Skill Matrix

		Attributes			Experience / Knowledge / Expertise											Main reasons for marking “✓”
		Term of office	Gender	Nationality	Management	Global	Consumer goods industry	Chemical industry	Branding	Human capital strategy	R&D	Environment/ Society	IT/ DX	Legal/Risk management	Finance/ Accounting	
Inside Directors	Yoshihiro Hasebe	9 years	Male	Japan	✓	✓	✓	✓		✓	✓	✓	✓			<ul style="list-style-type: none"><li>- Experience in the Company’s Research and Development (including experience in global operations, and knowledge of fundamental and applied technologies and matter cycle research) (Doctor of Engineering)</li><li>- Experience at the Company’s overseas business promotion projects</li><li>- Experience as the Company’s Senior Vice President of Strategic Innovation Technology</li><li>- Experience as the Company’s officer responsible for Human Capital Development</li></ul>
	Masakazu Negoro	2 years	Male	Japan		✓		✓				✓			✓	<ul style="list-style-type: none"><li>- Experience in the Company’s Chemical Business and management experience at overseas subsidiaries (Chemical Business)</li><li>- Experience at the Company’s Procurement, Global (including promotion of sustainability activities in procurement)</li><li>- Experience as the Company’s officer responsible for Accounting and Finance</li></ul>
	Toru Nishiguchi	2 years	Male	Japan		✓	✓		✓							<ul style="list-style-type: none"><li>- Experience in the Company’s Consumer Products Business</li><li>- Experience in management and global marketing at the Company’s overseas subsidiaries</li><li>- MBA</li></ul>
	Lisa MacCallum	–	Female	Australia		✓	✓			✓	✓		✓	✓		✓
Outside Directors	Osamu Shinobe	7 years	Male	Japan	✓	✓						✓		✓		<ul style="list-style-type: none"><li>- Experience as the top executive of a major global airline (including experience as Chairman of CSR and the Environmental Management Committee)</li></ul>
	Eriko Sakurai	3 years	Female	Japan	✓	✓		✓		✓		✓				<ul style="list-style-type: none"><li>- Experience as the head of a global division and the regional head of a major U.S. chemical company</li><li>- Experience in overall human resources strategy, including compensation, development, and assignment in global businesses</li><li>- Knowledge of sustainability</li></ul>

		Attributes			Experience / Knowledge / Expertise											Main reasons for marking “✓”
		Term of office	Gender	Nationality	Management	Global	Consumer goods industry	Chemical industry	Branding	Human capital strategy	R&D	Environment/ Society	IT/ DX	Legal/ Risk management	Finance/ Accounting	
	Takaaki Nishii	2 years	Male	Japan	✓	✓	✓			✓					✓	- Experience as the top executive of a major global food company (Mid-term ROIC management results) - Experience in restructuring overseas subsidiaries - Experience in the human resources department
	Makoto Takashima	1 year	Male	Japan	✓	✓								✓	✓	- Experience as the top executive of a major global financial institution - Experience in international and corporate planning departments - Experience in risk management and legal affairs in bank management
	Sarah L. Casanova	–	Female	Canada	✓	✓	✓			✓	✓		✓			- Experience managing the Japanese Company of a major global restaurant chain - Experience as a head of various countries/regions, including Japan - Marketing experience in various countries and regions - MBA (Marketing/HR focus)
Inside Audit & Supervisory Board Members	Yasushi Wada	2 years	Male	Japan		✓						✓		✓		- Experience in the Company’s Product Quality Management - Experience at the Company’s global production sites - Experience in the Company’s process engineering development and plant management
	Mami Murata	–	Female	Japan			✓			✓		✓				- Experience in the Consumer Products Business - Experience in overseeing Strategic Public Relations (including social contributions) and serving as Deputy Head of the Marketing Innovation Division - Experience as Executive Director of the Kao Foundation for Arts and Science
Outside Audit & Supervisory Board Members	Nobuhiro Oka	7 years	Male	Japan								✓		✓		- Attorney-at Law - Ph.D. in Law (Chuo University) - Professor at Keio University Law School
	Saeko Arai	1 year	Female	Japan		✓							✓		✓	- Certified Public Accountant - Experience as a representative of a U.S. corporation - Experience as a partner of an IT venture company
	Junya Naito	–	Male	Japan		✓								✓		- Attorney-at Law, Japan and New York, U.S.A.

