



1-14-10, Nihonbashi Kayabacho, Chuo-ku, TOKYO 103-8210 JAPAN

March 7, 2022

NOTICE OF THE 116th ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

Kao Corporation (the “Company”) is pleased to announce that the 116th Annual General Meeting of Shareholders of the Company (“AGM”) will be held on March 25, 2022 at 10:00 a.m., Japan time, at The Prince Park Tower Tokyo, Ballroom, B2 (8-1 Shiba Koen 4-chome, Minato-ku, Tokyo, Japan). At the AGM, Shareholders will be asked to vote on the following agenda items: *(Please note that a shareholder is entitled to one vote per unit of shares, with each unit consisting of one hundred (100) shares.)*

- 1. Proposal for Appropriation of Retained Earnings**
- 2. Partial Amendment to the Articles of Incorporation**
- 3. Election of nine (9) Directors**
- 4. Election of one (1) Audit & Supervisory Board Members**

As we place great importance to your exercise of voting rights at the AGM, we have attached, for your convenience, English summaries of the Proxy Statement and the Business Report, the originals of which are in the Japanese language and are being distributed to all registered shareholders or their standing proxies in Japan. We strongly urge you to exercise your voting rights at the AGM.

As part of our ongoing effort to improve the quality of communications with our foreign investors and to increase the voting participation of foreign investors at the AGM, the Company has retained Georgeson as our Global Information Agent to assist us with the AGM. If you have any questions, please contact Cheryl Tirol at +001-201-222-4375 or ctirol@georgeson.com, or Michael Menahem at +001-201-222-4374 or mmenahem@georgeson.com. The attached materials are also available on our website at www.kao.com/global/en/investor-relations/stock-information/shareholders/

PLEASE CONTACT YOUR BROKER OR CUSTODIAN WITH YOUR VOTING INSTRUCTIONS AS SOON AS POSSIBLE.

Thank you very much for your attention.

Very truly yours,

Yoshihiro Hasebe
Representative Director
President and Chief Executive Officer

ISIN	JP3205800000
SEDOL	6483809
TSE	4452

Kao Corporation

English Summary of the PROXY STATEMENT

The Proxy Statement of Kao Corporation (the “Company”) in the Japanese language has been prepared for the purpose of the 116th Annual General Meeting of Shareholders of the Company (the “AGM”) to be held on March 25, 2022 at 10:00 a.m. Japan time, at The Prince Park Tower Tokyo, Ball Room, B2 (8-1 Shiba Koen 4-chome, Minato-ku, Tokyo, Japan), and is to be furnished to all shareholders of the Company holding at least one Unit Share* (“Shareholders”) of record as of December 31, 2021 (the “Record Date”).

All Shareholders have valid voting rights and are entitled to vote at the AGM. In order to properly transact business at the AGM, Shareholders holding more than one third of all the voting rights as of the Record Date must be present either in person or be represented by proxy at the AGM.

**Note: A shareholder is entitled to one voting right per Unit Share, with each Unit Share consisting of one hundred (100) shares.*

PROPOSAL 1: PROPOSAL FOR APPROPRIATION OF RETAINED EARNINGS

In order to achieve profitable growth, the Company secures an internal reserve for capital investment and acquisitions from a medium-to-long-term management perspective and places priority on providing shareholders with steady and continuous dividends. In addition, the Company flexibly considers the repurchase and retirement of shares from the standpoint of improving capital efficiency.

The following distribution of year-end retained earnings is proposed:

- (1) Matters concerning Assets to be Distributed to Shareholders and Aggregate Amount thereof
72.00 yen per share of common share of the Company
Aggregate amount of distribution: 34,191,437,184 yen
- (2) Effective Date of Distribution of Retained Earnings
March 28, 2022

If this proposal is adopted without any amendment, then, by adding the interim dividends of **72.00 yen per share** to the above year-end dividends of **72.00 yen per share**, the total dividends for this fiscal year will be **144.00 yen per share**, an increase of 4.00 yen per share over the previous fiscal year, representing a consolidated payout ratio of 62.4%.

<p>THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF PROPOSAL 1.</p>
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PROPOSAL 2: PARTIAL AMENDMENTS TO THE ARTICLES OF INCORPORATION

1. Reasons for the Proposal

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will come into force on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for General Meeting of Shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 16, Paragraph 1 provides that information contained in the reference materials for the General Meeting of Shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 16, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the disclosure of reference materials for General Meeting of Shareholders by the Internet (Article 16 of the current Articles of Incorporation) will become unnecessary and will therefore be deleted.
- (4) In line with the above establishment and deletion of provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of the Amendments

The details of the amendments are as follows.

(Underlined parts indicate amended sections.)

Current Articles of Incorporation (excerpt)	Proposed Amendments
<p><u>[Disclosure of Reference Materials for General Meeting of Shareholders by the Internet]</u> <u>Article 16 For convocation of General Meeting of Shareholders, the Company may deem to have disclosed to Shareholders, information concerning matters to be stated or expressed in reference materials for General Meeting of Shareholders, Business Reports, Accounting Statements and Consolidated Accounting Statements, by disclosing those by way of using the Internet in such manner as set forth in the laws and ordinances.</u></p>	<p>(Deleted)</p>
<p>(Newly established)</p>	<p><u>[Measures for providing information in electronic format, etc.]</u> <u>Article 16 For convocation of General Meeting of Shareholders, the Company shall take measures for providing information that constitutes the content of the reference materials for General Meeting of Shareholders, etc. in electronic format.</u> <u>2. Among items to be provided information in electronic format the Company may exclude all or part of the items stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p>

Current Articles of Incorporation (excerpt)	Proposed Amendments
(Newly established)	<p><u>Supplementary provisions</u></p> <p><u>Article 1 The deletion of Article 16 (Disclosure of Reference Materials for General Meeting of Shareholders by the Internet) of the current Articles of Incorporation and the establishment of the proposed Article 16 (Measures for providing information in electronic format, etc.) shall come into effect on September 1, 2022.</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 16 of the current Articles of Incorporation shall remain in force with respect to a General Meeting of Shareholders to be held up to the end of February 2023.</u></p> <p><u>3. These supplementary provisions shall be deleted on March 1, 2023 or the lapse of three months from the date of the General Meeting of Shareholders set forth in the preceding paragraph, whichever is later.</u></p>

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF THIS PROPOSAL 2.

PROPOSAL 3: ELECTION OF NINE (9) DIRECTORS

The terms of office of all eight (8) incumbent Directors will expire at the conclusion of the AGM. With the aim of ensuring the further diversity of the Board of Directors and further strengthening Kao's ESG management, supervision and decision-making from a global perspective, the Company has proposed to nominate Mr. David J. Muenz and Ms. Eriko Sakurai as candidates for new Directors, and that a total of nine (9) Directors, including four (4) Outside Directors, be elected. The nominees for Directors are as shown below.

Provided below is the list of the nominees followed by their personal information and career summary.

Also, if nominee of Proposal 3 and Proposal 4 are elected, as proposed by the Company, there will be four (4) Independent Outside Directors and three (3) Independent Outside Audit & Supervisory Board Members, according to "Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation." Accordingly, seven (7) out of fourteen (14) attendees of the meeting of the Board of Directors will be independent, so the Company believes that adequate discussions will be possible at the meetings of the Board of Directors, based on such independent and neutral opinions.

Please refer to the following page 20 for details of "Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation."

