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Kao Corporation

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TSE Code: 4452

www.kao.com/global/en/

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, and to become an essential company in a sustainable world, as raised in Kao Group Mid-term Plan 2025 “K25,” 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.

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

<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.

Ensure Adequate Coordination with External Accounting Auditor and Outside Directors (Principle 3.2.2 (iii))

Kao Corporation (hereinafter referred to as the “the Company”) expects Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, to fulfill the role of coordination with the external Accounting Auditor as contact points on the Company’s side, and the external Accounting Auditor’s views, issues and other matters are shared with Directors, including the Outside Directors, through the Audit & Supervisory Board Members. In the course of such information sharing, if Directors judge it necessary, they ensure efficiency and adequate coordination by establishing opportunities for direct exchange of information with the external Accounting Auditor.

Regular Exchange of Information Solely among Independent Outside Directors (Principle 4.8.1)

To promote discussions from diverse perspectives, independent Outside Directors and Outside Audit & Supervisory Board Members hold meetings exclusively for independent outside members on their own initiative 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. Given the current situation of having good communications, ad hoc meetings among independent outside members are considered more appropriate for such communication than regular meetings scheduled by the Company. Also, a newly appointed member who attended the meeting expressed his view that he was reassured by the fact that outside members can make their proposals directly to the Company through frank exchanges of opinions undertaken at the meeting.

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

The disclosures based on this item are described in "Initiatives for each principle of the Corporate Governance Code" at the end of this report.

The following updates have been implemented.

- 6. Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors (Principle 4.11, Principle 4.11.1, Principle 2.4)
- 8. Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management (Principle 3.1(iv), Principle 4.3.2, Principle 4.3.3)
- 12. Analysis and Evaluation of Effectiveness of the Board of Directors Taken as a Whole and Summary of the Results Thereof (Supplementary Principle 4.11.3)
- 13. Evaluation of the Activities and Effectiveness of the Audit & Supervisory Board (Principle 4.4)
- 15. Policy and Procedures for Determining Remuneration for Directors and Senior Management
- 17. Policy Concerning Measures and Organizational Structures to Promote Constructive Dialogue with Shareholders (Principle 5.1)

2. Capital Structure

Foreign Shareholding Ratio: More than 30%

[Status of Major Shareholders] **[Updated]**

(As of December 31, 2022)

Name / Company Name	Number of Shares	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	88,817,100	19.07
Custody Bank of Japan, Ltd. (Trust Account)	31,656,200	6.80
SMBC Nikko Securities Inc.	16,844,800	3.62
STATE STREET BANK WEST CLIENT - TREATY 505234	8,580,967	1.84
THE BANK OF NEW YORK 134104	7,321,805	1.57
JAPAN SECURITIES FINANCE CO., LTD.	7,032,700	1.51
JPMorgan Securities Japan Co., Ltd.	6,801,718	1.46
Nippon Life Insurance Company	6,691,215	1.44
NATIONAL MUTUAL INSURANCE FEDERATION OF AGRICULTURAL COOPERATIVES	6,334,000	1.36
STATE STREET BANK AND TRUST COMPANY 505223	5,976,282	1.28

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

Supplementary Information

- 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.

1. 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

2. The amendment to the large shareholdings report filed by Nomura Securities Co., Ltd. and two other persons on April 21, 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)
Nomura Securities Co., Ltd. and two other persons	27,845	5.86

3. The large shareholdings report filed by Mitsubishi UFJ Trust and Banking Corporation and two other persons on July 4, 2022, which is open to the public, stating that they held shares of the Company as shown below as of June 27, 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)
Mitsubishi UFJ Trust and Banking Corporation and two other persons	26,845	5.65

4. The amendment to the large shareholdings report filed by Sumitomo Mitsui Trust Bank, Limited and two other persons on July 22, 2022, which is open to the public, stating that they held shares of the Company as shown below as on July 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)
Sumitomo Mitsui Trust Bank, Limited and two other persons	31,768	6.69

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
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 50 to less than 100

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

[Directors]

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	4
Number of Independent Directors	4

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									△		
Chiaki Mukai	Others									△		
Nobuhide Hayashi	From another company									△		
Eriko Sakurai	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

- Executive of the Company or its subsidiaries
- Non-executive director or executive 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 listed 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 a director
- 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 d, e, or f) (the director himself/herself only)
- Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Others

Outside Directors' Relationship with the Company (2)			
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	(i) He has considerable experience and expertise in relation to global corporate management and risk management, gleaned principally from his time in the maintenance sections of an international airline which carries both cargo and passengers where safety and security took top priority. He has been actively presenting opinions and proposals in deliberations of the Board of Directors concerning material matters in the management of the Kao Group, based on his considerable experience and expertise. In view of these facts,

		<p>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.</p>	<p>the Company expects him to supervise the management of the Kao Group as an Independent Outside Director. He is to chair the meetings of the Board of Directors from March 2022.</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 & Supervisory Board Members of Kao Corporation" established by the Company in line with the above guidelines.</p>
Chiaki Mukai	○	<p>Ms. Mukai previously had executive authority at Tokyo University of Science, but ceased to have such authority from April 2016. In addition, although the Company conducts joint research with Tokyo University of Science and transactions relating to advertising, 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.</p>	<p>(i) She has an extensive and high level of expertise in the scientific field. She has a wealth of experience and track record in various fields from her achievements as a medical doctor, astronaut and Specially Appointed Vice President of a university. Based on such experience and expertise, she has been actively presenting opinions and proposals in deliberations at the Board of Directors concerning material matters in the management of the Kao Group. In view of these facts, the Company expects her to supervise the management of the Kao Group 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 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.</p>
Nobuhide Hayashi	○	<p>Mr. Hayashi previously had executive authority at Mizuho Bank, Ltd., but ceased to have such authority from April 2017. The Kao Group conducts regular bank transactions with Mizuho</p>	<p>(i) Over many years, he has played an active role on an international basis in the fields of finance and financial affairs, such as by experiencing an extensive range of duties in</p>

		<p>Bank, Ltd. and its group companies, and receives consulting service, etc. in overseas markets, however, the amounts involved in such transactions account for less than 0.1% of the Mizuho Bank group's consolidated ordinary income and the Kao Group's consolidated net sales for the latest fiscal year, respectively.</p>	<p>sales, international business planning, etc. at leading financial institutions. He has an abundance of experience and a high level of expertise in company management, such as having served as a corporate manager amidst global changes in the business environment surrounding the financial industry. He has been actively giving opinions and making proposals in deliberations of the Board of Directors concerning material matters in the management of the Kao Group, based on his considerable experience and expertise. In view of these facts, the Company expects him to supervise the management of the Kao Group 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 & Supervisory Board Members of Kao Corporation" established by the Company in line with the above guidelines.</p>
Eriko Sakurai	○	<p>Ms. Sakurai has executive authority at Dow Chemical Japan Limited. 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 0.5% of the Kao Group's consolidated net sales for the latest fiscal year.</p>	<p>i) She has a wealth of experience in global companies, including many years of corporate management at the Japanese subsidiary of a US chemical manufacturer with global business operations, as well as supervision of management as an Outside Director at a major manufacturer and a financial institution. Based on her experience in the chemical industry, she also has a high level of expertise in chemical business, which comprises the two key pillars of the Kao Group together with the Consumer Products Business. In view of these facts, the Company expects her to supervise the management of the Company as an Independent Outside Director.</p> <p>ii) The Company determined that none of the requirements for prior discussion as provided in</p>

			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.
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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
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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	7	11
Full-time Members	0	0
Inside Directors	0	4
Outside Directors	4	4
Outside Experts	0	0
Other	3	3
Chairperson	Outside Director	Outside Director

Supplementary Explanation

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.”

For more information, please see 8. Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management (Principle 3.1(iv), Principle 4.3.2, Principle 4.3.3) and 15. Policy and Procedures for Determining Remuneration for Directors and Senior Management.

[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

■ 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	
Hideki Amano	CPA														
Nobuhiro Oka	Attorney-at-law										○				
Takahiro Nakazawa	CPA														

*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 an Audit & Supervisory Board Member himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the an Audit & Supervisory Board Member himself/herself only)
- Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)
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Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hideki Amano	○	None	(i) Mr. Amano has a high level of professional expertise as a certified public accountant. Based on his experience and insight gained from working globally at a major auditing

			<p>firm as a member of management, he has served as an Audit & Supervisory Board Member of the Company since March 2017, effectively auditing the Kao Group, which operates globally, from a professional perspective. The Company expects that he will to make full use of his experience in the auditing of the entire Kao Group.</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 Mr. Amano, 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.</p>
Nobuhiro Oka	○	<p>Mr. Oka serves as a Professor at the Keio University Law School, and is involved in business execution. The Company conducts transactions related to the advisory of research guidance by Keio University; 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.</p>	<p>(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.</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 Mr. Oka, 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.</p>
Takahiro Nakazawa	○	None	<p>(i) Mr. Nakazawa has a high level of professional expertise as a certified public accountant. During his service with major auditing firms, he has been involved in providing auditing</p>

			<p>services for leading companies and has also engaged in various advisory services such as those relating to the introduction of U.S. accounting standards and the International Financial Reporting Standards (IFRS), thereby gaining significant and valuable insights concerning governance and internal control systems which contribute to the growth of globally-operating companies. The Company expects that he will make full use of his experience in the auditing of the entire Kao Group.</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 Mr. Nakazawa, 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.</p>
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[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	7
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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

[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 [Updated]

The remuneration, etc., paid to Directors and Audit & Supervisory Board Members for FY2022
(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)	10 (5)	600 (75)	406 (75)	48 (-)	110 (-)	36 (-)
Audit & Supervisory Board Members (including, in parentheses, Outside Audit & Supervisory Board Members)	5 (3)	110 (43)	110 (43)	- (-)	- (-)	- (-)
Total (including, in parentheses, Outside Directors and Outside Audit & Supervisory Board Members)	15 (8)	710 (118)	516 (118)	48 (-)	110 (-)	36 (-)

Notes:

- The above numbers of Directors/Audit & Supervisory Board Members include one Outside Director who resigned at the conclusion of the 116th Annual General Meeting of Shareholders held on March 25, 2022.
- As for the variable portion of the long-term incentive compensation (performance-linked stock compensation), it will be determined after the end of the final year of the five fiscal years from 2021 to 2025, which are covered by the Company's Mid-term plan "K25." Therefore, the variable portion shown above is the amount of the allowance for the current fiscal year. For Directors of foreign national, we plan to pay cash equivalent to the variable portion of long-term incentive compensation (performance-based share incentive plan).
- The maximum amounts of remuneration, etc. are as follows:

(1) Maximum aggregate amount of 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 time such resolution was adopted. 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 time such resolution was adopted.

Based on a resolution adopted at the 115th Annual General Meeting of Shareholders held on March 26, 2021, 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 remuneration, etc., for the Directors. Under this share incentive plan, trust money of up to 3.65 billion yen is contributed concerning the fiscal years subject to the Company's mid-term plan (the initial period to be covered being the period of five fiscal years from the fiscal year ended December 31, 2021 to the fiscal year ending December 31, 2025), 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 growth potential evaluation indicators (such as the degree of growth in overall business sales and profit, etc.), ESG potential evaluation indicators (such as evaluation by external indicators), and management potential evaluation indicators (such as evaluation of management activities by the Company's employees). The Company had four Directors (excluding Outside Directors) at the time such resolution was adopted.

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

An annual amount of 120 million yen (as resolved at the 113th Annual General Meeting of Shareholders held on March 26, 2019). The Company had five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) at the time such resolution was adopted.

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 **[Updated]**

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 50% of the base salary for the President and CEO, 40% of the base salary for the Executive Officers with titles other than the CEO and 30% to 35% 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 and the achievement level of target EVA which is a management index that the Company holds in high regard as an indicator to measure the degree of corporate value. The bonus payment rate is set within a range of 0% to 200%.

The net sales and profit 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. These targets are different from the figures in the announced forecasts, taking into account a certain level of relevance and consent as the companywide goals. On the other hand, regarding the EVA target, the Company has set target based on publicly announced performance forecasts as executive performance indicators (The target value for bonus calculation may exceed the announced performance forecast.)

The targets for these evaluation indicators for the fiscal year under review were single-year sales target of 1,490.0 billion yen, the degree of improvement from the previous fiscal year in sales of 1,418.8 billion yen, and profit (gross profit minus selling, general administrative expenses) single-year target of 160.2 billion yen, the degree of improvement from the previous fiscal year in sales of 146.1 billion yen, with EVA single-year target of 50.4 billion yen. The actual results were sales of 1,551.1 billion yen, profit of 107.4 billion yen, and EVA of 14.7 billion yen.

From FY2023, the individual evaluation of short-term incentive remuneration applied to all

Directors except Outside Directors will be more flexible. The Company has also decided to introduce an evaluation confirmation process by Outside Directors and Outside Audit & Supervisory Board members to ensure objectivity and transparency in the evaluation process. In terms of the overall structure of executive compensation as a support for Kao's future reforms, the Committee continue to discuss the state of compensation in general in FY2023. In order to achieve medium-term management plan “K25,” we will reward Directors, Audit & Supervisory Board Members and Executive Officers who actively take on challenges and make contributions.

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

Within a five-year target period from FY2021 to FY2025, the period covered by the current mid-term plan, Company shares, etc. are delivered to Directors, other than Outside Directors, and Executive Officers based on factors such as the level of achievement of the key performance targets adopted under the mid-term plan. This performance-based share incentive plan comprises two parts: a variable portion in which Company share, etc. is delivered in accordance with the degree of achievement of targets adopted under the mid-term plan, etc., and a fixed portion in which a certain number of Company share, etc. is 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 the 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 at 100%, the yearly share remuneration amount is set at approximately 30% to 50% of a base salary.

