

The 113th Annual General Meeting of Shareholders

— KAO

Report on Audit Results

Focused-on Audit Items

- Audit concerning the execution of business by Directors
Performing audits concerning the presence/absence of any misconduct, or any material fact in violation of applicable laws or regulations or the Company's Articles of Incorporation
- Audit concerning the status of setting up and operation of internal control systems
Performing audits concerning the status of setting up and operation of internal control systems at domestic and overseas subsidiaries
- Audit concerning risk management and compliance risks
Performing audits concerning the status of risk-of-loss management systems in line with changes in business environment
Performing audits concerning compliance with and management concerning applicable laws, regulations and internal rules
- Audit concerning financial reporting and disclosure of information

Auditing Methods

- Regularly exchanging of opinions with Representative Directors and Outside Directors
- Attending major meetings in order to audit the decision-making processes and the status of internal control systems
- Interviewing each of divisions, offices, plants and research laboratories about the status of the business activities
- Exchanging of opinions with Representative Directors and Auditors of major domestic subsidiaries
- Investigating at domestic and overseas subsidiaries and interviewing the top management about the status of their business activities
- Involving the Accounting Auditor, the Department of Internal Audit and Auditors of subsidiary
- Inspecting major documents and information

Audit Report

(1) Audit results concerning Business Report, etc.

- The Business Report and the detailed statements thereof have been found to fairly represent the status of the Company in accordance with all applicable laws and regulations and the Company's Articles of Incorporation.
- No evidence of misconduct and no material fact in violation of any applicable laws or regulations or the Company's Articles of Incorporation have been found in relation to the execution of duties by the Directors.
- The contents of the resolutions adopted by the Board of Directors in relation to internal control systems are reasonable, and no matters which should be specifically pointed out have been found in respect of the statements made in the Business Report concerning such internal control systems, or in respect of the execution of duties by the Directors.

(2) Audit results concerning the financial documents, the detailed statements thereof, and the consolidated financial documents

- The method and results of the audits performed by the Accounting Auditor (Deloitte Touche Tohmatsu LLC) are found to be reasonable.