No.	Names of Nominees		Status at the Company and Other Material Position(s) Held	Board Tenure	Attendance Rate
1.	Michitaka Sawada	Re-nomination	Director, Chair [Other material position(s) held] Outside Director, Panasonic Corporation Outside Director, Nitto Denko Corporation	13 years and 9 months	100% (15/15)
2.	Yoshihiro Hasebe	Re-nomination	Representative Director, President and Chief Executive Officer; Responsible for Human Capital Development [Other material position(s) held] Chairperson, The Kao Foundation for Arts and Sciences	6 years	100% (15/15)
3.	Toshiaki Takeuchi	Re-nomination	Representative Director, Senior Managing Executive Officer [Other material position(s) held] Representative Director, President, Kao Group Customer Marketing Co., Ltd.	8 years	100% (15/15)
4.	Tomoharu Matsuda	Re-nomination	Representative Director, Senior Managing Executive Officer; President, Consumer Products, Global; Responsible for Kao Professional Services Co., Ltd.	3 years	100% (15/15)
5.	David J. Muenz	New Nominee	Managing Executive Officer; Senior Vice President, ESG, Global	-	-
6.	Osamu Shinobe	Re-nomination; Outside Director; Independent Director	Director [Other material position(s) held] Special Advisor, ANA HOLDINGS INC.	4 years	100% (15/15)
7.	Chiaki Mukai	Re-nomination; Outside Director; Independent Director	Director [Other material position(s) held] Specially Appointed Vice President, Tokyo University of Science; Outside Director, Fujitsu Limited	3 years	100% (15/15)
8.	Nobuhide Hayashi	Re-nomination; Outside Director; Independent Director	Director [Other material position(s) held] Senior Advisor, Mizuho Bank, Ltd.; Outside Director, Baroque Japan Limited; Outside Audit & Supervisory Board Member, JTB Corp.; Outside Audit & Supervisory Board Member, TOBU RAILWAY CO., LTD.	3 years	100% (15/15)
9.	Eriko Sakurai	New Nominee Outside Director; Independent Director	- [Other material position(s) held] President, Dow Chemical Japan Limited; Outside Director, Sumitomo Mitsui Financial Group, Inc.	-	-

1. Michitaka Sawada (Date of Birth: December 20, 1955) Re-nomination



[Career summary, status and duties at the Company]

April	1981	Joined the Company
June	2006	Executive Officer
June	2008	Director, Executive Officer
June	2012	Representative Director, President and Chief Executive Officer
January	2021	Director, Chair (current)

[Other material position(s) held]

Outside Director, Panasonic Corporation
Outside Director, Nitto Denko Corporation

[Reason for nomination as a candidate for Director]

Attendance to the Meeting
of the Board of Directors:
15/15 (100%)

Number of the Company
shares owned:
42,200 shares

Term of office at the
conclusion of this AGM:
13 years and 9 months

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 “Yoki-Monozukuri”^{*} 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 Chairman of the Japan Clean Ocean Material Alliance (CLOMA), which carries out initiatives to address the problem of marine plastic waste. Having determined that Mr. Sawada will utilize the aforementioned experience and knowledge, to ensure sustainable growth of the Kao Group, the Company hereby nominates him as a candidate to continue as a Director.

**The Kao Group defines Yoki-Monozukuri as a strong commitment by all members to provide products and brands of excellent value for consumer satisfaction. In Japanese, Yoki literally means “good/excellent,” and Monozukuri means “development/manufacturing of products.”*

2. Yoshihiro Hasebe (Date of Birth: July 30, 1960)

Re-nomination



[Career summary, status and duties at the Company]

April 1990	Joined the Company
March 2014	Executive Officer
January 2016	Managing Executive Officer
March 2016	Director, Managing Executive Officer
January 2018	Director, Senior Managing Executive Officer
March 2019	Representative Director, Senior Managing Executive Officer
January 2021	Representative Director, President and Chief Executive Officer; Responsible for Human Capital Development (current)

Attendance to the Meeting of the Board of Directors:
15/15 (100%)

Number of the Company shares owned:
14,100 shares

Term of office at the conclusion of this AGM:
6 years

[Other material position(s) held]

Chairperson, The Kao Foundation for Arts and Sciences

[Reason for nomination as a candidate for Director]

Over many years, Mr. Hasebe has been involved in R&D activities, which is the driving force behind “*Yoki-Monozukuri*,” 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 and supervision of execution, and for this reason nominates him as a candidate to continue as a Director.

3. Toshiaki Takeuchi (Date of Birth: March 22, 1959)

Re-nomination



[Career summary, status and duties at the Company]

April 1981	Joined the Company
June 2012	Executive Officer
March 2014	Representative Director, Managing Executive Officer
January 2016	Representative Director, Senior Managing Executive Officer (current); Representative Director, President, Kao Group Customer Marketing Co., Ltd. (current)

Attendance to the Meeting of the Board of Directors: **15/15 (100%)**

Number of the Company shares owned: **30,300 shares**

Term of office at the conclusion of this AGM: **8 years**

[Other material position(s) held]

Representative Director, President, Kao Group Customer Marketing Co., Ltd.

[Reason for nomination as a candidate for Director]

Over many years, Mr. Takeuchi has been involved in sales operations for delivering to consumers the products produced based on the “*Yoki-Monozukuri*” 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 business, 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, and for this reason nominates him as a candidate to continue as a Director.

4. Tomoharu Matsuda (Date of Birth: November 15, 1959) Re-nomination



Attendance to the Meeting
of the Board of Directors:
15/15 (100%)

Number of the Company
shares owned:
12,500 shares

Term of office at the
conclusion of this AGM:
3 years

[Career summary, status and duties at the Company]

April 1983	Joined the Company
January 2008	President, Kao (Hong Kong) Ltd.
March 2010	Chairman of the Board and President, Kao (Taiwan) Corporation
March 2014	Executive Officer
January 2018	Managing Executive Officer; Senior Vice President, Consumer Products, Global
March 2019	Director, Managing Executive Officer; President, Consumer Products, Global (current); Responsible for Kao Professional Services Co., Ltd. (current)
March 2021	Representative Director, Managing Executive Officer
January 2022	Representative Director, Senior Managing Executive Officer (current)

[Reason for nomination as a candidate for Director]

Over many years, Mr. Matsuda has been involved in product development, namely, the core function of *Yoki-Monozukuri*, 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, and for this reason nominates him as a candidate to continue as a Director.

5. David J. Muenz (Date of Birth: November 15, 1960)

New Nominee



Number of the Company shares owned:
0 shares

[Career summary]

- July 2003 Joined The Andrew Jergens Company (currently, Kao USA Inc.)
- January 2014 Senior Vice President, Research and Development, US Vice President, Mass Sector, Beauty Care Business Division- (Flagship Brand Manager, John Frieda, Global & Jergens, Global)
- January 2018 Vice President, Mass Business, Americas & EMEA
- July 2018 Senior Vice President, ESG, Global (current)
- January 2019 Executive Officer
- January 2022 Managing Executive Officer (current)

[Reason for nomination as a candidate for Director]

Mr. Muenz has contributed to the global implementation of “Yoki-Monozukuri” 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, and for this reason nominates him as a candidate for a Director.

6. Osamu Shinobe (Date of Birth: November 11, 1952)

Re-nomination

Outside Director

Independent
Director



Attendance to the Meeting
of the Board of Directors:
15/15 (100%)

Number of the Company
shares owned:
1,300 shares

Term of office at the
conclusion of this AGM:
4 years

[Career summary, status and duties at the Company]

April 1976	Joined ALL NIPPON AIRWAYS CO., LTD. (currently, ANA HOLDINGS INC.)
June 2007	Member of the Board, ALL NIPPON AIRWAYS CO., LTD.
April 2009	Executive Vice President (jomu torishimariyaku), ALL NIPPON AIRWAYS CO., LTD.
June 2011	Executive Vice President (senmu torishimariyaku), ALL NIPPON AIRWAYS CO., LTD.
April 2012	Senior Executive Vice President, ALL NIPPON AIRWAYS CO., LTD.
April 2013	Member of the Board, ANA HOLDINGS INC. President and Chief Executive Officer, ALL NIPPON AIRWAYS CO., LTD.
April 2017	Member of the Board, Vice Chairman, ANA HOLDINGS INC.
March 2018	Director, the Company (current)
April 2019	Special Advisor, ANA HOLDINGS INC. (current)

[Other material position(s) held]

Special Advisor, ANA HOLDINGS INC.