The variable portion is delivered after the Director, etc. retire, reflecting their achievement level. The fixed portion is delivered after the end of each fiscal year. A portion of the amount is delivered in Company shares and the remainder is delivered in the amount of Company 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 “K25,” “growth potential evaluation (degree of growth in overall business sales and profit, etc.)”; “ESG potential evaluation (evaluation by external indicators, status of realization of internal indicators, etc.)”; and “management potential evaluation (evaluation of management activities by our employees, etc.)” are used as evaluation indicators and evaluations are made based on the degree of achievement. Depending on the results of evaluating these indicators, the range will be from 0% to 200% and the shares will be issued after the performance is confirmed. Figures for the variable portion will be finalized upon the completion of the applicable period from 2021 to 2025.

Compensation for the 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 the Directors or Audit & Supervisory Board Members.

[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 who assist their duties. Furthermore, under this support system, administrative divisions such as the Department of Internal Audit, and the Legal Department and Finance & Accounting Department provide the Outside Audit & Supervisory Board Members with assistance upon their request.

[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.

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
-	-	-	-	-	-

Total number of Consultants, Advisors, etc. who have retired from Representative Director and President, etc.	0
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Others

The Company has no such system.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]

■ 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 116th Annual General Meeting of Shareholders held in March 2022, the Company has: nine (9) Directors, including four (4) Outside Directors; five (5) Audit & Supervisory Board Members and three (3) Outside Audit & Supervisory Board Members; and thirty-two (32) Executive Officers (including Executive Officers concurrently serving on the Board of Directors. As of January 1, 2023). 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.

www.kao.com/global/en/investor-relations/corporate-governance/structure/

*For information concerning reasons for adopting a company with an Audit & Supervisory Board, please see “(5) Company with an Audit & Supervisory Board” in “4. Basic position and policy on corporate governance” in “Matters to be disclosed based on each principle of the Corporate Governance Code” in “1. Basic Position on Corporate Governance” in “Basic Position on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information”.

• **Board of Directors**

Activities of the Board of Directors in FY2022

Title	Name	Attendance Rate
Director, Chair	Michitaka Sawada	100% (14 out of 14 meetings)
Representative Director	Yoshihiro Hasebe	100% (14 out of 14 meetings)
Representative Director	Toshiaki Takeuchi	100% (14 out of 14 meetings)
Representative Director	Tomoharu Matsuda	100% (14 out of 14 meetings)
Director	David J. Muenz	100% (11 out of 11 meetings)
Outside Director	Osamu Shinobe	100% (14 out of 14 meetings)
Outside Director	Chiaki Mukai	100% (14 out of 14 meetings)
Outside Director	Nobuhide Hayashi	100% (14 out of 14 meetings)

Outside Director	Eriko Sakurai	100% (11 out of 11 meetings)
Full-time Audit & Supervisory Board Member	Hideko Aoki	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	Takahiro Nakazawa	100% (14 out of 14 meetings)

* During FY2022, 14 meetings of the Board of Directors were held. After Mr. David J. Muenz and Ms. Eriko Sakurai took office as Directors, 11 meetings of the Board of Directors were held.

Major topics discussed by the Board of Directors

Activities of the Board of Directors—Discussion and implementation of further strengthening supervisory functions and delegation of authority to executive organizations

In FY2022, the Board of Directors, the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members, and the Compensation Advisory Committee for Directors and Executive Officers deliberated with a focus on the following issues:

➤ How the Board of Directors should function

The Board of Directors discussed the ideal functions of its meetings and the following directions were confirmed:

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 of Directors 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 of Directors to develop internal controls and risk and crisis management systems, and will build and operate these systems appropriately.

Based on the direction we are aiming for, the Board of Directors also discussed the following issues.

-Revision of the criteria for submission of agenda items to the Board of Directors

-Monitoring the progress and issues of the Mid-term Plan

-Discussion of knowledge, experience, and skills required by the members of the Board of Directors

➤ Human capital strategy

Discussions were held on the portfolio of human resources and organizations to confirm whether strategies and plans for maximizing the power and potential of employees and maximizing the use of human resources are appropriately formulated and implemented. It was pointed out that the Company should define roles and human resource requirements that will be necessary for future growth, rather than as an extension of existing strategies, and secure human resources strategically by systematically developing employees and appointing them from outside organizations. We will continue to confirm that these measures are being implemented, leading to fruitful results. We also discussed the progress and the results of the Objectives and Key Results (OKR). We will confirm that members of the Group will increasingly take on a variety of challenges and that further collaboration will be promoted through dialogue.

➤ M&A strategy

After indicating the direction of corporate strategy and business transformation based on the business environment and competitive situation, we discussed the areas, factors, and estimated scale that should be acquired through M&A to strengthen our business portfolio. We will continue to review the effectiveness of the strategy and progress of the plan.

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

The Board of Directors received reports on the latest trends and Kao Group's initiatives on major ESG issues, such as climate change risks and opportunities (TCFD compliance), sustainable palm oil procurement (including human rights), and biodiversity, and confirmed the status of their promotion.

We also discussed the need for ESG to be included into growth strategies and profitability. We will continue to review issues related to sustainability.

• **Audit & Supervisory Board**

Please see, 13 Evaluation of the Activities and Effectiveness of the Board of Corporate Auditors.

• 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 FY2022 (ended December 31, 2022) 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 and Koji Inoue

Composition of assistants in the audit:

19 CPAs and 44 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 preparations for dealing with non-guaranteed businesses, 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:

Audit & Supervisory Board Members and the Department of Internal Audit receive explanations from the Accounting Auditors on audit plans, priority audit items and accounting audit results (quarterly review and annual audit) and major audit considerations, and exchange opinions. The Audit & Supervisory Board Members and the Accounting Auditors individually examined the scope of the comprehensive advance agreement for non-assurance services and the process for confirming the individual advance agreement based on the revision of the International Code of Ethics by the International Accounting Ethics Standards Board (IESBA), which was introduced in 2023. In addition, audit plans and audit findings reported by the Accounting Auditor are reported to the Board of Directors through the Audit & Supervisory Board Members.

The Audit & Supervisory Board Members and the Department of Internal Audit exchange opinions on a quarterly basis, and share issues from audit results of the Audit & Supervisory Board Members and internal audit results of each business unit, each division, domestic and overseas subsidiaries and affiliated companies, and exchange information.

In addition, the Accounting Auditor regularly and as needed exchanges opinions with the Department of Internal Audit. The Accounting Auditor also strives to cooperate with each other while sharing information as appropriate on the development and evaluation of internal controls related to financial reporting and the status of activities of internal audits

■ 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 five (5) Inside Directors and four (4) Outside Directors) and the Audit & Supervisory Board (consists of two (2) Inside Audit & Supervisory Board Members and three (3) Outside Audit & Supervisory Board Members.)

*For information concerning reasons for adopting a company with an Audit & Supervisory Board, please see “(5) Company with an Audit & Supervisory Board” in “4. Basic position and policy on corporate governance” in “Matters to be disclosed based on each principle of the Corporate Governance Code” in “1. Basic Position on Corporate Governance” in “Basic Position on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information”.

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	<p>The Company strives for the early dispatching and 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 21, 2023, 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 24, 2023.</p> <p>(www.kao.com/global/en/investor-relations/stock-information/shareholders/)</p> <p>The printed copy of convocation notice is scheduled to be sent on March 6, 2023.</p>
Allowing Electronic Exercise of Voting Rights	<p>The exercise of voting rights by electromagnetic means was started at the Annual General Meeting of Shareholders held in 2006.</p>
Participation in Electronic Voting Platform	<p>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.</p>
Providing Convocation Notice in English	<p>English translation (summary) of the convocation notice is published on the Company’s website on the same day as Japanese.</p>
Other	<p><Determination of an Appropriate Date for the Annual General Meeting of Shareholders></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 & Supervisory Board Members, including Outside Directors/Audit & Supervisory Board Members, and Executive Officers can attend.</p> <p><Providing Appropriate Information to Shareholders>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. The Company also provides opportunities for shareholders who desire to make the acquaintance of Directors and Audit & Supervisory Board Members and Executive Officers to do so after the close of the Annual General Meeting of Shareholders. (However, to prevent the spread of COVID-19, we have canceled it since 2021.)</p> <p><Response in the Event a Considerable Number of Votes are Cast against a Proposal by the Company></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</p>

	<p>of institutional investors seriously and uses them to reconsider and improve items related to such proposals against which votes were cast.</p> <p><Delegation of Powers of the General Meeting of Shareholders to the Board of Directors> 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 & 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 & Supervisory Board Members) of the seven (7) outside members, who consist of four (4) Independent Outside Directors, and the three (3) independent Outside Audit & Supervisory Board Members, representing half of attendees, thus maintaining a structure for conducting checks from the perspective of shareholders.</p> <p><Posting Videos from Annual General Meeting of Shareholders> Since the Annual General Meeting of Shareholders in 2018, 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. (www.kao.com/jp/corporate/investor-relations/stock-information/shareholders/)</p>
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2. IR Activities

	Supplementary Explanations	Explanation by Representative(s) of the Company
Preparation and Publication of Disclosure Policy	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. www.kao.com/global/en/investor-relations/management-information/disclosure.html	
Regular Investor Briefings for Analysts and Institutional Investors	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 Senior Vice President of the Accounting and Finance. 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 regularly. Furthermore, the Company holds briefings on new strategies, initiatives, and businesses whenever necessary.	Yes
Regular Investor Briefings for Overseas Investors	To hold constructive dialogues with a view to enhance the corporate value and to facilitate the exercise of voting rights, the President and CEO regularly engages in direct dialogue with various institutional investors and holds timely dialogue with various institutional investors. 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 by investors. Even in situations where overseas travel is difficult due to the spread of COVID-19, 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.	Yes
Posting of IR	Reports of financial results, annual securities reports, quarterly reports,	

<p>Materials on Website</p>	<p>quarterly securities reports, notices of convocation of shareholders meetings, integrated report, shareholders' reports (interim) 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&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 September 2021, 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: www.kao.com/jp/corporate/investor-relations/</p> <p>Investor information in English: www.kao.com/global/en/investor-relations/</p>
<p>Establishment of Department and/or Manager in Charge of IR</p>	<p>Corporate Strategy 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 six members respond to IR issues at the head of one Vice President.</p>
<p>Other</p>	<p><Measures aimed at Shareholders></p> <p>The Company posts shareholders' interim report to shareholders every August.</p> <p>Also, the Company holds a "Kao Museum Tour" (Tokyo), a "Kao Kawasaki Plant Tour" (Kanagawa), a "Kao Eco-Lab Museum Tour" (Wakayama) and a "Company Briefing" for shareholders who own one unit share or more. However, due to the COVID-19 pandemic all have been canceled.</p> <p>In December 2021, the Company held online events regarding Kao's supply chain management and its ESG activities.</p> <p>In November 2022, the Company held online events regarding Kao's R&D activities in Chemical Business and introduction of the Kao Eco-Lab Museum at the Wakayama Plant.</p> <p><Measures aimed at institutional investors></p> <p>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><Published Integrated Report></p> <p>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.</p> <p>Integrated Report www.kao.com/global/en/investor-relations/library/reports/ Financial Report www.kao.com/global/en/investor-relations/library/financial-report/</p> <p><External Evaluation></p> <p>The Company received the Best IR Award from the Japan Investor Relations Association and 2019 Award for Excellence in Corporate Disclosure in the Cosmetics and Personal Care Industry from the Securities Analysts Association of Japan.</p> <p>In April 2020, the Company won the Most Honored Company status in</p>

the Household, Cosmetics and Personal Care sector in the 2020 All-Japan Executive Team ranking, which is released by Institutional Investor, a leading international financial magazine based in the USA, having been ranked in 1st place in four categories—Best CEO, Best CFO, Best IR Professional, and Best Investor Relations Team.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>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 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.	<p>< Evaluation of ESG Measures> Selected for the A List for climate change, forest, and water by CDP and Supplier Engagement Leader by CDP The Company has been selected as the A List for climate change, forest, and water by CDP based on the CDP's environmental response survey of the companies surveyed worldwide two years in a row. The Company has been included in the climate change A List for the third time, the forest A list for the second time, and the water security A List for the fifth time. Also, the Company has been recognized, for the fifth consecutive year, as a Supplier Engagement leader for its initiatives in reducing carbon emissions and tackling climate change across its supply chain by CDP, an international non-profit organization that drives companies and governments to reduce their greenhouse emissions.</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"> • FTSE4Good Index <p>Index developed by FTSE Russell, a unit of the London Stock Exchange Group. Companies that satisfy its environment, social, and governance standards are selected for the index. Kao has been continuously selected for the index since 2008.</p> <ul style="list-style-type: none"> • MSCI ESG Leaders Indexes • MSCI Japan ESG Select Leaders Index <p>Indexes developed by U.S.-based MSCI. Companies with excellent environment, social, governance (ESG) ratings are selected for the indexes. Kao has been continuously selected for the index since 2017.</p> <p>Details on Kao's sustainability-related initiatives can be found at following websites. Kao Sustainability Report: www.kao.com/global/en/sustainability/pdf/</p>
Development of Policies on Information Provision to	<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</p>