Experience/ knowledge/expertise	Reasons for selection as experience/knowledge/expertise
Management	Experience as a top executive is necessary for effectively supervising management, their execution of the strategy, and for providing useful counsel to management. This experience is essential to ensure appropriate risk-taking and prompt, decisive decision-making by the management to contribute to proactive governance.
Global	As part of our K27 strategy, we aim to expand globally and offer unique value to our customers that sets us apart, to avoid intense competition and price wars with competitors. Furthermore, we plan to accelerate global growth as part of K27, by transitioning to a localized production and consumption model focusing on local value, cost performance, and manufacturing. Importantly, understanding Japanese companies is critical and desirable for promoting global strategies, as our company is a Japanese firm with a majority of Kao's revenues and assets being generated in the region. Experience with non-Japanese companies is also additive to help provide guidance and oversee global expansion efforts. Management positions and insights into overseas operations are also necessary to provide guidance and oversee these efforts.
Consumer goods industry/ Chemical industry	Experience in and understanding of the consumer goods and chemical industries is imperative given Kao's exposure to these sectors. To effectively oversee management's execution, it is important to take a comprehensive view of our business domains, including the consumer goods and chemical industries, from a higher-level perspective. For this reason, we believe that the Board should have a deep understanding of the business environment, market characteristics, and future outlook of these industries.
Branding	Actively investing in marketing of our core brands globally that are deemed capable of enhancing loyalty is an important strategy of Kao. It is also necessary for the Board to understand the elements of brand strategy so they can properly oversee the formulation and execution of brand and marketing initiatives as part of management strategies.
Human capital strategy	Developing human capital strategies aligned with management strategies is necessary for future growth, including strategically developing and acquiring talent. The Board needs to monitor the validity and progress of these strategies using specialized knowledge and experience.
R&D	Our company's research serves as the driving force behind the continuous creation of innovative and high-value products. We are committed to Essential Research and leverage the technological assets accumulated through such efforts to foster innovation. The Board must oversee whether our research framework sustains and develops innovation, effectively leverages the technology assets created, and contributes to expanding business and corporate value.
Environment/Society	Since April 2019, the Company has adopted ESG strategies under the Kirei Lifestyle Plan. Integrating sustainability and management strategies is pivotal for achieving our purpose of "realizing a world in which all life lives in harmony." and to achieve global growth. The Board is required to monitor the implementation of these strategies considering social trends and demands.
IT/Digital transformation (DX)	Achieving the K27 target necessitates innovative initiatives leveraging IT and DX, such as creating new businesses beyond our existing frameworks, as well as digital marketing and digital communication. Experience, knowledge, and expertise in IT/DX amongst the Board are critical, while complementing the oversight by the Board of Directors by utilizing executives and external experts.
Legal/Risk management	In the course of daily corporate activities, as well as in the creation of new businesses and business innovation, various risks are likely to arise. It is crucial to recognize and appropriately manage these risks, as well as to strategically, preemptively, and reactively address them while thoroughly understanding applicable laws, their background, and trends. The Board must possess experience, knowledge, and expertise in legal and risk management to ensure strategic and preventive responses to potential risks.
Finance/Accounting	Ensuring the reliability of financial reporting, which influences investment decisions and strategic planning, and optimizing capital allocation from a company-wide perspective is crucial for sustainable value creation. The Board must possess experience, knowledge, and expertise in finance and accounting to drive growth, profitability and capital efficiency.

List of the state of implementation of Corporate Governance Code

Corporate Governance Code			Implementation Status		Corresponding articles in the Kao Corporate Governance Policy, this report or on the Company's website
General Principle	Principle	Supple- mentary Principles	Comply	Explain	
Section 1: Securing the Rights and Equal Treatment of Shareholders	1.1	Securing the Rights of Shareholders	-	●	Policy 5.1.1 Securing the Rights of Shareholders and Equality
			1.1.1	●	"Other" in "1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights" in "III. Implementation of Measures for Shareholders and Other Stakeholders"
			1.1.2	●	"Other" in "1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights" in "III. Implementation of Measures for Shareholders and Other Stakeholders"
			1.1.3	●	The Company respects and complies the code.