[Reason for nomination as a candidate for Outside Director and outline of expected roles]

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, and for this reason nominates him as a candidate to continue as an Outside Director. If he is reelected and assumes office as a Director, he is to chair the meetings of the Board of Directors.

[Matters regarding independency]

The Company has reported to the Tokyo Stock Exchange, Inc. that Mr. Shinobe is an Independent Director as set forth in the Regulations of the Tokyo Stock Exchange, Inc. The Company will continue the above report if he is reelected and assumes office as a Director.

He previously had executive authority at ALL NIPPON AIRWAYS CO., LTD., but ceased to have such authority from April 2017. ALL NIPPON AIRWAYS CO., LTD. provides public transportation services as an airline company, and the Kao Group engages in regular transactions with ALL NIPPON AIRWAYS CO., LTD. and its group companies in terms of the directors, officers and employees of the Company using its services as a means of transportation in making business trips, however, the amounts involved in such transactions account for less than 0.1% of the ALL NIPPON AIRWAYS group's consolidated net sales and the Kao Group's consolidated net sales for the latest fiscal year, respectively.

7. **Chiaki Mukai** (Date of Birth: May 6, 1952)

Re-nomination

Outside Director

Independent
Director



Attendance to the Meeting
of the Board of Directors:
15/15 (100%)

Number of the Company
shares owned:
2,800 shares

Term of office at the
conclusion of this AGM:
3 years

[Career summary, status and duties at the Company]

April 1977	Staff, Department of Surgery, Keio University School of Medicine
August 1985	Payload Specialist, the National Space Development Agency of Japan (currently, the Japan Aerospace Exploration Agency; JAXA)
June 1987	Visiting Scientist, Division of Cardiovascular Physiology, Space Biomedical Research Institute, NASA Johnson Space Center
September 1992	Research Instructor of the Department of Surgery, Baylor College of Medicine
April 2000	Visiting Professor of the Department of Surgery, Keio University School of Medicine (current)
April 2015	Vice president, Tokyo University of Science; Senior Technical Advisor, JAXA
January 2016	Corporate Executive Fellow, the Company
April 2016	Specially Appointed Vice President, Tokyo University of Science (current)
March 2019	Director, the Company (current)

[Other material position(s) held]

Specially Appointed Vice President, Tokyo University of Science;
Outside Director, Fujitsu Limited

[Reason for nomination as a candidate for Outside Director and outline of expected roles]

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, and for this reason nominates her as a candidate to continue as an Outside Director. Although she has never been directly involved in company management other than through her experience as an outside director, the Company considers, based on the above reasons, that Ms. Mukai will properly perform her duties as an Outside Director.

[Matters regarding independency]

The Company has reported to the Tokyo Stock Exchange, Inc. that Ms. Mukai is an Independent Director as set forth in the Regulations of the Tokyo Stock Exchange, Inc. The Company will continue the above report if she is reelected and assumes office as a Director.

She 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 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.

8. Nobuhide Hayashi (Date of Birth: March 27, 1957)

Re-nomination

Outside Director

Independent
Director



Attendance to the Meeting
of the Board of Directors:
15/15 (100%)

Number of the Company
shares owned:
800 shares

Term of office at the
conclusion of this AGM:
3 years

[Career summary, status and duties at the Company]

April 1980	Joined The Fuji Bank, Limited
April 2007	Executive Officer – Corporate Banking Division #13, Mizuho Corporate Bank, Ltd.
April 2009	Managing Executive Officer – Japanese Business Promotion, Mizuho Corporate Bank, Ltd.
June 2011	Managing Director and Head of International Banking Unit, Mizuho Corporate Bank, Ltd.
April 2013	Deputy President & Deputy President Executive Officer, Mizuho Financial Group Inc.;
	Deputy President & Deputy President Executive Officer, Mizuho Bank, Ltd.;
	Representative Director, Deputy President, Mizuho Corporate Bank, Ltd.
June 2013	Director, Deputy President, Mizuho Financial Group Inc.
July 2013	Representative Director, Deputy President, Mizuho Bank, Ltd.
April 2014	Representative Director, President and CEO, Mizuho Bank, Ltd.
April 2017	Director, Chairman, Mizuho Bank, Ltd.
March 2019	Director, the Company (current)
April 2019	Senior Advisor, Mizuho Bank, Ltd. (current)

[Other material position(s) held]

Senior Advisor, Mizuho Bank, Ltd.; Outside Director, Baroque Japan Limited;
Outside Audit & Supervisory Board Member, JTB Corp.;

Outside Audit & Supervisory Board Member, TOBU RAILWAY CO., LTD.

[Reason for nomination as a candidate for Outside Director and outline of expected roles]

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, and for this reason nominates him as a candidate for Outside Director.

[Matters regarding independency]

The Company has reported to the Tokyo Stock Exchange, Inc. that Mr. Hayashi is an Independent Director as set forth in the Regulations of the Tokyo Stock Exchange, Inc. The Company will continue the above report if he is reelected and assumes office as a Director.

He 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 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.

9. Eriko Sakurai (Date of Birth: November 16, 1960)

New Nominee

Outside Director

Independent
Director



Number of the Company
shares owned:
0 shares

[Career summary]

June 1987	Joined Dow Corning Corporation
May 2008	Director, Dow Corning Toray Co., Ltd.
March 2009	Chairman and CEO, Dow Corning Toray Co., Ltd.
June 2018	Chairman and CEO, Dow Toray Co., Ltd.
August 2020	President, Dow Chemical Japan Limited (current)

[Other material position(s) held]

President, Dow Chemical Japan Limited;
Outside Director, Sumitomo Mitsui Financial Group, Inc.

[Reason for nomination as a candidate for Outside Director and outline of expected roles]

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, and for this reason appoints her as a nominee for an Outside Director.

[Matters regarding independency]

If Ms. Sakurai is elected and assumes office as Director, the Company will report to the Tokyo Stock Exchange, Inc., that she is an Independent Director as set forth in the Regulations of the Tokyo Stock Exchange.

She 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.

[Special notes concerning nominees for Directors]

■ Special relationship between the Company and the nominees for Directors

- The nominee for Director, Mr. Yoshihiro Hasebe concurrently serves as the Chairperson of The Kao Foundation for Arts and Sciences, and the Company has resolved, at its meeting of the Board of Directors held in February 2022 to make donations to fund the foundation's activities.
- Except for the above, there are no special interests between the Company and the nominees for Directors.

■ Matters regarding the nominees for Outside Directors

Of the nominees for Directors, Mr. Osamu Shinobe, Ms. Chiaki Mukai, Mr. Nobuhide Hayashi and Ms. Eriko Sakurai are nominees for Outside Directors.

■ Summary of liability limitation agreements

Pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, the Company entered into an agreement with Mr. Osamu Shinobe, Ms. Chiaki Mukai and Mr. Nobuhide Hayashi, respectively, to the effect that each of their liability under Article 423, Paragraph 1 of the Companies Act will be limited to the higher of: 10 million yen; or any amount prescribed by applicable laws and regulations. If they are reelected and assume office, the Company will continue these agreements with them. If Ms. Eriko Sakurai is elected and assumes office as an Outside Director, the Company and Ms. Eriko Sakurai will enter into an agreement under the same terms and conditions.

■ Summary of directors and officers liability insurance in which nominees for Directors are the insured

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. All nominees for Directors will be insured under this insurance contract. The Company plans to retain this contract with the same content at the time of the next renewal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF THIS PROPOSAL 3.

PROPOSAL 4: ELECTION OF ONE (1) AUDIT & SUPERVISORY BOARD MEMBER

Of the five (5) incumbent Audit & Supervisory Board Members, the term of office of Mr. Nobuhiro Oka will expire at the conclusion of the AGM. Accordingly, the Company proposes the election of an Audit & Supervisory Board Member as an Outside Audit & Supervisory Board Member.