Stakeholders	<p>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>www.kao.com/global/en/investor-relations/management-information/disclosure</p>
Other	<p><Measures to Promote Diversity></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 corporate philosophy, and shares it widely. For individuals and the Company to grow together, we aim to strengthen the organization by bringing together employees of diverse backgrounds, respecting each other, and accepting each individual's perspective and way of thinking; and to create an environment where each individual can maximize his/her ability and individuality. The Company discloses information on its initiatives through the Sustainability Report, Kao Integrated Report, and other reports.</p> <p>Please see below for Sustainability Report and Integrated Report.</p> <ul style="list-style-type: none"> • Kao Sustainability Report www.kao.com/global/en/sustainability/pdf/ • Kao Integrated Report www.kao.com/global/en/investor-relations/library/reports/ <p>With regard to ensuring diversity in appointment to core positions, together with thorough evaluation and promotion based on individual abilities regardless of personal attributes, the Company has established targets according to the composition of employees and are steadily promoting selection and training that are not biased toward attributes in the selection to core positions.</p> <p>With regard to promotion of women to managerial positions, among other efforts, the Company has set a target to have a proportionate ratio of female managers in Kao Group companies in Japan to the ratio of female employees in Kao Group companies in Japan by 2030, creates a compatible environment for diverse work methods and encourages female manager candidates to participate in outside cross-industry study groups. On December 31, 2021, the percentage of female employees in Kao Group companies in Japan was 51.9% and the percentage of female employees in managerial positions in Kao Group companies in Japan was 20.5%.</p> <p>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 and actively recruiting people of non-Japanese nationalities for recruitment of researchers in Japan. On December 31, 2021, the percentage of non-Japanese employees (full-time) in Kao Group companies in Japan was 0.6% and the percentage of non-Japanese employees in executive positions in Kao Group companies in Japan was 0.4%. The Company has set a target to have a proportionate ratio of non-Japanese managers of Kao Group companies in Japan to the ratio of non-Japanese employees in Kao Group companies in Japan by 2030.</p> <p>With regard to mid-career employees, because the Company is going to actively develop new businesses in the future, the Company is going to actively recruit specialists from outside the Company. On December 31, 2021, the percentage of mid-career employees in Kao Group companies in Japan was 30.2% and the percentage of mid-career employees in managerial positions in Kao Group companies in Japan was 17.5%. 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.</p> <p><Evaluation of Initiatives to Promote Diversity></p> <p>Kao Group's philosophy and initiatives to promote diversity and inclusion, as well as the organizational culture in which employees can play active roles regardless of gender or other attributes, have been highly evaluated. In 2018, the Company was included in MSCI Japan Empowering Women Index (WIN)*¹, and in 2019, 2020,</p>

2021 and 2022 selected for inclusion in the Bloomberg Gender-Equality Index*². Also, the Company was selected as a “Nadeshiko Brand*³” in 2013, 2015, 2018 and 2020 and "Semi-Nadeshiko Brand" in 2019 and 2021. Also, the Company was selected “Diversity Management Selection 100 Project*⁴” in 2013, the year it was established and in 2019, received the Prime Minister's Award for “Leading Companies Where Women Shine*⁵.”

*¹ MSCI Japan Empowering Women Index (WIN): Index by U.S.-based MSCI: Companies with outstanding assessments for empowering women and promoting gender diversity are selected from among the MSCI Japan IMI Top 500 Index.

*² Bloomberg Gender-Equality Index: Index developed by U.S.-based Bloomberg to track the performance of those companies most committed to transparency in gender reporting and to advancing women globally.

*³ Nadeshiko Brand: The Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry jointly select and publicize enterprises listed on the first section of the Tokyo Stock Exchange that are exceptional in encouraging women's success in the workplace from 2013.

*⁴ Diversity Management Selection 100: The Ministry of Economy, Trade and Industry selects enterprises that create innovation and conduct business which leads to creation of value, by utilizing various human resources and by giving them opportunities to fully show their competence.

*⁵ Leading Companies Where Women Shine: The Gender Equality Bureau Cabinet Office publicly recognizes companies that disclose information about their policies, initiatives, and results of promoting women to managerial and executive positions, and from this information demonstrate outstanding achievements.

<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, industrial healthcare staff, and external specialists. 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” eighth consecutive year and also recognized by METI, for the sixth consecutive year, as a Certified Health and Productivity Management Organization (White 500) for its outstanding practice of health-conscious management.

*Health and productivity management brand: The Tokyo Stock Exchange and the Ministry of Economy, Trade and Industry jointly select enterprises which set the management of employee health as a corporate management issue and actively implement relevant strategies.

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 2022" of the U.S. think

	<p>tank Ethisphere Institute. Kao is the only Japanese company that has been selected for 16 consecutive years since the award was established in 2007.</p> <p>*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 leadership, and innovation and reputation.</p>
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IV. Matters Related to the Internal Control System [Updated]

Basic Views on Internal Control System and the Progress of System Development

The Company has established an Internal Control Committee chaired by the President and CEO. 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 enhance corporate value, and for this objective, the Company implements the following systems:

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. Outline of Management of Systems to Assure Appropriate Business Operations of the Company

Based on the above policies, 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

Under the initiative of the Compliance Committee chaired by the Managing Executive Officer responsible for compliance, efforts have been continuously made in this area, 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, we have implemented a thorough system to immediately report to senior management and Audit & Supervisory Board Members. For cases that require special attention, we conduct a root cause analysis and implement measures in the relevant department to prevent a recurrence. We enlist the services of an outside attorney, who attends the monthly Compliance Committee Secretariat Meeting as an advisor, to provide evaluations and recommendations from a third party perspective. Furthermore, we identify which cases have the potential to become material compliance violations. The Compliance Committee, which is convened quarterly, confirms the status of measures by the departments in which incidents occurred and departments that are principally in charge of the matters involved, and strives to reduce risk so that similar incidents do not occur outside the department concerned.
- The internal and external (counselors and lawyers) hotline system is generally established and implemented throughout the Company and its domestic and overseas group companies and 488 reports and consultations were received during this fiscal year. Of all the reported and consulted cases, we conducted fact-finding investigations on all cases where investigations were requested and resolved each issue one by one, while implementing necessary measures based on the recognition of issues to maintain the workplace climate as a Company. We also worked to foster an "open climate" that would make it easier for internal and external people to raise their voices in order to prevent the spread and prolongation of compliance violations.
- In an effort to prevent compliance violations, we worked to maintain and enhance the compliance awareness of each employee by sharing examples of past violations on compliance case studies via the intranet of Kao Group and conducted BCG refresher tests and compliance awareness surveys for all employees overseas (excluding temporary and part-time employees). The Company also arranged a lecture by the Chairperson of the Compliance Committee on the importance of compliance, displayed posters, and distributed compliance messages from the head of each organization.
- 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 2022 include: (1) continuing the training program to consider how supervisors and members should engage in dialogue, and to consider compliance risks in the event that such dialogue is not practiced; (2) in compliance case studies sent out from the intranet, we gathered comments from our readers together with a survey, which were then used as feedback for the next edition of the report to make it more personal; and (3) conducting self-assessment of compliance activities, identifying issues, and discussing future measures at Compliance Committee Secretariat Meetings and Compliance Committee meetings.

Efforts Concerning Risk and Crisis Management

In terms of risk management, we have implemented measures to deal with other “corporate risks” (risks that have a particularly large impact on management and require enhanced responses), such as measures for major earthquakes and natural disasters (including strengthening of BCP measures), serious quality issues, cyber-attacks, leakage of personal information and reputation risk. Measures include strengthening of response system, strengthening of prediction and prevention measures, reinforcement of intelligence through the use of external organizations, education, awareness-raising, and training for emergency response. Furthermore, in response to rising geopolitical risks in Europe and East Asia, where the Kao Group operates, due to the Russia and Ukraine issues and other issues, we have selected "Responding to geopolitical risks" as a new corporate risk theme, and are focusing on ensuring the safety of employees, securing supply chain networks, and addressing reputation risks. We also identified significant risks that may deter the achievement of the Mid-term Plan “K25” and confirmed our level of preparedness and issues under the management of the Risk and Crisis Management Committee. On the other hand, in terms of crisis management, in response to the global COVID-19 pandemic, the Emergency Response Headquarters (headed by the President and CEO) was held 10 times (56 times since FY2020) to decide on Company-wide policies, centered on ensuring the safety of employees and their families and business continuity. We also reviewed our work system and work styles, taking into account factors such as the evolving nature of the virus and infection trends, and have continued to implement post-COVID measures and planned for exit strategies.

In addition, in response to the impact of rising raw material prices worldwide, we worked to revise selling prices for chemical products, implemented strategic price increases centered on laundry detergents, and strengthened our marketing activities.

Efforts Concerning Subsidiary Management

The executive officers in charge provides 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 which 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 by each department responsible for internal control and by conducting site visits by the Department of Internal Audit.

In addition, the Department of Internal Audit and sections in charge of subsidiary management have verified that agenda items have been submitted and reports made in accordance with internal rules, etc., by way of site visits for auditing purposes or by causing checklists to be submitted.

Regarding important matters of subsidiaries, agenda items have been submitted and reports made from subsidiaries to the Company whenever necessary, in accordance with the Group Management rules, known as the “Policy Manual,” that set forth matters regarding which subsidiaries are required to obtain prior approval from the Company or to make a 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.

For worksites and departments of the Company and Group companies both within and outside Japan, we have confirmed how business was executed and the internal control system was established and operated. For the second-line of internal control, which are legal and compliance departments, risk and crisis management departments, and other departments, we have confirmed monitoring conditions as well. Online meetings and other remote auditing measures have been used to conduct roughly the same number of site audits and interviews as are performed in an ordinary

year (site audits and interviews were conducted 115 times this fiscal year). Roughly 70% of these involved at least one Outside Audit & Supervisory Board Member.

We have engaged in opinion-sharing with the Department of Internal Audit, both on a regular and as-needed basis. We also worked closely with the auditors of Group companies to improve the effectiveness of audits by holding regular meetings to exchange opinions and requesting their attendance at hearings at Group companies.

Based on the findings of these auditing activities, we have held meetings for exchanging opinions, conducted by all of the Audit & Supervisory Board Members, with Representative Directors of the Company and key subsidiaries (the meetings were held 6 times this fiscal year) and opinion-sharing meetings with Outside Directors (the meetings were held 3 times this fiscal year).

We have received and exchanged opinions on the annual audit plan, accounting audit results (quarterly reviews and annual audit results), and key audit matters (KAM) from the Accounting Auditor, while monitoring the independence and appropriateness of the audit.

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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Supplementary Explanation

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

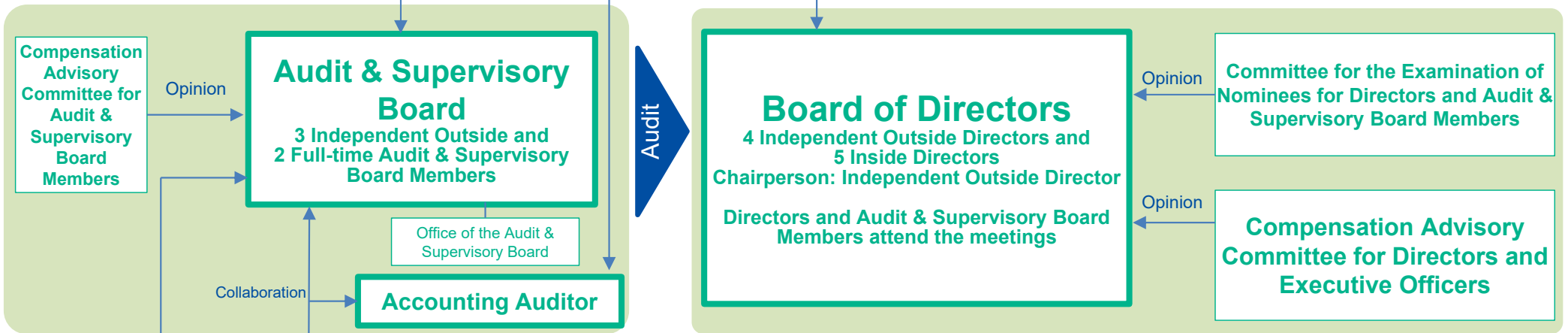
Immediately after any of the officers and employees of the Company in charge of subsidiaries has the knowledge of occurrence of a material fact or the possibility thereof regarding subsidiaries for which he or she is responsible, he or she is required to inform the secretariat of such information.