	1.2	Exercise of Shareholder Rights at General Shareholder Meetings	-	●	"1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights" in "III. Implementation of Measures for Shareholders and Other Stakeholders"
			1.2.1	●	"Other" in "1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights" in "III. Implementation of Measures for Shareholders and Other Stakeholders"
			1.2.2	●	"Early Notification of General Shareholder Meeting" in "1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights" in "III. Implementation of Measures for Shareholders and Other Stakeholders"
			1.2.3	●	"Other" in "1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights" in "III. Implementation of Measures for Shareholders and Other Stakeholders"
			1.2.4	●	"Allowing Electronic Exercise of Voting Rights", "Participation in Electronic Voting Platform" and "Providing Convocation Notice in English" in "1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights" in "III. Implementation of Measures for Shareholders and Other Stakeholders" in the report
			1.2.5	●	The Company respects and complies the code.
	1.3	Basic Strategy for Capital Policy	-	●	Policy 5.1.2 Basic Strategy for Capital Policy
	1.4	Cross-Shareholdings	-	●	•Policy 5.1.2 Basic Strategy for Capital Policy and 5.1.3 Cross-Shareholdings •[Principle 1.4] Cross-Shareholdings in "Disclosure Based on the Principles of the Corporate Governance Code"
			1.4.1	●	Policy 5.1.3 Cross-Shareholdings
			1.4.2	●	Policy 5.1.3 Cross-Shareholdings
	1.5	Anti-Takeover Measures	-	●	"1. Adoption of Anti-takeover Measures" in "V. Other"
			1.5.1	●	"1. Adoption of Anti-takeover Measures" in "V. Other"
	1.6	Capital Policy that May Harm Shareholder Interests	-	●	The Company respects and complies the code.
	1.7	Related Party Transactions	-	●	•Policy 5.1.4 Related Party Transactions •[Principle 1-7] Related Party Transactions in "Disclosure Based on the Principles of the Corporate Governance Code"
Section 2: Appropriate Cooperation with Stakeholders Other Than Shareholders	2.1	Business Principles as the Foundation of Corporate Value Creation Over the Mid- to Long-	-	●	•[3.1(i)] Corporate Philosophy, Mid-term Business Plan in "Disclosure Based on the Principles of the Corporate Governance Code" •"The Kao Way": <a href="http://www.kao.com/global/en/corporate/purpose/kaoway/">www.kao.com/global/en/corporate/purpose/kaoway/</a>
	2.2	Code of Conduct	-	●	"Kao Business Conduct Guidelines": <a href="http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/compliance_all.pdf">www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/compliance_all.pdf</a>
			2.2.1	●	"Kao Business Conduct Guidelines": <a href="http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/compliance_all.pdf">www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/compliance_all.pdf</a>
	2.3	Sustainability Issues, Including Social and Environmental Matters	-	●	•Policy 5.5 Sustainability •Kao Sustainability: <a href="http://www.kao.com/global/en/sustainability/">www.kao.com/global/en/sustainability/</a>
			2.3.1	●	•Policy 5.5 Sustainability •Kao Sustainability: <a href="http://www.kao.com/global/en/sustainability/">www.kao.com/global/en/sustainability/</a>



Corporate Governance Code			Implementation Status		Corresponding articles in the Kao Corporate Governance Policy, this report or on the Company's website
General Principle	Principle	Supplementary Principles	Comply	Explain	