The Audit & Supervisory Board has approved the submission of this proposal to the AGM. Provided below is the relevant personal information and career summary held by the nominees.

Nobuhiro Oka (Date of Birth: April 5, 1963)

Re-nomination

Outside Audit &
Supervisory
Board Member

Independent Audit &
Supervisory Board
Member



[Career summary and status at the Company]

April 1993	Registered as an attorney-at-law, joined Kajitani Law Offices
April 1997	Representative Partner, Takekawa & Oka Law Office
October 2004	Representative Partner, Takekawa, Oka & Yoshino Law Office
April 2012	Professor, Keio University Law School (current)
October 2013	Representative, Oka-Partners Law Office (current)
March 2014	Outside Audit & Supervisory Board Member, Kao Customer Marketing Co., Ltd.
January 2016	Audit & Supervisory Board Member, Kao Group Customer Marketing Co., Ltd. (current)
March 2018	Audit & Supervisory Board Member, Kao Corporation (current)

Attendance to the Meeting of the Board of Directors: **15/15 (100%)**

Attendance to the Meeting of the Audit & Supervisory Board: **10/10 (100%)**

Number of the Company shares owned: **1,600 shares**

Term of office at the conclusion of this AGM: **4 years**

[Other material position(s) held]

Attorney-at-Law;
Audit & Supervisory Board Member, Kao Group Customer Marketing Co., Ltd.;
Outside Director, Yamatane Corporation;
Professor, Keio University Law School

[Reason for nomination as a candidate for Outside Audit & Supervisory Board Member]

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, and for this reason nominates him as a candidate to continue as an Outside Audit & Supervisory Board Member.

[Matters regarding independency]

If Mr. Oka is reelected and assumes office as Audit & Supervisory Board Member, the Company will report to the Tokyo Stock Exchange, Inc., that he is an Independent Audit & Supervisory Board Member as set forth in the Regulations of the Tokyo Stock Exchange.

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.

[Special notes concerning nominees for Audit & Supervisory Board Members]

■ **Special relationship between the Company and the nominees for Audit & Supervisory Board Members**

There are no special interests between the Company and Mr. Nobuhiro Oka.

■ **Matters regarding the nominee for Outside Audit & Supervisory Board Member**

Mr. Nobuhiro Oka is a nominee for Outside Audit & Supervisory Board Member.

■ **Summary of liability limitation agreements**

Pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, the Company entered into an agreement with Mr. Nobuhiro Oka to the effect that his liability under Article 423, Paragraph 1 of the Companies Act will be limited to the higher of: 10 million yen; or any amount prescribed by applicable laws and regulations. If he is reelected and assumes office, the Company will continue this agreement with him.

■ **Summary of directors and officers liability insurance in which nominees for Audit & Supervisory Board Members are the insured**

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. The nominee for Audit & Supervisory Board Member will be insured under this insurance contract. The Company plans to retain this contract with the same content at the time of the next renewal.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF THIS PROPOSAL 4.

(For Reference)

Stance on Balance among Knowledge, Experience and Skills, and on Diversity and Size of the Board of Directors

The Directors and Audit & Supervisory Board Members who attend the Board of Directors meetings provide broad direction regarding business strategies and 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 through joint contributions of opinions from various perspectives.

With the mission of providing care and enrichment for the life of all people and the planet, the Company has developed a strategy for communicating value that meets the needs of consumers and our customers. Based on this strategy, the Company engages in “*Yoki-Monozukuri*,” which leverages the advanced technological capabilities derived from its extensive research and development, including fundamental research, to deliver products and services that protect the healthy lives of consumers and customers around the world. In addition, the Kao Group Mid-term Plan “K25” sets forth the vision of “Sustainability as the only path.” We aim to promote investments in a more strategic manner and expand operations in our existing businesses considering the global environment and human life as well as create new businesses that “save future lives” by leveraging digital transformation. Furthermore, to support these activities, the Company has built a framework that enables us to supervise the Company from multifaceted and objective viewpoints, and which can be verified from specialized perspectives such as accounting, finance, and laws and regulations for constant improvement.

In order to realize the above, 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.

		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 “√.”

In addition to knowledge, experience and ability, the Company recognizes that 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" in the Company's Corporate Governance Report.)

The Company sets the appropriate size of the Board of Directors in consideration of the balance between having diverse personnel required to conduct the proper deliberations and supervision of execution and 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 approximately half of the Board of Directors to ensure its diversity and influence and emphasizes their independence. In addition, the Company aims to have a majority of Outside Audit & Supervisory Board Members who meet the Standards for Independence.

Policy on Nomination of Directors and Audit & Supervisory Board Members Candidates

In accordance with the above, the Company nominates 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 most 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 capacity for 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.

Procedures for the Nomination of Director and Audit & Supervisory Board Member Candidates

To objectively confirm that all Director candidates, including candidates for President and CEO, conform to the policy and stance in the paragraph 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. Usually, this Committee meets three to four times a year but meetings can be held at any time as needed, and as all of its members are independent Directors and Audit & Supervisory Board Members, it maintains a high level of objectivity. 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 every year.

With regard to nominees for Audit & Supervisory Board Members, the Audit & Supervisory Board, which includes three 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.

For further information please see the following website:

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

Summary of “Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation”

1. In order for the board of directors of Kao Corporation (the “Company”) to determine an outside director or outside Audit & Supervisory Board Member of the Company (collectively, the “outside director/ Audit & Supervisory Board Member”) qualifies as independent, the relevant outside director/Audit & Supervisory Board Member must be neutral and independent from the management of the Company and must not be described by any of the following items (an outside director/Audit & Supervisory Board Member who is qualified as independent is hereinafter referred to as an “independent director/Audit & Supervisory Board Member”):
 - (a) A person executing the operations (“executing person”) of the Company or its affiliate companies (collectively, the “Kao Group”) at present or in the past ten (10) years;
 - (b) A party for whom the Kao Group is a principal business partner or an executing person of such party;
 - (c) A principal business partner of the Kao Group or an executing person of such party;
 - (d) A large shareholder of the Company (a party which directly or indirectly holds 10% or more of the total voting rights of the Company) or an executing person of such party;
 - (e) An executing person of a party in which the Kao Group is a large investor (a party, 10% or more of whose voting rights are directly or indirectly held by the Kao Group);
 - (f) A party which has received a significant amount of donation from the Kao Group or an executing person of such party;
 - (g) A consultant, an accounting professional such as a certified public accountant or a legal professional such as an attorney-at-law who has received a significant amount of money or other property from the Kao Group, other than as compensation for being a director and/or an Audit & Supervisory Board Member (if the party having received such property is a corporation, partnership or any other entity, this item refers to a person belonging to the relevant entity);
 - (h) A person belonging to the auditing firm engaged to conduct the statutory audit of the Company;
 - (i) In the case where any executing person of the Kao Group currently serves, or served within the past three (3) years, as an outside director/Audit & Supervisory Board Member of any other company, an executing person of such other company;
 - (j) Any person who was described by any of the items (b) to (i) above in the past three (3) years; and
 - (k) An immediate family member, etc. of any of the persons listed below:
 - a. Any person described in items (b) through (i) above; provided, however, that an “executing person” in items (b) through (f) is limited to key executing persons ; a “person belonging to the relevant entity” in item (g) is limited to key executing persons, and if the relevant entity is an auditing firm, a law firm or any other professional entity, such person is limited to persons with professional qualifications such as certified public accountants, attorneys-at-law; a “person belonging to the auditing firm” in item (h) is limited to key executing persons and other persons with professional qualifications such as certified public accountants; and “an executing person of such other company” in item (i) is limited to key executing persons of such other company;
 - b. A key executing person of the Kao Group; and
 - c. Any person who was described by item b. above in the past three (3) years.
2. In addition to the requirements set forth in the preceding Article there must not be any circumstances that are reasonably deemed to prevent an independent director/Audit & Supervisory Board Member from performing his or her duties as an independent director/Audit & Supervisory Board Member.
3. An independent director/Audit & Supervisory Board Member must make efforts to maintain independence as set forth in these Standards until retirement or resignation from his or her position. If an independent director/Audit & Supervisory Board Member loses his or her independence as set forth in these Standards, he or she shall notify the Company immediately.