Corporate Governance Structure

Shareholder Meeting

【Audit】

【Supervision/Decision-Making】



【Business Execution】

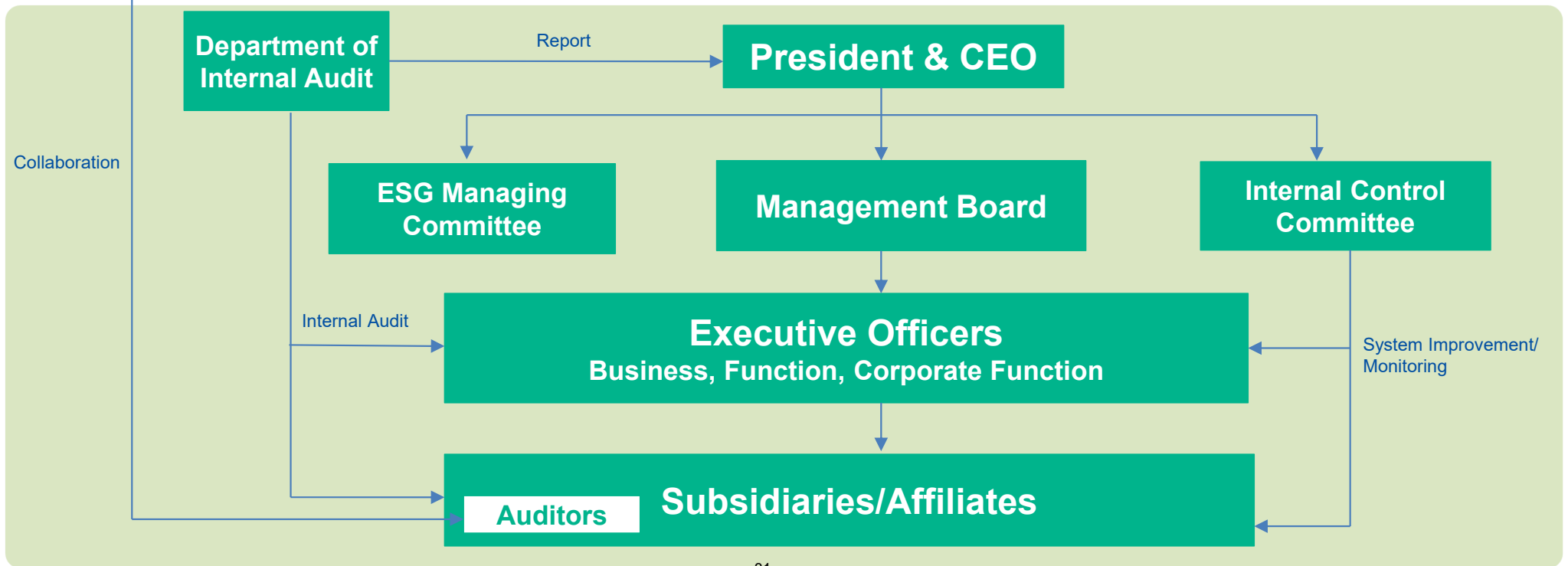
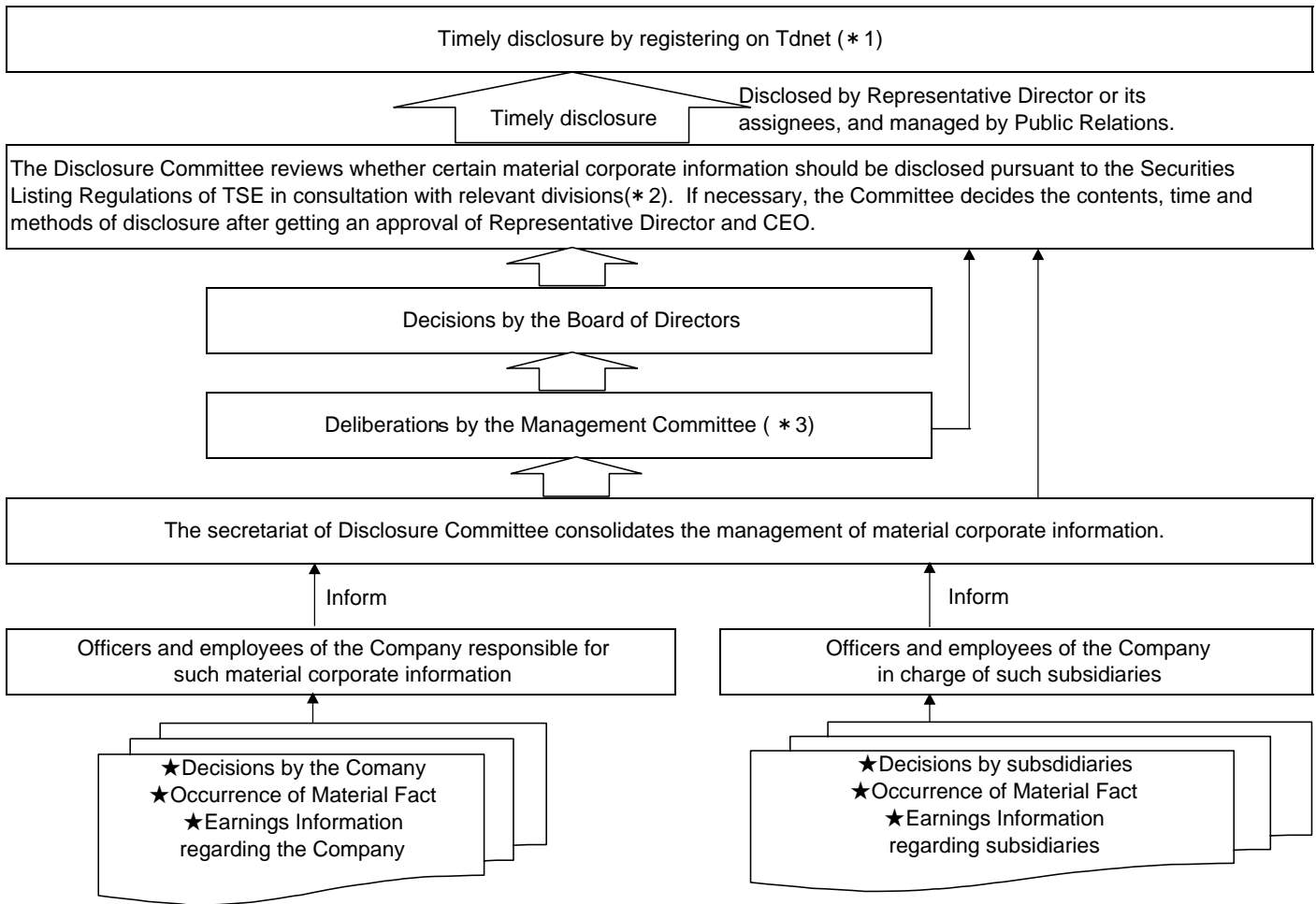


Chart regarding Timely Disclosure



- * 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.

Initiatives for each principle of the Corporate Governance Code

1. Corporate Philosophy (Principle 3.1(i))

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/about/purpose/kaoway/)

2. Long-term Business Strategy (Principle 3.1(i))

Long-term Targets

Our targets for 2030 (K30) is to make Kao a company with a global presence, valuable to society.

K30 Objectives:

- 1) Become an essential company in a sustainable world
- 2) A high-profit global company that also significantly contributes to society
- 3) Returns to stakeholders according to levels of growth

K30 Financials (as a result):

Record-high sales and profit growth: Net sales 2.5 trillion yen / Operating income 400 billion yen
Dividend: 41 consecutive years

3. Mid-term Business Plan (Principle 3.1(i))

The Company has developed the Kao Group Mid-term Plan 2025 (K25), covering the five-year period from fiscal 2021 to 2025, for the realization of an enriched sustainable world.

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 begin a new challenge 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 K25

■ Vision

Protecting future lives
Sustainability as the only path

■ Concept

Kirei—Making Life Beautiful

■ Policy of the K25

Objective (1) Become an essential company in a sustainable world

Goal

Take leadership in a self-propelling sustainable society
(ESG Investment = Reflection of future earnings)

Key Results

- Carbon recycling (Conversion of carbon dioxide into raw materials)
- Positive recycling (Creation of new business through re-use)
- Stop pandemic (Eradicate the source of infectious diseases)

Objective (2) Transform to build robust business through investment

Goal

Create another Kao and reinforce current Kao (Expand global business by focusing on saving lives)

Key Results

- New Business: Launch digital and precision healthcare business (high-precision bioanalysis and homeostasis enhancement solution)
- Current Business: Invest in outstanding products development and expand business
- Cosmetics Business, Sanitary Business: Pursue next innovation

Objective (3) Maximize the power and potential of employees

Goal

Double the productivity of our business activities
(Make challenges visible and pursue open innovation)

Key Results

- Fair compensation according to challenge and contribution (implementation of OKR* globally)
- Active promotion of talent from outside Kao and doubling the results of collaboration
- Reform to become “digital Kao” to be completed by 2023

* Objectives and Key Results: New employee empowerment system to be launched in January 2021

(For further details regarding K25, please see

www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/presentations_fy2020_k25_01.pdf)

4. Basic Position and Policy on Corporate Governance (Principle 3.1(ii), Principle 4.9)

(1) Basic Position on Corporate Governance

As described above “Basic Views” of “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information”.

(2) Roles and Duties of the Board of Directors, etc. (Effective Utilization of the Diversity of Directors, Audit & Supervisory Board Members and Executive Officers)

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.

(3) Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc. (Principle 4.10.1)

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. To conduct examinations from an objective perspective independent from the Management, the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members, which examines appropriateness of candidates (including election or re-election) for Director (including Representative Directors, Chair and President & CEO) and Audit & Supervisory Board Member and the Compensation Advisory Committee for Directors and Executive Officers, which examines the compensation system and remuneration levels of Directors and Executive Officers, both include all independent Directors and independent Audit & Supervisory Board Members, Outside Directors and Outside Audit & Supervisory Board Members (hereafter, the "Independent Directors and Audit & Supervisory Board Members, etc.").

(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)

(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".)

(4) Non-executive Director as Chairperson of the Board of Directors (Principle 4.6)

To more thoroughly separate execution and supervision, the Company uses a structure in which a non-executive Director serves as Chairperson of the Board of Directors.

(5) Company with an Audit & Supervisory Board

The Company has chosen to be a company with an Audit & Supervisory Board for the following reasons.

- 1) In addition to Outside Directors that include people with management experience, Outside Audit & Supervisory Board Members that include lawyers, certified public accountants and people with academic experience further increase the diversity of the Board of Directors by expressing opinions with a high level of expertise and insight and are useful for proper deliberation and supervision and audit of execution.
(For the Company's stance on nomination of Outside Directors and Outside Audit & Supervisory Board

Members, please see “6. Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors” below.)

- 2) Unlike in companies with a nominating committee and other committees or an audit committee, Audit & Supervisory Board Members with an independent perspective who do not concurrently serve as Directors enable objective audits of the execution of duties because they do not have the right to vote* at Board of Directors meetings. In particular, independent Outside Audit & Supervisory Board Members enable audits from a perspective that is more independent from the Management.
- 3) Ability of Full-time Audit & Supervisory Board Members to Collect Necessary Information for Audits
The Company ensures cooperation on information collected by the Audit & Supervisory Board Members so that it is reported to the Outside Directors as necessary, in addition to audit reports to the Board of Directors.

* Audit & Supervisory Board Members do not have the right to vote, however the Companies Act guarantees their attendance at Board of Directors meetings and certain resolutions require their approval. Further, Audit & Supervisory Board Members are legally guaranteed the right to provide their opinion in their Audit Report and/or at the Annual General Meeting of Shareholders.

(6) Promoting Communications with Shareholders

In order to enhance its corporate value, the Company considers it important to communicate with shareholders and other stakeholders, thereby having better understanding of mutual views and positions, and taking appropriate measures based on the same. The Company has developed a structure to promote constructive communications with shareholders, and create opportunities to communicate with institutional investors and individual shareholders. In communication with shareholders, the members of Management participate to the extent possible in order to reflect the opinions of the shareholders in management properly. Also, the Company communicates with shareholders through its various publications, which communication includes messages not only from the CEO and other members of Management, but also from the Outside Directors, in their words. Pertaining to information of the Kao Group which is the basis for communication with stakeholders, the Company established Disclosure Guidelines that took into account fair disclosure, and is committed to timely, accurate and fair disclosure of information and proactively discloses information of social relevance as well as information which it is obligated to release publicly.

(For further details regarding IR Related Activities, etc., please see “14. Policy Concerning Measures and Organizational Structures to Promote Constructive Dialogue with Shareholders” and “2. IR Activities” in “III Implementation of Measures for Shareholders and Other Stakeholders”.)

(For further details regarding Disclosure Guidelines, please see www.kao.com/global/en/investor-relations/management-information/disclosure/)

(7) Basic Strategy for Capital Policy

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**”), 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 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, 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 defined as NOPAT less capital cost. EVA is a registered trademark of Stern Stewart & Co.

5. Scope of Matters Delegated to the Management (Principle 4.1.1)

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 4-(2) 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.

6. Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors (Principle 4.11, Principle 4.11.1, Principle 2.4)

At the Board of Directors meetings, 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.

Based on the vision of "protecting future lives" and promoting "sustainability as the only path," as stated in K25 in order to realize a Kirei World in which all life lives in harmony, which is its purpose, the Company delivers products and services that protect the healthy lives of people and consumers and customers by leveraging our advanced technologies developed through extensive R&D including fundamental research from an ESG perspective. In addition, the Company makes further strategic investments and expand existing businesses with the aim of creating new business that protect future lives by utilizing digital transformation with an eye toward the global environment and human life. To support these activities, the Company supervises from objective and diverse perspectives and build systems that can be verified from professional perspectives such as accounting, finance, and legal with the aim of achieving continuous improvement.

To achieve these objectives, 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 addition to knowledge, experience and ability, the Company recognizes the diverse perspectives that come from diversity of the Board of Directors in terms of gender, nationality, race and age contribute to the promotion of business, global expansion and proper supervision and auditing, and promotes the appointment of such diverse personnel as Directors and Audit & Supervisory Board Members. The Company's target for the ratio of women on the Board of Directors is 30% by 2025.

(For further details of the active participation of women, please see "Measures to Promote Diversity" in "Other" in "3. Measures to Ensure Due Respect for Stakeholders" in "III Implementation of Measures for Shareholders and Other Stakeholders".)

The Company sets the appropriate size of the Board of Directors in consideration of the balance of diverse personnel required to conduct the proper deliberations and supervision of execution, while aiming for a small Board of Directors to accelerate decision-making for dealing with business expansion and other matters, on the premise of the delegation of responsibility to appropriately placed Executive Officers. The Company aims to have Outside Directors comprise half of the Board of Directors to ensure its diversity and influence and emphasizes the independence. In addition, the Company aims to have a majority of Outside Audit & Supervisory Board Members to meet the Standards for Independence.

7. Policy on Nomination of Director and Audit & Supervisory Board Member Candidates and Senior Management (Principle 3.1(iv), Principle 4.1.3)

In accordance with the above “6 Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors”, the Company nominates the appropriate Directors and Audit & Supervisory Board Members. At the time of nomination for reappointment, the Company requires the Directors and Audit & Supervisory Board Members to have attended at least 75% of the Board of Directors meetings in the recent fiscal year. The tenure is determined by considering independence and objectivity, while placing importance on the ability to discuss from a medium- to long-term perspective and stable management. In addition, to promote sharing of the knowledge and information obtained related to the Company’s management and businesses from predecessor to successor, the Company sets staggered terms of office for Outside Directors and Outside Audit & Supervisory Board Members.