	2.4	Ensuring Diversity, Including Active Participation of Women	-	●	<ul style="list-style-type: none"> <li>•Policy 3.2 Composition of the Board of Directors</li> <li>•"Other" in "3. Measures to Ensure Due Respect for Stakeholders" in "III. Implementation of Measures for Shareholders and Other Stakeholders"</li> <li>•"We trust, respect, and need each other" in "Principles" in The Kao Way: <a href="http://www.kao.com/global/en/about/policies/kaoway.html">www.kao.com/global/en/about/policies/kaoway.html</a></li> </ul>
			2.4.1	●	<ul style="list-style-type: none"> <li>•Policy 3.2 Composition of the Board of Directors</li> <li>•Policy 5.3.2 Promotion of Women, Non-Japanese and Mid-career Employees</li> <li>•[Supplementally Principle 2.4.1] Measures to Promote Diversity in "Disclosure Based on the Principles of the Corporate Governance Code"</li> <li>•"Other" in "3. Measures to Ensure Due Respect for Stakeholders" in "III. Implementation of Measures for Shareholders and Other Stakeholders"</li> <li>•Kao Sustainability Report: <a href="http://www.kao.com/global/en/sustainability/pdf/sustainability-report/">www.kao.com/global/en/sustainability/pdf/sustainability-report/</a></li> <li>•"Kao Integrated Report": <a href="http://www.kao.com/global/en/investor-relations/library/reports/">www.kao.com/global/en/investor-relations/library/reports/</a></li> </ul>
	2.5	Whistleblowing	-	●	"Compliance Hotlines": <a href="http://www.kao.com/global/en/about/policies/compliance/compliance-contact.html">www.kao.com/global/en/about/policies/compliance/compliance-contact.html</a>
			2.5.1	●	"Compliance Hotlines": <a href="http://www.kao.com/global/en/about/policies/compliance/compliance-contact.html">www.kao.com/global/en/about/policies/compliance/compliance-contact.html</a>
	2.6	Roles of Corporate Pension Funds as Asset Owners	2.6	●	•Policy 5.6 Roles of Corporate Pension Funds as Asset Owners
Section 3: Ensuring Appropriate Information Disclosure and Transparency	3.1	Full Disclosure	-	●	"Disclosure Guidelines": <a href="http://www.kao.com/global/en/investor-relations/management-information/disclosure.html">www.kao.com/global/en/investor-relations/management-information/disclosure.html</a>
			(i)	●	[Principle 3.1(i)] Corporate Philosophy, Mid-term Business Plan in "Disclosure Based on the Principles of the Corporate Governance Code"
			(ii)	●	<ul style="list-style-type: none"> <li>•Policy 1. Basic Views on Corporate Governance</li> <li>•"1. Basic Views," in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information"</li> </ul>
			(iii)	●	<ul style="list-style-type: none"> <li>•Policy 4.1 Policy and 4.2 Decision Process</li> <li>•[Principle 3.1 (iii)] Directors' Remuneration in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			(iv)	●	<ul style="list-style-type: none"> <li>•Policy 2.2.1 Committee for the Examination of Nominees for Directors and Audit &amp; Supervisory Board Members</li> <li>•Policy 3.3 Appointment and Term of Office of Directors</li> <li>•[Principle 3.1(iv)] Policy on Nomination of Director and Audit &amp; Supervisory Board Member Candidates and Senior Management and Procedures for the Nomination and Dismissal of Directors and Audit &amp; Supervisory Board Members and the Appointment and Dismissal of Senior Management in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			(v)	●	[Principle 3.1(v)] Explanations with Respect to Individual Nominations and Appointments of Directors, Audit & Supervisory Board Members and Senior Management in "Disclosure Based on the Principles of the Corporate Governance Code"
			3.1.1	●	The Company respects and complies the code.