For further information please see the following website:

www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/governance_002.pdf

- End -

BUSINESS REPORT

(From January 1, 2021 to December 31, 2021)

I. Current Condition of the Kao Group

1. Business Progress and Results

Please review the *Consolidated Financial Results for the Fiscal Year Ended December 31, 2021* at www.kao.com/global/en/investor-relations/library/results/.

2. Status of Capital Investments

The aggregate amount of capital investments, etc., for this fiscal year was 87.5 billion yen (85.9 billion yen in the previous fiscal year).

In the Consumer Products Business, in addition to conducting the reinforcement, streamlining, maintenance and renewal, etc. of facilities in each business, Kao Corporation (the “Company”) also rebuilt its information systems. In the Hygiene and Living Care Business, the Company reinforced both new and improved products, expanded production capacity and took other measures in Japan and overseas. In Kao China, the Company completed the construction of a new building for the production of new products and started its operation to strengthen the baby diaper business. In the Health and Beauty Care Business, the Company expanded the production capacity in Japan and overseas.

In the Chemical Business, the expansion of production capacity, streamlining, maintenance and renewal of facilities, rebuilding of information system, etc. was conducted in Japan and overseas.

The aggregate amount of capital investments, etc. shown above includes investments in property, plant and equipment, right-of-use assets, and intangible assets.

3. Financing Status

The Company globally and effectively used Kao Group’s capital to cover necessary operating activities and investing activities including capital investments, etc.

In March 2021, the Company repaid 10 billion yen in debt, and borrowed the same amount to maintain an appropriate cost of capital ratio and to strengthen its financial base for investment in growth.

In September, the Company repaid 20 billion yen in debt, and borrowed the same amount for the same purpose using Positive Impact Finance. This financing approach is characterized by information disclosure that uses an evaluation index to assess the degree to which an investment contributes to the SDGs or other related issues.

4. Issues for Management

The novel coronavirus (COVID-19) pandemic continues to have a significant impact on social and economic activity and on the lives of people around the world. In addition, issues are intensifying in fields such as the environment, including climate change, water and forest resources, as well as human rights, triggering society’s heightened concern. The market structure surrounding our business as well as consumer awareness are undergoing major change, while society is faced by mounting issues such as the aging population.

Amid these changes, the Kao Group must shift its focus toward resolving social issues and break away from the existing mass-production, mass-consumption business model, which has a negative environmental footprint. Instead, we must transition to a cyclical consumption model capable of continuing to produce attractive products with long-lasting appeal for customers while avoiding the production of excess volume. Our Mid-term Plan “K25” is crucial for building the business foundation to realize such a business model.

To achieve K25, the Kao Group will continue to build ties with our customers through digital transformation (DX) and pursue innovation toward a new, goal-oriented product development process that backcasts from the value we need to deliver. In addition, we will swiftly execute strategic investments and M&As that are consistent with our ESG-centric management policies and strategies while emphasizing investment efficiency and clarifying priorities. To this end, we will reform our decision-making system from a bucket-relay decision-making system, in which decisions are made step-by-step over a long period of time, to a scrum approach, in which the persons involved make bold decisions as necessary.

Furthermore, we will continue to work on improving our governance system, which allows us to examine the activities of the Kao Group from an objective perspective and discuss them from various angles, as well as our internal control system, which reflects the perspectives of compliance and risk/crisis management.

The continued understanding and further support of the shareholders in corporate activities of the Kao Group will be greatly appreciated.

Major progress in Kao Group Mid-term Plan “K25”

Goal (1) Take leadership in a self-propelling sustainable society

As part of our positive recycling initiative (creating new business through recycling), we conducted RecyCreation activities in collaboration with peer companies. Named by combining the words recycle and creation, this unique initiative aspires to combining resourcefulness and ideas to upcycle used materials into fun, fresh creations with new value. With the cooperation of Lion Corporation, we conducted a demonstration experiment of sorted waste collection of used refill packs, working toward the creation of a society with circularity in used plastic packaging resources. In the current fiscal year, we succeeded in collecting roughly twice as many used refill packs as planned and started recycling treatment at our pilot plant. In addition, we have joined Kobe Plastic Next, a league of 16 companies. We also started a collection and recycling demonstration experiment in cooperation with Welcia Yakkyoku Co., Ltd. In a bottle recycling project conducted in cooperation with Unilever Japan, bottles collected over a six-month period were converted into recycled plastic, and then tested for molding into bottles. P&G Japan G.K. and Lion Corporation have newly joined this project, and we will accelerate the development of the initiative, which has been selected as an innovative technology and business model promotion demo project by the Tokyo Metropolitan Government.

The RecyCreation initiative aims to establish a sustainable recycling system as quickly as possible. Specific measures include: the development of easily recyclable containers; a sorted collection system that helps more users join; the establishment of a low-cost and efficient collection supply chain; the development of innovative recycling technologies; and the introduction of a traceability system to ensure safety and security. To accelerate these efforts, we believe the key is to collaborate with a more diverse range of stakeholders and to maximize our use of digital technology.

Goal (2) Create another Kao and reinforce current Kao

With respect to existing businesses, which are the foundation of Kao's business model, we are making vigorous investments based on our management strategy and strengthening brand management to achieve a distinctive position in each category. During the fiscal year under review, several brands (such as bathroom detergent and men's facial cleanser) achieved the top market share in their respective categories, and we were able to significantly improve customer loyalty in the area of laundry detergent. In the cosmetics business, we received strong support from customers, particularly for our makeup brands, and increased the percentage of our 11 globally cultivated brands. However, we are still in the transitional phase of forming a solid foundation, and we have not been able to restructure the weak brands themselves and increase our market share in the categories in which we are competing.

In the Chemical Business, we made steady progress in adopting technologies that will become the only one of its kind in the electronics, infrastructure, and agriculture fields, leveraging our eco-chemical technologies.

The digital transformation (DX) of Kao as a whole produced steady results as a result of proactive investment. We developed a new method of communicating product value through the use of virtual experience models that make advanced use of smartphones and other devices, such as hair color experience, virtual makeup experience, and growth assessment by photographing babies walking. The product introduction PR that was created by the collective efforts of our employees was able to expand the appeal and penetration of our products more than ever before. At the same time, we made progress in the development of business centered on digital, which we have positioned as another Kao. We are nearing the completion of a new "high-precision selection model" that enables us to make product selection proposals based on purchase data and product matching proposals based on human body information. This model is a virtual human body generation model, a system that estimates the whole body information at a given time from partial body information. We are now in the testing phase of a collaboration with Preferred Networks, one of the world's leading deep learning companies. This system does not require the accumulation of customer health information, making it easy to deploy. We will share this system with more partners in the future to realize a digital life platform (a system that connects customers and companies with all digital tools). The most important application area of this technology is the early social implementation of testing business using disease risk prediction models and precision life care business based on drug effect prediction. Currently, together with strategic collaborative partners, we are working on 1) developing and improving the accuracy of prediction algorithms, 2) maximizing inspection efficiency, and 3) building a business model that can attract customers and generate revenue.

Goal (3) Double the productivity of our business activities

The power of our employees is the most important factor in realizing “K25.” Therefore, we have established an objective “maximize the power and potential of employees.” To achieve this, we have set the goal “double the productivity of our business activities.”