Development of human resources including a succession plan for the President and CEO is one of the most important management issues and this issue has been discussed continuously at the Board of Directors meetings and at the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members.

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.

8. Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management (Principle 3.1(iv), Principle 4.3.2, Principle 4.3.3) [Updated]

To objectively confirm that all Director candidates, including candidates for President and CEO, conform with the stance in paragraph 6 above, the Company has a Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members, composed exclusively of all Outside Directors and Outside Audit & Supervisory Board Members to incorporate independent and objective perspectives. The chairperson is chosen by Committee members. In FY 2022, Independent Outside Director held the position again. Prior to the election or re-election of Directors (including Representative Directors, Chair and President & CEO) and Audit & Supervisory Board Members, the Committee conducts examinations and submits its opinions of the nominees’ appropriateness to the Board of Directors. Furthermore, with the appointment by the chairperson, President & 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.

Usually, this Committee holds three to four times a year but can be held at any time as needed, and to keep its high level of objectivity it is chaired by the independent Director and all of its members are independent Directors and Audit & Supervisory Board Members. Prior to the election or re-election of Directors and Audit & Supervisory Board Members, first the Committee deliberates about validity of above policies and other related matters. Then, it deliberates on each candidate’s eligibility and submits its opinions of the nominees’ appropriateness to a meeting of the Board of Directors. The Company has shortened the term of office for Directors to one year; therefore, all candidates including candidates for re-election are strictly examined by the Committee every year.

For the change of CEO in January 2021, the committee first discussed the qualities required of the next CEO. Next, the committee narrowed down the candidates from a wide range of options, deepened its understanding of the candidates by creating opportunities for direct contact between the committee members and the candidates, and narrowed down the candidates in the light of the qualities required of the next CEO, and reported the results to the Board of Directors. At the Board of Directors, the process and the results of the examination were shared and discussed, and the election proposal was approved.

With regard to nominees for Audit & Supervisory Board Members, the Audit & Supervisory Board, which includes three (3) independent Outside Audit & Supervisory Board Members as its members, examines the appropriateness and qualifications, etc. of each nominee, based on its independent and objective perspective and in accordance with the above-described policy and the policy of nominating nominees for Audit & Supervisory Board Members established by the Audit & Supervisory Board. Eventually, with the consent of the Audit & Supervisory Board, the Board of Directors determines such nominees as the nominees for Audit & Supervisory Board Members to be presented in a proposal for the General Meeting of Shareholders based on the opinions of the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members.

The frequency of meetings of the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members in FY2022, the status of attendance, and specific agenda items are as follows.

	Title	Name	Attendance Rate
Chairperson	Outside Director	Chiaki Mukai	100% (4 out of 4 meetings)
Member	Outside Director	Osamu Shinobe	100% (4 out of 4 meetings)
Member	Outside Director	Nobuhide Hayashi	100% (4 out of 4 meetings)
Member	Outside Director	Eriko Sakurai	100% (4 out of 4 meetings)
Member	Outside Audit & Supervisory Board Member	Hideki Amano	100% (4 out of 4 meetings)
Member	Outside Audit & Supervisory Board Member	Nobuhiro Oka	75% (3 out of 4 meetings)
Member	Outside Audit & Supervisory Board Member	Takahiro Nakazawa	100% (4 out of 4 meetings)

Major topics discussed by Committee members:

In FY2022, the committee members discussed the ideals and direction of the Board of Directors and the composition of the Board of Directors based on them. They also confirmed the human resource requirements of successors of President and CEO, selected multiple candidates based on their human resource requirements, and then discussed the appropriateness of the development plan by utilizing a skill matrix.

In addition, the Committee deliberated on the structure of Board of Directors and Audit & Supervisory Board from March 2023 onward, referring to the candidates' biographies and reasons for selection.

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.

(For further information concerning the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members, please see, in "Supplementary Explanation" in "Directors" 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".)

9. Explanations with Respect to Individual Nominations and Appointments of Directors, Audit & Supervisory Board Members and Senior Management (Principle 3.1(v), Principle 4.11.1)

In line with the above "6. Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors", the Company has nominated and appointed its current Directors, Audit & Supervisory Board Members and Senior Management. 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 one (1) Audit & Supervisory Board Member elected at the 116th Annual General Meeting of Shareholders held on March 25, 2022. In addition, the reasons for the appointment of other four (4) Audit & Supervisory Board Members are described below.

As of March 25, 2022

Position	Name	Age	Gender	The reasons for the election of candidates
Directors	Michitaka Sawada	66	M	Ever since assuming office as Representative Director, President and Chief Executive Officer in 2012, Mr. Sawada has made a significant contribution in enhancing corporate value, by promoting the <i>Yoki-Monozukuri</i> philosophy which emphasizes R&D and being at the forefront in aiming to "Make Kao a company with a global presence" through the best use of the Kao Group's assets. In January 2021, he

				assumed the position of Director, Chair and continues to enhance corporate value by supervising management and promoting external activities based on his many years of experience and expertise as Representative Director, President and Chief Executive Officer. Among such external activities, he has served as Chair of the Japan Clean Ocean Material Alliance (CLOMA), which carries out initiatives to address the problem of marine plastic waste. The Company has determined that Mr. Sawada will utilize the aforementioned experience and knowledge, to ensure sustainable growth of the Kao Group.
	Yoshihiro Hasebe	61	M	Over many years, Mr. Hasebe has been involved in R&D activities, which is the driving force behind <i>Yoki-Monozukuri</i> , the provision of innovative products that contribute to creating a world where all life can coexist and flourish. He has also taken leadership in carrying out strategic digital transformation in his role as Senior Vice President, Strategic Innovative Technology, Global. In 2020, he led the development of the new Kao Group Mid-Term Plan “K25,” and in January 2021, he was appointed as Representative Director, President and Chief Executive Officer. In line with Kao’s aim to be a company that “saves future lives,” he is strongly promoting the building of businesses that go beyond extensions of conventional businesses and the enhancement of operational productivity using digital technology. The Company has determined that Mr. Hasebe will be able to contribute to further enhancing the corporate value of the Kao Group by using his leadership as well as his experience and expertise in the planning and deliberation of management strategies, etc. at the Board of Directors in the supervision of execution.
	Toshiaki Takeuchi	63	M	Over many years, Mr. Takeuchi has been involved in sales operations for delivering to consumers the products produced based on the <i>Yoki-Monozukuri</i> philosophy, and is therefore well acquainted with the actual sites of sales, including distribution and retail businesses operating on a global basis. Based on his considerable expertise in relation to both domestic and overseas sales businesses, he takes charge of management as Representative Director and President of Kao Group Customer Marketing Co., Ltd. which controls the sales and other related matters, while responding to changes in the distribution environment such as the emergence of e-commerce. He is familiar with the global competitive environment, changes of consumers and business partners, the expectations from stakeholders surrounding the Kao Group, and the strengths of and tasks facing the Kao Group concerning the same, and has been actively giving opinions and making proposals in deliberations of the Board of Directors concerning material matters in the management of the Kao Group, based on his considerable experience and expertise. The Company has determined that Mr. Takeuchi will be able to contribute to further enhancing the corporate value of the Kao Group by using his experience and expertise in the planning and deliberation of management strategies, etc. at the Board of Directors and supervision of execution.
	Tomoharu	62	M	Over many years, Mr. Matsuda has been involved in product

	Matsuda			development, namely, the core function of <i>Yoki-Monozukuri</i> , and also in the marketing activities for communicating the essential value of such products to consumers. He also has experience in management of the Company's overseas subsidiaries. He carries out his duties as President, Consumer Products, Global, based on his high level of expertise in such business both in Japan and overseas, and is familiar with matters such as global competitive environment, changes in consumers and business partners, expectations from stakeholders surrounding the Kao Group, and the strengths and tasks for the Kao Group. In March 2021, he has assumed the position of Representative Director of the Company, and he has been more active in presenting opinions and proposals in deliberations concerning material matters in the management of the Kao Group, based on his considerable experience and expertise. The Company has determined that Mr. Matsuda will be able to contribute to further enhancing the corporate value of the Kao Group by using his experience and expertise in the planning and deliberation of management strategies, etc. at the Board of Directors and supervision of execution.
	David J. Muenz	61	M	Mr. Muenz has contributed to the global implementation of <i>Yoki-Monozukuri</i> at our US subsidiary, through his involvement in R&D and marketing in the fields of skin care and hair care outside Japan. In July 2018, he was appointed as Senior Vice President, ESG, Global of the Company, and in January 2019 he was appointed as Executive Officer. He led the development of the ESG strategy "Kirei Lifestyle Plan" announced in 2019, and he has played a central role in promoting this strategy since its development. The Company has determined that Mr. Muenz will be able to contribute to further enhancing the corporate value of the Kao Group by using his ESG-related insight and global experience and expertise in the planning and deliberation of management strategies, etc. at the Board of Directors and supervision of execution.
	Osamu Shinobe (Outside and Independent)	69	M	Mr. Shinobe has considerable experience and expertise in relation to global corporate management and risk management, gleaned principally from his time in the maintenance sections of an international airline which carries both cargo and passengers where safety and security took top priority. He has been actively presenting opinions and proposals in deliberations of the Board of Directors concerning material matters in the management of the Kao Group, based on his considerable experience and expertise. The Company expects Mr. Shinobe to continue to supervise the management of the Kao Group as an Independent Outside Director.
	Chiaki Mukai (Outside and Independent)	69	F	Ms. Mukai has an extensive and high level of expertise in the scientific field. She has a wealth of experience and track record in various fields from her achievements as a medical doctor, astronaut and Specially Appointed Vice President of a university. Based on such experience and expertise, she has been actively presenting opinions and proposals in deliberations at the Board of Directors concerning material matters in the management of the Kao Group. The Company expects Ms. Mukai to continue to supervise the management

				of the Kao Group as an Independent Outside Director.
	Nobuhide Hayashi (Outside and Independent)	64	M	Over many years, Mr. Hayashi has played an active role on an international basis in the fields of finance and financial affairs, such as by experiencing an extensive range of duties in sales, international business planning, etc. at leading financial institutions. He has an abundance of experience and a high level of expertise in company management, such as having served as a corporate manager amidst global changes in the business environment surrounding the financial industry. He has been actively giving opinions and making proposals in deliberations of the Board of Directors concerning material matters in the management of the Kao Group, based on his considerable experience and expertise. The Company expects Mr. Hayashi to continue to supervise the management of the Kao Group as an Independent Outside Director.
	Eriko Sakurai (Outside and Independent)	61	F	Ms. Sakurai has a wealth of experience in global companies, including many years of corporate management at the Japanese subsidiary of a US chemical manufacturer with global business operations, as well as supervision of management as an Outside Director at a major manufacturer and a financial institution. Based on her experience in the chemical industry, she also has a high level of expertise in chemical business, which comprises the two key pillars of the Kao Group together with the Consumer Products Business. The Company expects Ms. Sakurai to supervise the management of the Kao Group as an Independent Outside Director by leveraging her wealth of experience and high level of insight.
Audit & Supervisory Board Members	Hideko Aoki	67	F	Ms. Aoki has an abundance of experience in quality assurance, such as having held a number of senior management positions at departments in charge of consumer relations and quality assurance, where she has pursued the highest level of product safety, while focusing on a consumer/customer perspective to the fullest extent, and has made constant efforts to improve product quality. She has a high level of expertise concerning the Kao Group's business, gleaned through such career. The Company has determined that Ms. Aoki will be able to make full use of her experience and expertise in the auditing of the Kao Group. (113 th Annual General Meeting of Shareholders)
	Sadanao Kawashima	62	M	Mr. Kawashima has considerable expertise in finance and accounting, having worked in accounting and finance for many years and held key positions in Investor Relations and Internal Audit. In addition, he has a wealth of experience in group management, including being stationed at overseas subsidiaries and serving as an Auditor of affiliated company. Furthermore, he has contributed to enhancing the effectiveness of audits by Audit & Supervisory Board Member as an Audit & Supervisory Board staff member since March 2019. The Company has determined that Mr. Kawashima will be able to make full use of his experience and expertise in the auditing of the Kao Group. (115 th Annual General Meeting of Shareholders)
	Hideki Amano (Outside and Independent)	68	M	Mr. Amano has a high level of professional expertise as a certified public accountant. Based on his experience and insight gained from working globally at major auditing firm

				as a member of management, he has served as an Audit & Supervisory Board Member of the Company since March 2017, effectively auditing the Kao Group, which operates globally, from a professional perspective. In view of these facts, the Company has determined that it would be most suitable if Mr. Amano were to continue to audit the Kao Group as an Independent Outside Audit & Supervisory Board Member. Although he has never been directly involved in company management, the Company considers, based on the above reasons, that Mr. Amano will properly perform his duties as an Outside Audit & Supervisory Board Member. (115 th Annual General Meeting of Shareholders)
	Nobuhiro Oka (Outside and Independent)	58	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, Mr. Oka 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 th Annual General Meeting of Shareholders)
	Takahiro Nakazawa (Outside and Independent)	63	M	Mr. Nakazawa has a high level of professional expertise as a certified public accountant. During his service with major auditing firms, Mr. Nakazawa has been involved in providing auditing services for leading companies and has also engaged in various advisory services such as those relating to the introduction of U.S. accounting standards and the International Financial Reporting Standards (IFRS), thereby gaining significant and valuable insights concerning governance and internal control systems which contribute to the growth of globally-operating companies. The Company has determined that he will make full use of his experience in the auditing of the entire Kao Group and for this reason appoints him as a nominee for Outside Audit & Supervisory Board Member, although he has never been directly involved in company management. (114 th Annual General Meeting of Shareholders)

10. Status of Concurrent Duties of Outside Directors and Outside Audit & Supervisory Board Members (Principle 4.11.2)

The status of important concurrent positions held by Outside Directors and Outside Audit & Supervisory Board Members is stated in the Convocation Notice of the 117th Annual General Meeting of Shareholders. (Please see www.kao.com/global/en/investor-relations/stock-information/shareholders/)

11. Details of Current Efforts to Effectively Use Independent Directors and Audit & Supervisory Board Members, etc. (Principle 4.8)

- (1) Status of Appointment of Independent Directors and Audit & Supervisory Board Members, etc.
Four (4) 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.
- (2) Chairperson of the Board of Directors (Principle 4.6)

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.