			3.1.2	●	English website: <a href="http://www.kao.com/global/en/">www.kao.com/global/en/</a>
			3.1.3	●	<ul style="list-style-type: none"> <li>•Policy 5.3.1 Human Capital Investment</li> <li>•[Supplementally Principle 3.1.3] Initiatives on Sustainability, and Information on Investments in Human Capital and Intellectual Properties in "Disclosure Based on the Principles of the Corporate Governance Code"</li> <li>•Kao Sustainability: <a href="http://www.kao.com/global/en/sustainability/">www.kao.com/global/en/sustainability/</a></li> <li>•Kao Sustainability Report: <a href="http://www.kao.com/global/en/sustainability/pdf/">www.kao.com/global/en/sustainability/pdf/</a></li> <li>•GRI/ISO 26000 table/TCFD Index: <a href="http://www.kao.com/global/en/sustainability/research-index/">www.kao.com/global/en/sustainability/research-index/</a></li> </ul>
			-	●	"2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions" in "II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"
	3.2	External Auditors	3.2.1	●	"2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions" in "II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"

Corporate Governance Code			Implementation Status		Corresponding articles in the Kao Corporate Governance Policy, this report or on the Company's website
General Principle	Principle	Supplementary Principles	Comply	Explain	
		3.2.2	●		"2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions" in "II Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"
Section 4: Responsibilities of the Board	4.1	Roles and Responsibilities of the Board (1)	-	●	<ul style="list-style-type: none"> <li>• Policy 3.1 How the Board of Directors Should Function</li> <li>• [Principle 4.1] Roles and Duties Responsibilities of the Board in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			4.1.1	●	[Supplementary Principle 4.1.1] Scope of Matters Delegated to the Management in "Disclosure Based on the Principles of the Corporate Governance Code"
			4.1.2	●	[Principle 3.1(i)] Corporate Philosophy, Mid-term Business Plan in "Disclosure Based on the Principles of the Corporate Governance Code"
			4.1.3	●	<ul style="list-style-type: none"> <li>• Policy 3.4 Succession Plan</li> <li>• "Supplementary Explanation" in "Committee's Name, Composition, and Attributes of Chairperson" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"</li> </ul>
	4-2.	Roles and Responsibilities of the Board (2)	-	●	<ul style="list-style-type: none"> <li>• Policy 4.3 Remuneration System</li> <li>• [Principle 4.1] Roles and Responsibilities of the Board in "Disclosure Based on the Principles of the Corporate Governance Code"</li> <li>• "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods, II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"</li> <li>• [Principle 3.1(iii)] Directors' Remuneration in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			4.2.1	●	• Policy 4.3 Remuneration System
			4.2.2	●	<ul style="list-style-type: none"> <li>• Policy 5.3.1 Human Capital Investment</li> <li>• "Activities of the Board of Directors" in "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"</li> <li>• "Policies for ESG Activities": <a href="http://www.kao.com/global/en/sustainability/policy/">www.kao.com/global/en/sustainability/policy/</a></li> </ul>
	4.3	Roles and Responsibilities of the Board (3)	-	●	<ul style="list-style-type: none"> <li>• Policy 3.3 Appointment and Term of Office of Directors</li> <li>• [Principle 3.1(v)] Policy on Nomination of Director and Audit &amp; Supervisory Board Member Candidates and Senior Management and Procedures for the Nomination and Dismissal of Directors and Audit &amp; Supervisory Board Members and the Appointment and Dismissal of Senior Management in "Disclosure Based on the Principles of the Corporate Governance Code"</li> <li>• "Kao Integrated Report": <a href="http://www.kao.com/global/en/investor-relations/library/reports/">www.kao.com/global/en/investor-relations/library/reports/</a></li> </ul>
			4.3.1	●	<ul style="list-style-type: none"> <li>• Policy 3.3 Appointment and Term of Office of Directors</li> <li>• [Principle 3.1(iv)] Policy on Nomination of Director and Audit &amp; Supervisory Board Member Candidates and Senior Management and Procedures for the Nomination and Dismissal of Directors and Audit &amp; Supervisory Board Members and the Appointment and Dismissal of Senior Management in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			4.3.2	●	<ul style="list-style-type: none"> <li>• Policy 3.3 Appointment and Term of Office of Directors</li> <li>• [Principle 3.1(iv)] Policy on Nomination of Director and Audit &amp; Supervisory Board Member Candidates and Senior Management and Procedures for the Nomination and Dismissal of Directors and Audit &amp; Supervisory Board Members and the Appointment and Dismissal of Senior Management in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			4.3.3	●	<ul style="list-style-type: none"> <li>• Policy 3.3 Appointment and Term of Office of Directors</li> <li>• [Principle 3.1(iv)] Policy on Nomination of Director and Audit &amp; Supervisory Board Member Candidates and Senior Management and Procedures for the Nomination and Dismissal of Directors and Audit &amp; Supervisory Board Members and the Appointment and Dismissal of Senior Management in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			4.3.4	●	<ul style="list-style-type: none"> <li>• "Activities of the Board of Directors" in 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"</li> <li>• "Basic Views on Internal Control System and the Progress of System Development" in IV. Matters Related to the Internal Control System</li> <li>• Kao Integrated Report: <a href="http://www.kao.com/global/en/investor-relations/library/reports/">www.kao.com/global/en/investor-relations/library/reports/</a></li> </ul>

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General Principle	Principle		Supple- mentary Principles	Comply		Explain
	4.4	Roles and Responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board	-	●		•Policy 3.6 How the Audit & Supervisory Board Should Function •The Company respects and complies the code.