In the current fiscal year, we introduced Objectives and Key Results (OKR), a new employee empowerment system that encourages employees to take on challenges. The initiative kicked off to tackle the big challenge of realizing the ideal society and company that each of us envisions. OKR has become a shared language in the Kao Group workplace and it is stimulating cross-divisional cooperation, engaging conversations, and new ideas.

We are also pursuing strong branding through the use of digital technology. By analyzing data from the customer’s perspective and maximizing the efficiency and fruits of investment in marketing activities, we will reinforce the loyal customer base and increase our market share, while reducing wasteful inventory and production based on AI-driven demand forecasting to achieve *Yoki-Monozukuri* with high productivity.

The Kao Group’s initiatives on sustainability

By integrating ESG into the core of its company management, the Group 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 (chaired by the Representative Director, President and Chief Executive Officer) 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 investments in important ESG activities.

*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 Data Book: www.kao.com/global/en/sustainability/pdf/

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

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

Aims to reduce CO₂ emissions to zero by 2040, and to be carbon negative by 2050 with new decarbonization objective

Recently, the Kao Group’s responsibilities have grown as well as the role it is expected to play in relation to tackling social issues, namely climate change caused by global warming. In order to be able to deliver a Kirei Lifestyle not only to today’s consumers but also to the consumers of the future, the Kao Group has set new decarbonization objectives aimed at the realization of a decarbonized society. By implementing Innovation in Reduction and Innovation in Recycling with regards to CO₂, the Company is aiming to achieve carbon zero by 2040, and carbon negative by 2050 in its business activities. The Company is also proceeding with the development of products, services, and technologies that will contribute towards reducing CO₂ emissions in society as a whole.



Photovoltaic power generation has been introduced in the Kao Tochigi Plant to provide the power used by the plant

Rated triple-A for Climate Change, Water Security, and Forests for second consecutive year by CDP since FY2020

The inclusion of the Company in the Climate Change, Forests, and Water Security 'A Lists' in CDP's global survey of businesses is a result of efforts being made across its value chain.

By integrating ESG into the core of its company management, the Kao Group will strive to solve social issues and drive business growth by better serving consumers and society through its enhanced products and services. With this socially conscious ethos, the Group will create a Kirei life for all—providing care and enrichment for the life of all people and the planet.

CDP: Based in the UK, CDP is an international non-profit organization focused on addressing climate change and other environmental issues. CDP conducts surveys and evaluations that motivate major companies and cities around the world to disclose information on their efforts to address climate change, water management, etc.



5. Transitions of Assets and Profits and Losses

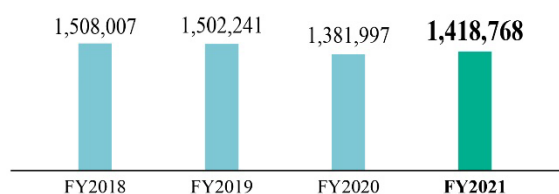
(million yen)

	FY2018	FY2019	FY2020	FY2021
Net sales	1,508,007	1,502,241	1,381,997	1,418,768
Operating income	207,703	211,723	175,563	143,510
Income before income taxes	207,251	210,645	173,971	150,002
Net income	155,331	150,349	128,067	111,415
Net income, attributable to owners of the parent	153,698	148,213	126,142	109,636
Total assets	1,460,986	1,653,919	1,665,616	1,704,007
Total equity	835,509	871,421	938,194	983,877
Basic earnings per share (yen)	314.25	306.70	262.29	230.59

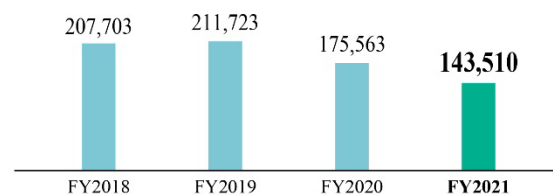
Notes:

1. In the FY2019, the Kao Group adopted IFRS 16, "Leases."
2. Effective from the FY2020, the Company has changed its method of recognizing sales for some transactions from the gross amount to the net amount.
In addition, the Kao Group early adopted Amendment to IFRS 16 "Leases," "Covid-19-Related Rent Concessions."

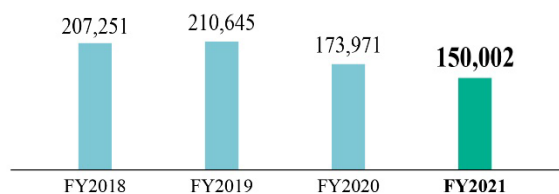
■ Net Sales (million yen)



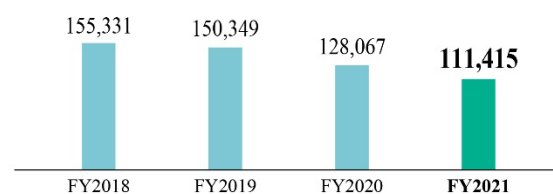
■ Operating Income (million yen)



■ Income before Income Taxes (million yen)



■ Net Income (million yen)



6. Main Businesses of the Kao Group (as of December 31, 2021)

Business Category		Main Products	
Consumer Products Business	Hygiene and Living Care Business	Fabric care products	Laundry detergents, Fabric treatments
		Home care products	Kitchen cleaning products, House cleaning products, Paper cleaning products
		Sanitary products	Sanitary napkins, Baby diapers
	Health and Beauty Care Business	Skin care products	Soaps, Facial cleansers, Body cleansers
		Hair care products	Shampoos, Conditioners, Hair styling agents, Hair coloring agents, Men's products
		Personal health products	Bath additives, Oral care products, Thermo products
	Life Care Business	Life care products	Commercial-use sanitary products, Health beverages
Cosmetics Business	Cosmetics	Counseling cosmetics, Self-selection cosmetics	
Chemical Business		Oleo chemicals	Fatty alcohols, Fatty amines, Fatty acids, Glycerin, Commercial-use edible fats and oils
		Performance chemicals	Surfactants, Plastics additives, Superplasticizers for concrete admixtures, Road additives
		Specialty chemicals	Toner and toner binder for copiers and printers, Ink and water-based pigment inkjet ink, Fragrances and aroma chemicals

7. Main Subsidiaries (as of December 31, 2021)

Name of Company	Capital Stock	Ratio of Voting Rights	Main Businesses
Kao Group Customer Marketing Co., Ltd.	JPY 10 million	100%	Control of sales companies of consumer products in Japan, Hygiene and Living Care, Health and Beauty Care, Life Care, Cosmetics
Kao Professional Services Co., Ltd.	JPY 60 million	100%	Life Care (Commercial-use sanitary products)
Kanebo Cosmetics Inc.	JPY 7,500 million	100%	Cosmetics
Kao Transport & Logistics Co., Ltd.	JPY 15 million	100%	Logistics-related operation in Japan
Kao (China) Holding Co., Ltd.	CNY 2,603,727 thousand	100%	Control of affiliates in the People's Republic of China, Cosmetics
Kao Corporation Shanghai	CNY 564,200 thousand	100%	Hygiene and Living Care, Health and Beauty Care, Cosmetics
Kao (Hefei) Co., Ltd.	CNY 588,502 thousand	100%	Hygiene and Living Care
Kao Commercial (Shanghai) Co., Ltd.	CNY 1,348,490 thousand	100%	Hygiene and Living Care, Health and Beauty Care, Cosmetics
Kanebo Cosmetics (China) Co., Ltd.	CNY 1,271,687 thousand	100%	Cosmetics
Kao (Shanghai) Chemical Industries Co., Ltd.	CNY 740,000 thousand	100%	Chemical
Kao (Taiwan) Corporation	TWD 597,300 thousand	92%	Hygiene and Living Care, Health and Beauty Care, Life Care (Commercial-use sanitary products), Cosmetics, Chemical
Pilipinas Kao, Inc.	USD 91,435 thousand	100%	Chemical
Kao Industrial (Thailand) Co., Ltd.	THB 2,000,000 thousand	100%	Hygiene and Living Care, Health and Beauty Care, Cosmetics, Chemical
Fatty Chemical (Malaysia) Sdn. Bhd.	MYR 120,000 thousand	70%	Chemical
PT Kao Indonesia	IDR 1,397,206 million	60%	Hygiene and Living Care, Health and Beauty Care
Kao USA Inc.	USD 1	100%	Health and Beauty Care, Cosmetics
Oribe Hair Care, LLC	USD 8,182 thousand	100%	Health and Beauty Care
Washing Systems, LLC	USD 10	100%	Life Care (Commercial-use sanitary products)
Kao America Inc.	USD 3,200 thousand	100%	Corporate services to affiliates in the United States and holding company of Chemical Business in the United States
Kao Specialties Americas LLC	USD 1	100%	Chemical
Kao Germany GmbH	EUR 25,000 thousand	100%	Health and Beauty Care
Kao Manufacturing Germany GmbH	EUR 13,000 thousand	100%	Health and Beauty Care
Kao Chemicals GmbH	EUR 9,101 thousand	100%	Chemical
Molton Brown Limited	GBP 516 thousand	100%	Cosmetics
Kao Chemicals Europe, S.L.	EUR 74,035 thousand	100%	Control of Chemical Business in Europe, etc.
Kao Corporation, S.A.	EUR 56,411 thousand	100%	Chemical