(3) Communication and Cooperation among Independent Directors, Audit & Supervisory Board Members and Management (Principle 4.8.2)

The Chairman 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 all the Audit & Supervisory Board Members (including full-time) have started to hold periodic meetings to exchange information and opinions.

12. Analysis and Evaluation of Effectiveness of the Board of Directors Taken as a Whole and Summary of the Results Thereof (Supplementary Principle 4.11.3) [Updated]

On an annual basis, an evaluation is conducted at a meeting of the Board of Directors in order to make improvements aimed at enhancing the effectiveness of the Board of Directors. Based on the idea that the roles and responsibilities of the Board of Directors must be shared by the entire Board of Directors, the Company believes that it is effective for all members who participate in meetings of the Board of Directors, including Audit & Supervisory Board Members, to conduct an evaluation using a method that entails expressing their own opinions and engaging in free and open discussion. Accordingly, evaluation of the effectiveness of the Board of Directors is currently conducted through self-assessment by participating members at a Board of Directors meeting, without the evaluation of a third-party consultant from outside the Company. However, the Company recognizes the usefulness of an objective evaluation by a third party, and continues to consider the introduction of third-party evaluations with an eye to introducing activities that further enhance the effectiveness of the Board of Directors.

For the FY2022 evaluation, prior to the exchange of opinions for self-assessment at the meeting of the Board of Directors held in January 2022, a survey of the nine Directors and five Audit & Supervisory Board Members was conducted on the topics below. Feedback on the results was then provided before the meeting, during which the discussions and exchange of opinions were conducted. The Committee for Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee for Directors and Executive Officers were evaluated at the same time. The following is a summary.

Results of the FY2022 Evaluation of Effectiveness of the Board of Directors

	FY2021 Issues	FY2022 Initiatives	Evaluation	Future Initiatives
Structure, Status of Operation and Deliberations of the Board of Directors	Further improvements are expected to ensure substantial discussion at meetings of the Board of Directors, including using effective presentation methods.	<ul style="list-style-type: none"> • Sent materials before meetings and received questions in advance. • Allocated half of the available meeting time to presentations and the other half to Q&As. 	<ul style="list-style-type: none"> • The Board operated effectively in general. • There were times when the information in reports was too granular, resulting in unfocused discussion. • Participants engaged in free, open, and constructive discussion, but in some cases, there was not enough time for substantial discussion. 	<ul style="list-style-type: none"> • Use a report format to clarify the key points for discussion and reports. • Share Q&As with all participants in advance so that more time can be allocated to substantial discussion based on those Q&As.

	FY2021 Issues	FY2022 Initiatives	Evaluation	Future Initiatives
Agenda Item Selection and Discussion	Necessary measures will include deepening discussions of issues that impede the achievement of Kao Group Mid-term Plan 2025 (“K25”), measures to resolve those issues, and actions to be prioritized, as well as conducting regular verification with greater awareness of PDCA for the realization of K25.	<ul style="list-style-type: none"> • Discussed M&A strategies and global strategies for achieving K25. • Created and distributed a table showing the status of progress of K25. • Had each of the businesses make reports. 	<ul style="list-style-type: none"> • Information on the progress of K25 was shared. • Issues to be addressed in achieving K25 and interim summaries needed to be discussed in greater depth, including quantitatively. • There was a need for stakeholder relations strategies. 	<ul style="list-style-type: none"> • Further visualize management indicators and deepen discussion of issues to be addressed in achieving K25 and interim summaries. • Present reports at the Board of Directors meetings before and after IR activities.
	Human capital strategy is a management issue for ongoing consideration, and it is necessary to deepen discussions of issues including the allocation of human capital needed for realizing K25, promotion and training of human capital for that purpose, and the evaluation of executive staff.	Discussed human capital strategy reflecting business environment changes and business strategy (three times).	Human capital strategy was thoroughly discussed in FY2022. There was a need for further discussion regarding matters such as how human capital strategy relates to business strategy.	Have Executive Officers engage in deeper discussion of human capital strategy, present reports at Board of Directors meetings for discussion by the Board of Directors.

Although ongoing initiatives and improvements are needed for continuing verification and discussion of internal control, the FY2022 evaluation concluded that internal control was being properly supervised. Some participants felt that there was a need for priority discussion of structural reforms under “Reborn Kao,” (revitalizing existing businesses) progress toward “Another Kao” (creating new businesses) including new business and M&A and other matters in addition to the verification of K25 and human capital strategy.

Results of the FY2022 Evaluation of Effectiveness of the Committee for Examination of Nominees for Directors and Audit & Supervisory Board Members

	FY2021 Issues	FY2022 Initiatives	Evaluation	Future Initiatives
	<ul style="list-style-type: none"> To a certain extent, the committee was able to discuss the composition of the Board of Directors required for accomplishing K25 and the ESG strategy, but discussion of structural reinforcement must be further enhanced. Ongoing discussion of the succession plan for the CEO is necessary. 	<ul style="list-style-type: none"> Re-evaluated the skills needed by Directors and Audit & Supervisory Board Members based on the vision for the Board of Directors. Confirmed the requirements of successors to the CEO, selected multiple candidates and discussed the suitability of candidate development plans using a skill matrix. 	<ul style="list-style-type: none"> The committee needed to continue discussing the Company's vision for the Board of Directors, as well as the board's composition. The CEO succession plan was confirmed to be operating properly. There was a need for ongoing verification and deeper discussion. 	<ul style="list-style-type: none"> Continue discussing the factors necessary for realizing the vision for the Board of Directors, as well as the board's composition. Continue discussing succession plans.

Results of the FY2022 Evaluation of Effectiveness of the Compensation Advisory Committee for Directors and Executive Officers

	FY2021 Issues	FY2022 Initiatives	Evaluation	Future Initiatives
	<p>There should be ongoing proactive, objective and transparent discussion regarding overall compensation for Directors and Executive Officers, including performance-based compensation.</p>	<ul style="list-style-type: none"> • Discussed a clearly defined compensation system based on individual evaluation of Directors and Executive Officers, as well as how compensation should reflect these evaluations. • Discussed what form and direction the compensation system for Directors and Executive Officers should take to serve as a mechanism for supporting future transformation of the Kao Group. 	<ul style="list-style-type: none"> • Matters were discussed thoroughly from a variety of angles. • There was a need for ongoing discussion regarding the form of the compensation system for Directors and Executive Officers. 	<ul style="list-style-type: none"> • Further discuss policy concepts of overall compensation for Directors and Executive Officers and based on this, discuss designs for a detailed system.

The Audit & Supervisory Board Members are entrusted by shareholders to audit Directors' execution of duties from an independent standpoint, aiming to achieve the sound and sustainable growth of the Company and the Group and establish governance that meets the trust of stakeholders. Accordingly, we provide in the Audit Report a more detailed explanation of the activities of the Audit & Supervisory Board Members during the fiscal year under review to enhance the transparency of audits and the effectiveness of dialogue with stakeholders as below.

1. Audit policy

As the business environment for the fiscal year under review became increasingly severe, in the second year of the Mid-term Plan 2025 "K25", the Company conducted auditing activities with a shared sense of urgency and the necessity of reforms recognized by management with regard to the status of implementation of corporate strategy and the status of response to management environmental risks. The Company adopted a policy which recognizes that the society and stakeholders are demanding a higher level of effective governance of corporate groups and an active disclosure of information.

<Particularly important points in Audit & Supervisory Board Members' activities>

Lively exchange of opinions

The Audit & Supervisory Board Members attend meetings of the Board of Directors, the Management Board and other important meetings with regard to auditing the duties of Directors. They put emphasis on confirming decision-making process for reaching resolutions, and express their opinions as appropriate.

Dialogue with people at the actual sites (*Genba*)

In addition, the Audit & Supervisory Board Members conduct on-site audits and interviews of each division and subsidiary and affiliates. By placing importance on dialogue with people at the actual sites (*Genba*), they confirm the degree of how well corporate strategy is being shared and whether proactive efforts are being made. They also identify any issues that occur at *Genba*. At least one Outside Audit & Supervisory Board Member has participated in approximately 70% of the interviews.

2. Composition and execution of duties of the Audit & Supervisory Board

The Audit & Supervisory Board consists of five Audit & Supervisory Board Members (two Full-time Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members). The Full-time Audit & Supervisory Board Members with extensive internal execution experience and diverse knowledge, and Outside Audit & Supervisory Board Members with their respective expertise (certified public accountant, attorney-at-law) and abundant knowledge gained from experience as officers of other companies share audit-related information in a timely manner and conduct deliberations from various perspectives.

In the fiscal year under review, the Office of the Audit & Supervisory Board (with five members) was newly established directly under the Audit & Supervisory Board, to assist the Audit & Supervisory Board Members with their duties and to allow the members to serve concurrently as Auditors of subsidiaries.

3. Deliberations by the Audit & Supervisory Board

Number of meetings held: 9	Attendance rate of Audit & Supervisory Board Members: all members marked 100%	Duration: Average of 2 hours and 14 minutes
Main agenda of the Audit & Supervisory Board		
17 resolutions: Audit policy, division of duties, critical auditing items, annual plan, audit report, internal control matters, Accounting Auditor matters (including agreement on compensation, deliberation on reappointment, and non-assurance services), appointment and compensation of Audit & Supervisory Board Members, evaluation of effectiveness, etc.		38 matters considered: Audit findings on critical auditing items, group governance (the Group's structure of Auditors and the direction of future governance), closely monitoring issues concerning internal control, non-assurance services by the Accounting Auditor, exchange of opinions with Representative Directors and Outside Directors, etc.
Evaluation of the effectiveness of the Audit & Supervisory Board		
<p>The evaluation is made once a year, and discussions at the Audit & Supervisory Board based on the results of the questionnaire conducted by each Audit & Supervisory Board Member led to the conclusion that the system at the Board as a whole was functioning effectively during the fiscal year under review.</p> <ul style="list-style-type: none"> - The Audit & Supervisory Board conducts frank exchanges of opinions. - The agenda items are proactively selected matters to be considered. - Information sharing, distribution of materials in advance, and investigation and support by the newly established Office of the Audit & Supervisory Board have been also strengthened. <p>Going forward, we hope to deepen discussions on the skill matrix of the Audit & Supervisory Board, which aims for greater diversity.</p>		

(4) Critical auditing items, achievements and evaluation of effectiveness

Critical auditing items	Audit method	Activity results and evaluation of effectiveness	Division of audit	
			Full- time	Outside
Status of execution of duties by Directors	Attended meetings of the Board of Directors to confirm the status of deliberations and resolutions, and express opinions if necessary	All Audit & Supervisory Board Members attended all meetings. All of them actively expressed their opinions.	✓	✓
	Attended important meetings such as the Management Board to confirm decision-making process, request explanations as necessary, and expressed opinions in a timely manner	Attendance rate was 100%, reviewed decision-making process and commented on matters to be considered.	✓	—
	Meetings to exchange opinions between Management and Audit & Supervisory Board Members	<ul style="list-style-type: none"> - Representative Directors of Kao (five times) - Outside Directors (two times) - Executive Officers with titles (six times) - Representative Directors of important subsidiaries (three times) <p>Recognition of management issues and future governance were shared through frank exchanges of opinions</p>	✓	✓
	On-site audits and interviews of worksites, divisions, domestic and overseas subsidiaries and affiliates (During on-site inspections and hearings, we also confirmed priority audit items such as internal control.)	<p>114 cases</p> <ul style="list-style-type: none"> - Emphasis on dialogue (1,136 comments from Audit & Supervisory Board members) - Confirmation of improvement status at a later date for completion of audit findings. Share with executive officers as appropriate along with excellent on-site initiatives 	✓	✓
	Attended the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members and Compensation Advisory Committee for Directors and Executive Officers	11 times	—	✓

Effectiveness of the Group governance	Systematized and improved the effectiveness of the Kao Group's structure of Audit & Supervisory Board Members.(Kao, Kao Group and its subsidiaries)	- Commencement of a system in which members of the Office of the Audit & Supervisory Board concurrently serve as Auditors of subsidiaries - All Auditors of subsidiaries and affiliates regularly exchanged opinions to identify and review risks (six times) - Introduced effectiveness evaluation of the Audit & Supervisory Board to important subsidiaries, and provided training to improve their skills	✓	From time to time
	Exchanged opinions between the Accounting Auditor and Audit & Supervisory Board Members and reported accounting audit results to Meetings of Board of Directors	Exchanged opinions (21 times) Reported to Meetings of Board of Directors (two times) - Audit plan, accounting audit results, key audit matters, non-assurance services management, audit quality, etc. -Held global meetings to exchange opinions with domestic and overseas auditors	✓	✓
Development and operation of internal control	On-site audits and interviews of worksites, divisions, domestic and overseas subsidiaries and affiliates	Results of self-inspections and external audit, and the status of development and operation of internal control systems were confirmed	✓	From time to time
	<ul style="list-style-type: none"> • Interviews with the departments in charge of the second line of internal control • Attend or check minutes of Internal Control Committee and each affiliate committee Check the response status of the Compliance hotline	Conduct very quarter or semi-annually - The internal hotline system has also been strengthened, and detailed investigations and responses to issues that the Company needs to deal with have been handled appropriately in principle. Timely reports are also made to Audit & Supervisory Board Members. - Regarding the items that have been discovered and need to be improved, the status of measures is being confirmed and steady implementation is underway on an ongoing basis.	✓	From time to time
	Exchanged information with the Department of Internal Audit which is the division responsible for internal auditing	four times	✓	From time to time
	Evaluation of the construction and operation status of the internal control system using a checklist	Generally valid	✓	—

Proactive disclosure	Evaluated the Company's disclosure status by investigating external requests and disclosure status.	<ul style="list-style-type: none"> - Recommendations were made to the points that can be evaluated and points for improvement when exchanging opinions with Management and to related departments. Establishment of promotion system and confirmation of information disclosure status - Proactively disclosed activities of the Audit & Supervisory Board Members 	✓	—
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14. Measures for Directors and Audit & Supervisory Board Members to improve understanding and knowledge required to fulfill their roles and duties (Principle 4.14.2 “Training Policy for Directors and Audit & Supervisory Board Members”)

The Company provides Directors and Audit & Supervisory Board Members with opportunities to improve their understanding of the Company’s business and business environment and knowledge about corporate governance, etc. and pays expenses which are required to fulfill their respective roles and duties. In particular, the Company provides Inside Directors and Full-time Audit & Supervisory Board Members with basic training as top management and auditors, knowledge regarding the Companies Act, corporate governance and related issues, useful information for observance of laws and regulations and for management, and other matters. Also, to deepen the understanding of Outside Directors and Outside Audit & Supervisory Board Members of the details and current status and other matters regarding the Kao Group’s business strategies and businesses, the Company explains these matters at the time of inauguration and thereafter conducts tours of factories and business sites, explanations by the relevant officer and other measures as necessary.