			4.4.1	●		•Policy 3.7 Structure of the Audit & Supervisory Board and Execution System •[Principle 4.4] Roles and Responsibilities of the Audit & Supervisory Board in "Disclosure Based on the Principles of the Corporate Governance Code"
	4.5	Fiduciary Responsibilities of Directors and Audit & Supervisory Board Members	-	●		The Company respects and complies the code.
	4.6	Business Execution and Oversight of the Management	-	●		[Principle 4.6, 4.9,Supplementally Principle 4.10.1] Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc. in "Disclosure Based on the Principles of the Corporate Governance Code"
	4.7	Roles and Responsibilities of Independent Directors	-	●		[Principle 4.6, 4.9,Supplementally Principle 4.10.1] Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc. in "Disclosure Based on the Principles of the Corporate Governance Code"
	4.8	Effective Use of Independent Directors	-	●		[Principle 4.6, 4.9,Supplementally Principle 4.10.1] Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc. in "Disclosure Based on the Principles of the Corporate Governance Code"
			4.8.1	●		Matters relating to Independent Directors/Audit & Supervisory Members, Independent Directors, 1. Organizational Composition and Operation, II. Business Management Organization and Other Corporate Governance System regarding Decision-making, Execution of Business, and Oversight in Management
			4.8.2	●		[Principle 4.6, 4.9,Supplementally Principle 4.10.1] Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc. in "Disclosure Based on the Principles of the Corporate Governance Code"
			4.8.3	-	-	Not applicable
	4.9	Independence Standards and Qualification for Independent Directors	-	●		•[Principle 4.6, 4.9,Supplementally Principle 4.10.1] Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc. in "Disclosure Based on the Principles of the Corporate Governance Code" •Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation: <a href="http://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/governance_002.pdf">www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/governance_002.pdf</a>
	4.10	Use of Optional Approach	-	●		"Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"
			4.10.1	●		•Policy 2.2 Voluntary Establishment of Committees •Policy 3.3 Appointment and Term of Office of Directors •Policy 3.4 Succession Plan •[Principle 4.6, 4.9,Supplementally Principle 4.10.1] Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc. in "Disclosure Based on the Principles of the Corporate Governance Code" •"Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"
	Preconditions for Board and Audit & Supervisory Board Effectiveness	-	●		•Policy 3.2 Composition of the Board of Directors •Policy 3.5 Evaluation on Effectiveness of the Board of Directors •[Supplementally Principle 4.11.1] Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors in "Disclosure Based on the Principles of the Corporate Governance Code" •[Supplementally Principle 4.11.3] Analysis and Evaluation of Effectiveness of the Board of Directors Taken as a Whole and Summary of the Results Thereof in "Disclosure Based on the Principles of the Corporate Governance Code" in "Disclosure Based on the Principles of the Corporate Governance Code"	

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General Principle	Principle	Supplementary Principles	Comply	Explain	
	4.11	4.11.1	●		<ul style="list-style-type: none"> <li>• Policy 3.2 Composition of the Board of Directors</li> <li>• [Supplementally Principle 4.11.1] Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors in "Disclosure Based on the Principles of the Corporate Governance Code"</li> <li>• [ Principle 3.1(v)] Explanations with Respect to Individual Nominations and Appointments of Directors, Audit &amp; Supervisory Board Members and Senior Management in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			●		<ul style="list-style-type: none"> <li>• Policy 3.3 Appointment and Term of Office of Directors</li> <li>• [Supplementally Principle 4.11.2] Status of Concurrent Duties of Outside Directors and Outside Audit &amp; Supervisory Board Members</li> </ul>
			●		<ul style="list-style-type: none"> <li>• Policy 3.5 Evaluation on Effectiveness of the Board of Directors</li> <li>• [Supplementally Principle 4.11.3] Analysis and Evaluation of Effectiveness of the Board of Directors Taken as a Whole and Summary of the Results Thereof in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