Note: The above ratio of voting rights has been calculated based on the total number of voting rights held by the Company and its subsidiaries.

8. Main Offices, Plants, Laboratories, and Subsidiaries (as of December 31, 2021)

(1) The Company

Name	Location
Head Office	Chuo-ku, Tokyo
Sumida Office	Sumida-ku, Tokyo
Osaka Office	Nishi-ku, Osaka-shi, Osaka
Odawara Office	Odawara-shi, Kanagawa
Sakata Plant	Sakata-shi, Yamagata
Tochigi Plant	Ichikai-machi, Haga-gun, Tochigi
Kashima Plant	Kamisu-shi, Ibaraki
Tokyo Plant	Sumida-ku, Tokyo
Kawasaki Plant	Kawasaki-ku, Kawasaki-shi, Kanagawa
Toyohashi Plant	Toyohashi-shi, Aichi
Wakayama Plant	Wakayama-shi, Wakayama
Tochigi Research Laboratories	Ichikai-machi, Haga-gun, Tochigi
Tokyo Research Laboratories	Sumida-ku, Tokyo
Odawara Research Laboratories	Odawara-shi, Kanagawa
Wakayama Research Laboratories	Wakayama-shi, Wakayama

(2) Subsidiaries

1) Japan

Company	Location
Kao Group Customer Marketing Co., Ltd.	Chuo-ku, Tokyo (Head Office) and 8 regional headquarter offices
Kao Professional Services Co., Ltd.	Sumida-ku, Tokyo (Head Office) and 5 regional headquarter offices
Kanebo Cosmetics Inc.	Chuo-ku, Tokyo (Head Office)
Kao Transport & Logistics Co., Ltd.	Sumida-ku, Tokyo (Head Office) and 44 offices
Kao Cosmetic Products Odawara Co., Ltd.	Odawara-shi, Kanagawa (Head Office)
Kao Sanitary Products Ehime Co., Ltd.	Saijo-shi, Ehime (Head Office)

2) Outside Japan

Company	Location
Kao (China) Holding Co., Ltd.	Shanghai
Kao Corporation Shanghai	Shanghai
Kao (Hefei) Co., Ltd.	Hefei, Anhui
Kao Commercial (Shanghai) Co., Ltd.	Shanghai
Kanebo Cosmetics (China) Co., Ltd.	Shanghai
Kao (Shanghai) Chemical Industries Co., Ltd.	Shanghai
Kao (Taiwan) Corporation	New Taipei City
Pilipinas Kao, Inc.	Philippines
Kao Industrial (Thailand) Co., Ltd.	Thailand
Fatty Chemical (Malaysia) Sdn. Bhd.	Malaysia
PT Kao Indonesia	Indonesia
Kao USA Inc.	United States
Oribe Hair Care, LLC	United States
Washing Systems, LLC	United States
Kao America Inc.	United States
Kao Specialties Americas LLC	United States
Kao Germany GmbH	Germany
Kao Manufacturing Germany GmbH	Germany
Kao Chemicals GmbH	Germany
Molton Brown Limited	United Kingdom
Kao Chemicals Europe, S.L.	Spain
Kao Corporation, S.A.	Spain

9. Employees of the Kao Group (as of December 31, 2021)

Business Category	Number of Employees
Consumer Products Business	28,421
Hygiene and Living Care Business	9,396
Health and Beauty Care Business	7,252
Life Care Business	1,099
Cosmetics Business	10,674
Chemical Business	4,023
Others	1,063
Total	33,507

Notes:

1. The total number of employees has increased by 98 from the previous fiscal year.
2. Of the above, the number of the Company's employees is 8,508.

10. Main Lenders (as of December 31, 2021)

Not applicable

II. Shares of the Company (as of December 31, 2021)

1. Number of authorized shares: 1,000,000,000 shares

2. Number of issued shares: 475,000,000 shares

Notes:

1. The Company retired 7,000,000 treasury shares in June 2021.
2. The number of issued shares includes 118,928 treasury shares.

3. Number of shareholders: 123,029

4. Major Shareholders (Top 10)

Name / Company Name	Number of shares (thousand shares)	Ratio of shareholding (percentage)
The Master Trust Bank of Japan, Ltd. (Trust Account)	86,788	18.28
Custody Bank of Japan, Ltd. (Trust Account)	26,998	5.69
STATE STREET BANK AND TRUST COMPANY 505223	14,628	3.08
SMBC Nikko Securities Inc.	13,962	2.94
THE BANK OF NEW YORK 134104	8,232	1.73
STATE STREET BANK WEST CLIENT - TREATY 505234	8,101	1.71
SSBTC CLIENT OMNIBUS ACCOUNT	7,353	1.55
JAPAN SECURITIES FINANCE CO., LTD.	6,835	1.44
Nippon Life Insurance Company	6,691	1.41
National Mutual Insurance Federation of Agricultural Cooperatives	6,334	1.33

Notes:

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

5. Number of shares issued to Directors as consideration for their duties during this Fiscal Year

Category	Number of shares	Number of persons eligible
Directors (excluding Outside Directors)	8,400	5

Note: The above includes shares issued to retired Directors.

III. Stock Acquisition Rights, etc., of the Company

The Company issues stock acquisition rights (*shinkabu yoyakuken*), allotted as remuneration to the Directors and Executive Officers of the Company who are not the Directors of the Company. The amount to be paid-in by an allottee at the time of the allotment of the stock acquisition rights is set off against the remuneration to be received by the allottee, and the exercise price is one (1) yen per share. Share remuneration type stock options are allotted for the purpose of enhancing the motivation and morale of the allottees to improve the corporate performance and stock value of the Company through further strengthening the correlation between remuneration to the allottees and the performance and stock value of the Company, as well as for the purpose of further increasing the Company's corporate value through promoting the shared interests of the allottees and the Company's shareholders.

Please note that the Company has not allotted any share remuneration type stock options since FY2017, in line with approval having been obtained at the 111th Annual General Meeting of Shareholders held on March 21, 2017, allowing the Company to introduce a performance-based stock incentive plan for the purpose of improving the Company's mid- and long-term performance as well as increasing the awareness of contributions to increasing corporate value.