<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

15. Policy and Procedures for Determining Remuneration for Directors and Senior Management Updated

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.

(1) Compensation Advisory Committee for Directors and Executive Officers

In order to incorporate independent and objective perspectives, the Company has a Compensation Advisory Committee for Directors and Executive Officers composed of all Outside Directors, Outside Audit & Supervisory Board Members, all the Representative Directors and Director, Chairperson to examine and evaluate whether the compensation system and remuneration levels for Directors and Executive Officers adequately match the abovementioned basic stance. In order to incorporate independent and objective perspectives, the Company has established the Compensation Advisory Committee for Directors and Executive Officers, in which Outside Members constitute a majority of the committee members. The chairperson is chosen by Committee members, and in FY2022 an Independent Outside Director served as the chairperson. The Company also deliberates as necessary on the abovementioned basic stance.

In addition, the Company will consider the appropriate global remuneration system for officer, managers and employees to promote global business expansion.

In connection with the above purpose, “Sharing interests in common with shareholders,” the Company has established an Executive’s Shareholding Association in order to encourage the acquisition and holding of the Company’s shares.

(For further information, please see “Disclosed Details of Policy for Determining Amount and Calculation Method of Remuneration” in “Remuneration for Directors” in “II. Business Administration Organization for Managerial Decision-Making, Execution and Supervision, and Other Corporate Governance Structure”.)

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

	Title	Name	Attendance Rate
Chairperson	Outside Director	Nobuhide Hayashi	100% (6 out of 6 meetings)
Member	Outside Director	Osamu Shinobe	100% (6 out of 6 meetings)
Member	Outside Director	Chiaki Mukai	100% (6 out of 6 meetings)
Member	Outside Director	Eriko Sakurai	100% (5 out of 5 meetings)*
Member	Outside Audit & Supervisory Board Member	Hideki Amano	100% (6 out of 6 meetings)
Member	Outside Audit & Supervisory Board Member	Nobuhiro Oka	100% (6 out of 6 meetings)
Member	Outside Audit & Supervisory Board Member	Takahiro Nakazawa	100% (6 out of 6 meetings)
Member	Director, Chair	Michitaka Sawada	100% (6 out of 6 meetings)
Member	Representative Director	Yoshihiro Hasebe	100% (6 out of 6 meetings)
Member	Representative Director	Toshiaki Takeuchi	100% (6 out of 6 meetings)
Member	Representative Director	Tomoharu Matsuda	100% (6 out of 6 meetings)

* During FY2022, 6 meetings of the Compensation Advisory Committee for Directors and Executive Officers were held. After Ms. Eriko Sakurai took office as Director, 5 meetings of the Committee were held. At the close of our Annual General Meeting of Shareholders held on March 25, 2022, Mr. Sonosuke Kadonaga, who resigned, held one meeting until his retirement, and he attended one of the one meetings.

Major topics discussed by Committee members:

In FY2022, the Committee conducted a review of annual activities related to performance-based share incentive plan, and identified issues and items to be considered in the executive compensation in order to achieve the K25 med-term management plan. The Committee members also exchanged opinions, deliberated on the amount of executive compensation for FY2023, and decided on the content of the report to the Board of Directors.

(2) Compensation Advisory Committee for Audit & Supervisory Board

The level of remuneration for Audit & Supervisory Board Members is determined through discussions among Audit & Supervisory Board Members. 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 outside 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, and in FY2022 an Independent Outside Audit & Supervisory Board Member served as the chairperson.

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	Takahiro Nakazawa	100% (1 out of 1 meetings)
Member	Outside Director	Osamu Shinobe	100% (1 out of 1 meetings)
Member	Representative Director	Yoshihiro Hasebe	100% (1 out of 1 meetings)

Major topics discussed by Committee members:

The amount of remuneration for Audit & Supervisory Board members for FY2022 was deliberated prior to deliberation by the Audit & Supervisory Board.

16. Initiatives on Sustainability, and Information on Investments in Human Capital and Intellectual Properties (Principle 3.1.3)

(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 headed by a non-Japanese. 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/

Kao Sustainability Report: www.kao.com/global/en/sustainability/pdf/

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

GRI / ISO 26000 table / TCFD Index:

www.kao.com/global/en/sustainability/research-index/

(2) Information on Investments in Human Capital

The Company believes that people are the Company's greatest asset. As it is our employees who will implement the two policies of the Mid-term Plan 2025 (K25), which are "Become an essential company in a sustainable world" and "Transform to build robust business through investment," the Company has set "Maximize the power and potential of employees" as our third policy.

To realize the third policy, in January 2021 the Company introduced OKR (Objectives and Key Results), a new employee empowerment system, that allows diverse human resources across departments, countries and organizations to co-create. By doing so, the Company aims to improve each employee's productivity by fostering an organizational culture where employees are stimulated to take on challenges and face such challenges by themselves and in cooperation with others. In addition, in operating the OKR system, the Company is going to raise the awareness of each employee's participation in management and foster an open and flat organizational culture by making activities related to OKR transparent.

Together with organizational reform to maximize capabilities and individuality, the Company is improving the efficiency of operations through digital transformation.

The Company implements training programs, career design training and leadership development programs that promote "growth through self-learning, and collaboration and co-creation." In FY2021, the cost of education and training per employee was 29.9 thousand yen (107% year-on-year) and 9.9 hours (108% 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. Specifically, the Company secures intellectual property rights, such as patent rights, design rights, and trademark rights, for inventions arising from research and development and for names and symbols created to identify brands, as well as to promote the Company's own business activities and to promote the spread of technology by opening it up to the public interest.

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. Research and development expenses and the number of patents held are listed on the website below.

Kao by the Numbers: www.kao.com/global/en/who-we-are/data/

The Brand Legal Department collaborates closely with business divisions when submitting applications, acquiring rights and exercising rights relating to design-based designs and trademarks, taking into consideration cost-effectiveness. As of December 31, 2021, the Company has approximately 22,000 trademarks in 165 countries and regions. Recently, the Company has been pursuing measures against counterfeit products in Asia and other regions.

17. Policy Concerning Measures and Organizational Structures to Promote Constructive Dialogue with Shareholders (Principle 5.1) [Updated]

The Company considers its shareholders and investors to be important stakeholders. It emphasizes constructive dialogue to raise corporate value, and considers it important to deepen mutual understanding of stances and standpoints and to adopt proper responses based on such understanding.

To contribute to realizing constructive dialogue with shareholders and investors to raise corporate value, the Company proactively discloses socially useful information about the Kao Group in addition to disclosures required by law. The Company established rules on information disclosure and the prevention of insider trading, conducts information disclosures fairly without selective disclosure to specified persons, clarified the obligation to maintain confidentiality of insider information, as well as regularly conducts education for their thorough implementation.

An investor relations division is in charge of measures for dialogue with institutional investors, and in addition to routine meetings with institutional investors inside and outside Japan, it conducts briefings and other presentations on summaries and the progress of the business strategies, the status of operating results and businesses, shareholder returns and other matters. Directors, Audit & Supervisory Board Members, Executive Officers, including the President and CEO, participate to the extent possible in order to have opportunities for direct conversations with institutional investors that enable dialogue for increasing corporate value from a long-term perspective, and to make it easier to reflect the results of the dialogues in management and management supervision and audit.

The content of questions and opinions received from institutional investors and other matters from the abovementioned briefings and other presentations are reported as required at meetings of the Board of Directors, the Executive Officers' meeting and meeting of Audit & Supervisory Board for utilization in the future management and management supervision and audit.

A shareholder relations division is primarily in charge of measures for dialogue with individual shareholders, and conducts tours of factories and facilities and online events that introduce details of the Company's businesses so that shareholders to understand the Company, and for shareholders to hold Kao's shares from a longer-term perspective. Moreover, when conducting these initiatives, the members of Management participate to the extent possible in order to have opportunities for dialogue with shareholders. In addition, the Company regards the operation of the General Meeting of Shareholders as a valuable and important opportunity for dialogue with shareholders, and secures sufficient time for questions, among other measures.

In the future, in addition to explaining financial information, the Company intends to further enhance its explanation of non-financial information including its stance on corporate governance and sustainability. To promote constructive dialogue with shareholders, relevant divisions including the investor relations, accounting and finance, legal, and corporate strategy will cooperate to consider and implement methods for explaining non-financial information such as publication on the Company's website and holding presentations, an organizational structure for dealing with dialogue with shareholders and other matters. Executive officers in charge of the corporate strategy, legal and governance, and ESG, will work together to integrate and promote these activities. (For further details regarding IR Related Activities, etc., please see, in "III. Status of Measures Taken in Respect to Shareholders and Other Stakeholders" below, the section entitled "2. Status of IR Related Activities.")

18. Policies for Cross-Shareholdings* and Standards for Exercise of Voting Rights (Principle 1.4)

The Company holds the shares of other listed companies only in cases where it considers such shareholdings, including the number of shares held, to be reasonable in consideration of their necessity in terms of business activities such as maintaining and strengthening business alliances and transactions and other matters. These cross-shareholdings are subject to the impact of trends in stock markets and the business environment in which the Company operates. However, each year the Board of Directors ascertains the reasonableness of cross-shareholdings and reviews their continuance and the number of shares held for each stock, by considering the following criteria: purpose of retention, unrealized gains and losses, EVA, trading volume and others. As a result, the number of issues of cross-shareholdings the Company holds as of December 31, 2021 increased to 43 from 42 as of December 31,

2020 (the total amount on the balance sheet decreased from ¥4,184 million to ¥3,303 million). Of these, for listed stocks, two were partially sold in 2021. Prior to the corporate governance code became effective in 2015, the Company held 83 issues (¥9,384 million) as of December 31, 2014.

The Company exercises the voting rights of cross-shareholdings after comprehensively determining whether the proposals contribute to the establishment of a proper corporate governance system and to increasing the medium-to-long-term corporate value of the issuing company, as well as their impact on the Company. The Company engages in dialogue with the issuing company on the details of the proposals and other matters as necessary. All voting rights at annual general meetings of shareholders held during 2021 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.

The above details were reported at the meeting of the Board of Directors.

*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.

19. Roles of Corporate Pension Funds as Asset Owners (Principle 2-6)

Kao Group Corporate Pension Funds manages a reserve for corporate pension funds for the Company and its group companies in Japan. The Company assigns personnel with necessary experience and qualifications for the Kao Group Corporate Pension Funds considering the impact that corporate pension funds have on the ability of employees to maintain stable asset management not only but also the potential impact on the Company's financial stability. Also, the Company established an Asset Management Board. Kao Group Corporate Pension Funds maintains healthy pension fund management, and sets composition of assets, if necessary, incorporating the opinions of third parties.

Regarding stewardship initiatives, the Company monitors the stewardship activities of each asset management institution through quarterly reporting sessions.

All assets are invested through passive portfolio management to assure that there would be no conflict of interest between beneficiaries of corporate pension funds and the Company.

20. Procedures for Approval of Related Party Transactions (Principle 1.7)

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. In cases where Directors and Officers, managers and employees of the Kao Group wish to engage in transactions with the Kao Group on behalf of themselves or of a third party, these guidelines provide that a notification must be submitted to the Compliance Committee Secretariat and that, depending on the details of the notification, the Compliance Committee Secretariat shall require notification of or approval from the Board of Directors, the Management Board or the Compliance Committee Secretariat Meeting.

In addition to these guidelines, Directors obtain the approval of the Board of Directors in cases of self-dealing or transactions involving conflicts of interest pursuant to the Companies Act.

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.