	4.12	Active Board Deliberations	-	●	The Company respects and complies the code.
			4.12.1	●	"Supporting System for Outside Directors and Outside Audit & Supervisory Board Members" in "1. Organizational Composition and Operation" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"
	4.13	Information Gathering and Support Structure	-	●	(10), (11) and (12) in "Basic Views on Internal Control System and the Progress of System Development" in "IV. Matters Related to the Internal Control System"
			4.13.1	●	(10) in "Basic Views on Internal Control System and the Progress of System Development" in "IV. Matters Related to the Internal Control System"
			4.13.2	●	(12) and (13) in "Basic Views on Internal Control System and the Progress of System Development" in "IV. Matters Related to the Internal Control System"
			4.13.3	●	<ul style="list-style-type: none"> <li>• "Activities of the Board of Directors" in "2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management"</li> <li>• (13) in "Basic Views on Internal Control System and the Progress of System Development" in "IV. Matters Related to the Internal Control System"</li> <li>• Kao Integrated Report: <a href="http://www.kao.com/global/en/investor-relations/library/reports/">www.kao.com/global/en/investor-relations/library/reports/</a></li> </ul>
	4.14	Director and Audit & Supervisory Board Members Training	-	●	<ul style="list-style-type: none"> <li>• Policy 3.9 Training for Directors and Audit &amp; Supervisory Board Members</li> <li>• [Supplementally Principle 4.14.2] Measures for Directors and Audit &amp; Supervisory Board Members to improve understanding and knowledge required to fulfill their roles and duties in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			4.14.1	●	<ul style="list-style-type: none"> <li>• Policy 3.9 Training for Directors and Audit &amp; Supervisory Board Members</li> <li>• [Supplementally Principle 4.14.2] Measures for Directors and Audit &amp; Supervisory Board Members to improve understanding and knowledge required to fulfill their roles and duties in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			4.14.2	●	<ul style="list-style-type: none"> <li>• Policy 3.9 Training for Directors and Audit &amp; Supervisory Board Members</li> <li>• [Supplementally Principle 4.14.2] Measures for Directors and Audit &amp; Supervisory Board Members to improve understanding and knowledge required to fulfill their roles and duties</li> </ul>
Section 5: Dialogue with Shareholders	5.1	Policy for Constructive Dialogue with Shareholders	-	●	<ul style="list-style-type: none"> <li>• Policy 5.2 Constructive Dialogue with Shareholders, etc. and Enhancement of Information Disclosure</li> <li>• [Principle 5.1] Policy for Constructive Dialogue with Shareholders in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			5.1.1	●	<ul style="list-style-type: none"> <li>• Policy 5.2 Constructive Dialogue with Shareholders, etc. and Enhancement of Information Disclosure</li> <li>• [Principle 5.1] Policy for Constructive Dialogue with Shareholders in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			5.1.2	●	<ul style="list-style-type: none"> <li>• Policy 5.2 Constructive Dialogue with Shareholders, etc. and Enhancement of Information Disclosure</li> <li>• [Principle 5.1] Policy for Constructive Dialogue with Shareholders in "Disclosure Based on the Principles of the Corporate Governance Code"</li> </ul>
			5.1.3	●	"Participation in Electronic Voting Platform" in "1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights" in "III. Implementation of Measures for Shareholders and Other Stakeholders"

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General Principle	Principle		Supple- mentary Principles	Comply	
	5.2	Establishing and Disclosing Business Strategy and Business Plan	-	●	•Policy 5.3.1 Human Capital Investment •[Principle 3.1(i)] Corporate Philosophy, Mid-term Business Plan in "Disclosure Based on the Principles of the Corporate Governance Code" •[Principle 5.2] Establishing and Disclosing Business Strategy and Business Plan in "Disclosure Based on the Principles of the Corporate Governance Code"
			5.2.1	●	•[Principle 5.2] Establishing and Disclosing Business Strategy and Business Plan in "Disclosure Based on the Principles of the Corporate Governance Code" •Kao Integrated Report: <a href="http://www.kao.com/global/en/investor-relations/library/reports/">www.kao.com/global/en/investor-relations/library/reports/</a>