Skill Matrix of the Board of Directors

(As of March 25, 2022)

		Attributes			Experience / Knowledge / Expertise								Main reasons for marking “√”
		Term of office	Gender	Nationality	ESG	Management	Global	Development / Manufacturing	Business / Sales	Business innovation	Risk / legal regulations	Finance / accounting	
Directors	Michitaka Sawada	13 years and 9 months	Male	Japan	✓	✓		✓		✓			- Experience in the Company’s Research and Development - Experience as the Company’s Representative Director, President and CEO - Chairman of Japan Clean Ocean Material Alliance (CLOMA)
	Yoshihiro Hasebe	6 years	Male	Japan	✓	✓		✓		✓			- Experience in the Company’s Research and Development (including knowledge of ESG) - Experience in the Company’s Strategic Innovative Technology
	Toshiaki Takeuchi	8 years	Male	Japan		✓			✓				- Representative Director, President of Kao Group Customer Marketing Co., Ltd.
	Tomoharu Matsuda	3 years	Male	Japan		✓	✓	✓	✓				- President of Consumer Products, Global; - Experience in management of the Company’s overseas subsidiaries
	David J. Muenz	-	Male	United States	✓		✓	✓	✓				- Experience as the head of research and chief of business at the Company’s overseas subsidiary - Senior Vice President of ESG, Global
	Osamu Shinobe	4 years	Male	Japan		✓	✓	✓	✓	✓	✓		- Experience as the top executive of a major international airline
	Chiaki Mukai	3 years	Female	Japan	✓		✓			✓			- Medical Doctor, astronaut - Experience in taking on challenges in new fields, such as serving as an astronaut and in academic research
	Nobuhide Hayashi	3 years	Male	Japan		✓	✓			✓		✓	- Experience as the top executive of a major international financial institution
	Eriko Sakurai	-	Female	Japan		✓	✓	✓	✓	✓			- Experience as the regional head of a major international chemical company - Experience as an outside director of major corporations
Audit & Supervisory Board Members	Hideko Aoki	3 years	Female	Japan	✓			✓			✓		- Experience as the Company’s Managing Executive Officer - Experience in the Company’s Product Quality Management - Commissioner of the consumer-related commissions of the government
	Sadanao Kawashima	1 year	Male	Japan			✓					✓	- Experience in the Company’s Finance Department (including overseas experience) - Experience in the Company’s Department of Internal Audit
	Hideki Amano	5 years	Male	Japan	✓		✓					✓	- Certified Public Accountant (including experience serving overseas)
	Nobuhiro Oka	4 years	Male	Japan	✓						✓		- Attorney-at Law - Professor at Keio University Law School
	Takahiro Nakazawa	2 years	Male	Japan	✓							✓	- Certified Public Accountant

- The areas of experience, knowledge, and expertise of each Director and Audit & Supervisory Board Member that are particularly expected of them are marked with a “√.”

List of the state of implementation of Corporate Governance Code

The following information is based on the Japan's Corporate Governance Code revised in June 2021, which includes principles for companies listed on the Prime Market applicable after April 4, 2022.

Corporate Governance Code			Implementation Status		Corresponding articles in the report or on the Company's website
General Principle	Principle	Supplementary Principles	Comply	Explain	
Section 1: Securing the Rights and Equal Treatment of Shareholders	1.1	Securing the Rights of Shareholders	-	●	The Company respects and complies the code.
			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	-	●	"(7) Basic Strategy for Capital Policy" in "4. Basic position and policy on corporate governance" in [Disclosure Based on the Principles of the Corporate Governance Code] in "I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information"
	1.4	Cross-Shareholdings	-	●	"18. Policies for Cross-Shareholdings and Standards for Exercise of Voting Rights" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			1.4.1	●	"18. Policies for Cross-Shareholdings and Standards for Exercise of Voting Rights" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			1.4.2	●	"17. Policies for Cross-Shareholdings and Standards for Exercise of Voting Rights" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
	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	-	●	"20. Procedures for Approval of Related Party Transactions" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle 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-Term	-	●	<ul style="list-style-type: none"> • "1. Corporate philosophy" in "Initiatives for each principle of the Corporate Governance Code" • "The Kao Way": www.kao.com/global/en/about/policies/kaoway/
	2.2	Code of Conduct	-	●	"Kao Business Conduct Guidelines": www.kao.com/content/dam/sites/kao/www-cao-com/global/en/about/pdf/compliance_all.pdf

Corporate Governance Code			Implementation Status		Corresponding articles in the report or on the Company's website
General Principle	Principle	Supplementary Principles	Comply	Explain	
		2.2.1	●		"Kao Business Conduct Guidelines": www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/compliance_all.pdf
	2.3 Sustainability Issues, Including Social and Environmental Matters	-	●		"Kao Sustainability": www.kao.com/global/en/sustainability/
		2.3.1	●		"Kao Sustainability": www.kao.com/global/en/sustainability/
	2.4 Ensuring Diversity, Including Active Participation of Women	-	●		<ul style="list-style-type: none"> •"6. 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] in "I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" •"Other" in "3. Measures to Ensure Due Respect for Stakeholders" in "III. Implementation of Measures for Shareholders and Other Stakeholders" •"We trust, respect, and need each other" in "Principles" in "The Kao Way": www.kao.com/global/en/about/policies/kaoway.html
		2.4.1	●		<ul style="list-style-type: none"> •"Other" in "3. Measures to Ensure Due Respect for Stakeholders" in "III. Implementation of Measures for Shareholders and Other Stakeholders" •"Kao Sustainability Report":www.kao.com/global/en/sustainability/pdf/ •"Kao Integrated Report":www.kao.com/global/en/investor-relations/library/reports/
	2.5 Whistleblowing	-	●		"Compliance Hotlines": www.kao.com/global/en/about/policies/compliance/compliance-contact.html
		2.5.1	●		"Compliance Hotlines": www.kao.com/global/en/about/policies/compliance/compliance-contact.html
	2.6 Roles of Corporate Pension Funds as Asset Owners	2.6	●		"19. Roles of Corporate Pension Funds as Asset Owners" in "Initiatives for each principle of the Corporate Governance Code"
Section 3: Ensuring Appropriate Information Disclosure and Transparency	3.1 Full Disclosure	-	●		"Disclosure Guidelines": www.kao.com/global/en/investor-relations/management-information/disclosure.html
		(i)	●		"2. Long-term Business Strategy" and "3. Mid-term business plan" in [Disclosure Based on the Principles of the Corporate Governance Code] in "1. Basic View" in "Initiatives for each principle of the Corporate Governance Code"
		(ii)	●		"4. Basic position and policy on corporate governance" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
		(iii)	●		"16. Policy and Procedures for Determining Remuneration for Members of the Board of Directors and Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
		(iv)	●		"7. Policy on Nomination of Director and Audit & Supervisory Board Member Candidates and Senior Management" and "8. Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
		(v)	●		"9. Explanations with Respect to Individual Nominations and Appointments of Directors, Audit & Supervisory Board Members and Senior Management, and Status of Concurrent Duties of Outside Directors and Outside Audit & Supervisory Board Members" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
		3.1.1	●		The Company respects and complies the code.
		3.1.2	●		English website: www.kao.com/global/en/
		3.1.3	●		<ul style="list-style-type: none"> •"16. Initiatives on Sustainability, and Information on Investments in Human Capital and Intellectual Properties" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code" •"Kao Sustainability":www.kao.com/global/en/sustainability/ •"Kao Sustainability Report":www.kao.com/global/en/sustainability/pdf/ •"GRI/ISO 26000 table/TCFD Index":www.kao.com/global/en/sustainability/research-index/

Corporate Governance Code			Implementation Status		Corresponding articles in the report or on the Company's website
General Principle	Principle	Supplementary Principles	Comply	Explain	
	3.2	External Auditors	-	●	"Activity for strengthening the auditing function of the Audit & Supervisory Board Members" in "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"
			3.2.1	●	"Activity for strengthening the auditing function of the Audit & Supervisory Board Members" in "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"
			3.2.2	●	●
Section 4: Responsibilities of the Board	4.1	Roles and Responsibilities of the Board (1)	-	●	"(2) Roles and Duties of the Board of Directors, etc." in "4. Basic position and policy on corporate governance" in [Disclosure Based on the Principles of the Corporate Governance Code] in "I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information"
			4.1.1	●	"5. Scope of Matters Delegated to the Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			4.1.2	●	"3. Mid-term business plan" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			4.1.3	●	"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"
	4-2.	Roles and Responsibilities of the Board (2)	-	●	·"(2) Roles and Duties of the Board of Directors, etc." in "4. Basic position and policy on corporate governance" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code" ·"15. Policy and Procedures for Determining Remuneration for Members of the Board of Directors and Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			4.2.1	●	"15. Policy and Procedures for Determining Remuneration for Members of the Board of Directors and Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information"
			4.2.2	●	·"Policies for ESG Activities": www.kao.com/global/en/sustainability/policy/ ·"Activities of the Board of Directors in FY2020" 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"
	4.3	Roles and Responsibilities of the Board (3)	-	●	·"8. Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" ·"Kao Integrated Report": www.kao.com/global/en/investor-relations/library/reports/
			4.3.1	●	"8. Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			4.3.2	●	"8. Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			4.3.3	●	"8. Procedures for the Nomination and Dismissal of Directors and Audit & Supervisory Board Members and the Appointment and Dismissal of Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"

Corporate Governance Code			Implementation Status		Corresponding articles in the report or on the Company's website
General Principle	Principle	Supplementary Principles	Comply	Explain	
		4.3.4	●		<ul style="list-style-type: none"> • "Activities of the Board of Directors in FY2020" 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" • "Basic Views on Internal Control System and the Progress of System Development" in "IV. Matters Related to the Internal Control System" • "Kao Integrated Report": www.kao.com/global/en/investor-relations/library/reports/
4.4	Roles and Responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board	-	●		The Company respects and complies the code.
		4.4.1	●		"Activity for strengthening the auditing function of the Audit & Supervisory Board Members" 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"
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	-	●		<ul style="list-style-type: none"> • "(4) Non-executive Director as Chairperson of the Board of Directors" in "4. Basic position and policy on corporate governance" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code" • "11. Details of Current Efforts to Effectively Use Independent Directors and Audit & Supervisory Board Members, etc." in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
4.7	Roles and Responsibilities of Independent Directors	-	●		"(3) Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc." in "4. Basic position and policy on corporate governance" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
4.8	Effective Use of Independent Directors	-	●		"11. Details of Current Efforts to Effectively Use Independent Directors and Audit & Supervisory Board Members, etc." in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
		4.8.1		●	[Reasons for Non-compliance with the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
		4.8.2	●		"10. Details of Current Efforts to Effectively Use Independent Directors and Audit & Supervisory Board Members, etc." in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
		4.8.3	-	-	Not applicable
4.9	Independence Standards and Qualification for Independent Directors	-	●		<ul style="list-style-type: none"> • "4.(3) Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc." in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code" • "Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation": www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/pdf/governance_002.pdf
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	●		<ul style="list-style-type: none"> • "(3) Effective Utilization of Independent Directors and Audit & Supervisory Board Members, etc." in "4. Basic position and policy on corporate governance" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code" • "7. Policy on Nomination of Director and Audit & Supervisory Board Member Candidates and Senior Management" and "8. Procedures for the Nomination and Dismissal of Director and Audit & Supervisory Board Member and the Appointment and Dismissal of Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle 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"

Corporate Governance Code			Implementation Status		Corresponding articles in the report or on the Company's website
General Principle	Principle	Supplementary Principles	Comply	Explain	
	4.11	Preconditions for Board and Audit & Supervisory Board Effectiveness	-	●	<p>•"6. 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] in " I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information"</p> <p>•"12. Analysis and evaluation of effectiveness of the Board of Directors taken as a whole and summary of the results thereof" in " I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information"</p>
			4.11.1	●	<p>•"6. 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] in "Initiatives for each principle of the Corporate Governance Code"</p> <p>•"9. Explanations with Respect to Individual Nominations and Appointments of Directors, Audit & Supervisory Board Members and Senior Management, and Status of Concurrent Duties of Outside Directors and Outside Audit & Supervisory Board Members" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"</p>
			4.11.2	●	"8. Procedures for the Nomination of Directors and Audit & Supervisory Board Members Candidates and the Appointment of Senior Management" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			4.11.3	●	"12. Analysis and evaluation of effectiveness of the Board of Directors taken as a whole and summary of the results thereof" in "Initiatives for each principle of the Corporate Governance Code"
	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	●	<p>•"Activities of the Board of Directors in FY2020" 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"</p> <p>•(13) in "Basic Views on Internal Control System and the Progress of System Development" in "IV. Matters Related to the Internal Control System"</p> <p>•"Kao Integrated Report":www.kao.com/global/en/investor-relations/library/reports/</p>
	4.14	Director and Audit & Supervisory Board Members Training	-	●	"14. Measures for Directors and Audit & 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] in "Initiatives for each principle of the Corporate Governance Code"
			4.14.1	●	"14. Measures for Directors and Audit & 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] in "Initiatives for each principle of the Corporate Governance Code"
			4.14.2	●	"14. Measures for Directors and Audit & 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] in "Initiatives for each principle of the Corporate Governance Code"
Section 5: Dialogue with Shareholders	5.1	Policy for Constructive Dialogue with	-	●	"17. Policy Concerning Measures and Organizational Structures to Promote Constructive Dialogue with Shareholders" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			5.1.1	●	"17. Policy Concerning Measures and Organizational Structures to Promote Constructive Dialogue with Shareholders" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"

Corporate Governance Code			Implementation Status		Corresponding articles in the report or on the Company's website	
General Principle	Principle	Supplementary Principles	Comply	Explain		
	Shareholders	5.1.2	●		"17. Policy Concerning Measures and Organizational Structures to Promote Constructive Dialogue with Shareholders" in [Disclosure Based on the Principles of the Corporate Governance Code] in " I Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information"	
		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"	
	5.2	Establishing and Disclosing Business Strategy and Business Plan	-	●		"2. Long-term Business Strategy" and "3. Mid-term business plan" in [Disclosure Based on the Principles of the Corporate Governance Code] in "Initiatives for each principle of the Corporate Governance Code"
			5.2.1	●		·"Kao Integrated Report": www.kao.com/global/en/investor-relations/library/reports/