1. Stock Acquisition Rights (as of December 31, 2021)

Name (Date of Issue)	Number of Stock Acquisition Rights	Type and Number of Shares to be Delivered upon Exercise of Stock Acquisition Rights	Amount Paid in for Allotment of Stock Acquisition Rights	Value of Assets Contributed upon Exercise of Stock Acquisition Rights	Period for Exercising Stock Acquisition Rights
14 th Stock Acquisition Rights (May 21, 2015)	12	12,000 shares of the Company's common stock	5,630,000 yen per stock acquisition right	1 yen per share	July 1, 2017 - June 30, 2022
15 th Stock Acquisition Rights (May 26, 2016)	19	19,000 shares of the Company's common stock	5,681,000 yen per stock acquisition right	1 yen per share	July 1, 2018 - June 30, 2023

2. Stock Acquisition Rights Held by Directors and Audit & Supervisory Board Members of the Company (as of December 31, 2021)

(1) Stock Acquisition Rights Held by Members of the Board (Excluding Outside Directors)

Name	Number of Stock Acquisition Rights Holders	Number of Stock Acquisition Rights Allotted	Number of Shares to be Delivered upon Exercise of Stock Acquisition Rights
14 th Stock Acquisition Rights	1	4	4,000
15 th Stock Acquisition Rights	2	6	6,000

Note: From FY2017, the Company does not allot stock acquisition rights to its Directors.

(2) Stock Acquisition Rights Held by Outside Directors

Name	Number of Stock Acquisition Rights Holders	Number of Stock Acquisition Rights Allotted	Number of Shares to be Delivered upon Exercise of Stock Acquisition Rights
14 th Stock Acquisition Rights	1	2	2,000

Note: From FY2016, the Company does not allot stock acquisition rights to its Outside Directors in accordance with the revision of the compensation system for Outside Directors.

3. Stock Acquisition Rights, Allotted to Employees, etc., of the Company during This Fiscal Year

Not applicable

IV. Directors and Audit & Supervisory Board Members of the Company

1. Status of Directors and Audit & Supervisory Board Members (as of December 31, 2021)

Title	Name	Duties at the Company and Other Material Position(s) Held
Director, Chair	Michitaka Sawada	Outside Director, Panasonic Corporation; Outside Director, Nitto Denko Corporation
Representative Director, President and Chief Executive Officer	Yoshihiro Hasebe	Responsible for Human Capital Development; President, The Kao Foundation for Arts and Sciences
Representative Director, Senior Managing Executive Officer	Toshiaki Takeuchi	Representative Director, President, Kao Group Customer Marketing Co., Ltd.
Representative Director, Managing Executive Officer	Tomoharu Matsuda	President, Consumer Products, Global; Responsible for Kao Professional Services Co., Ltd.
Outside Director	Sonosuke Kadonaga	President, Intrinsic; Director, Business Breakthrough Inc.; Outside Director, Chairperson of the Audit & Supervisory Committee, Sumitomo Mitsui Banking Corporation; Vice President, Business Breakthrough University
Outside Director	Osamu Shinobe	Special Advisor, ANA HOLDINGS INC.
Outside Director	Chiaki Mukai	Specially Appointed Vice President, Tokyo University of Science; Outside Director, Fujitsu Limited
Outside Director	Nobuhide Hayashi	Senior Advisor, Mizuho Bank, Ltd.; Outside Director, Baroque Japan Limited; Outside Audit & Supervisory Board Member, JTB Corp.; Outside Audit & Supervisory Board Member, TOBU RAILWAY CO., LTD.
Full-time Audit & Supervisory Board Member	Hideko Aoki	
Full-time Audit & Supervisory Board Member	Sadanao Kawashima	
Outside Audit & Supervisory Board Member	Hideki Amano	Certified Public Accountant; Outside Director, TOPPAN FORMS CO., LTD.; Outside Audit & Supervisory Board Member, Seiko Holdings Corporation; Outside Director, Ajinomoto Co., Inc.
Outside Audit & Supervisory Board Member	Nobuhiro Oka	Attorney-at Law; Audit & Supervisory Board Member, Kao Group Customer Marketing Co., Ltd.; Outside Director, Yamatane Corporation; Professor, Keio University Law School
Outside Audit & Supervisory Board Member	Takahiro Nakazawa	Certified Public Accountant; Outside Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation

Notes:

1. Mr. Sonosuke Kadonaga, Mr. Osamu Shinobe, Ms. Chiaki Mukai and Mr. Nobuhide Hayashi are Outside Directors.
2. Mr. Hideki Amano, Mr. Nobuhiro Oka and Mr. Takahiro Nakazawa are Outside Audit & Supervisory Board Members.
3. Mr. Sadanao Kawashima has had many years of experience in the Company's accounting management, and has considerable expertise in finance and accounting.
4. Mr. Hideki Amano and Mr. Takahiro Nakazawa, who are qualified as a Certified Public Accountant, have considerable expertise in finance and accounting.
5. The Company reported Mr. Sonosuke Kadonaga, Mr. Osamu Shinobe, Ms. Chiaki Mukai, Mr. Nobuhide Hayashi, Mr. Hideki Amano, Mr. Nobuhiro Oka and Mr. Takahiro Nakazawa to the Tokyo Stock Exchange, Inc. as Independent Directors/Audit & Supervisory Board Members as set forth in the Regulations of the Tokyo Stock Exchange, Inc.
6. Personnel changes in Audit & Supervisory Board Members during this fiscal year:
 - (1) Mr. Sadanao Kawashima was newly elected and took office at the 115th Annual General Meeting of Shareholders held on March 26, 2021.
 - (2) Mr. Katsuya Fujii, Full-time Audit & Supervisory Board Member, retired from his office upon the expiration of his term at the conclusion of the 115th Annual General Meeting of Shareholders held on March 26, 2021.

7. *Mr. Michitaka Sawada, Representative Director, President and Chief Executive Officer, took office as the Director, Chair on January 1, 2021. Mr. Yoshihiro Hasebe, Representative Director, Senior Managing Executive Officer, took office as the Representative Director, President and Chief Executive Officer on the same date.*
8. *Mr. Yoshihiro Hasebe, Director, has served as the President of The Kao Foundation for Arts and Sciences since April 22, 2021.*
9. *Mr. Michitaka Sawada, Director, has served as an Outside Director of Nitto Denko Corporation since June 18, 2021.*
10. *Mr. Hideki Amano, Audit & Supervisory Board Member, retired from the office of Outside Audit & Supervisory Board Member of Ajinomoto Co., Inc. at the conclusion of its Annual General Meeting of Shareholders held on June 23, 2021. He has served as an Outside Director of Ajinomoto Co., Inc. since that date.*
11. *Mr. Takahiro Nakazawa, Outside Audit & Supervisory Board Member, has served as an Outside Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation since June 25, 2021.*

2. Summary of Liability Limitation Agreements

According to Article 427, Paragraph 1 of the Companies Act and Articles of Incorporation of the Company, the Company entered into an agreement with each Director (excluding Executive Director, etc.) and Audit & Supervisory Board Member to the effect that the liability of each Director (excluding Executive Director, etc.) or Audit & Supervisory Board Member under Article 423, Paragraph 1 of the Companies Act will be limited to the higher of: 10 million yen; or any amount prescribed by applicable laws and regulations.

3. 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.

4. Remuneration, etc., Paid to Directors and Audit & Supervisory Board Members

(1) Purpose and Outline of Remuneration for Directors, Audit & Supervisory Board Members and Executive Officers

The Company's compensation system for Directors, Audit & Supervisory Board Members and Executive Officers is aimed at i) securing and retaining diverse and excellent talent to establish and improve competitive advantages; ii) Promoting prioritized measures for continuous increases in corporate value; and iii) 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% 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.

For the fiscal year under review, some indicators have been reviewed and revised so that Directors, other than Outside Directors, Executive Officers and employees can work together as one and make consistent growth within the harsh business climate. These indicators comprise the degree of improvement from the previous fiscal year in sales (calculated based on standards prior to the adoption of IFRS 15) and profit (gross profit minus selling, general administrative expenses) and the achievement level of target EVA. The targets for these evaluation indicators for the current fiscal year were sales of 1,471.1 billion yen, profit of 174.9 billion yen, and EVA of 59.2 billion yen. The actual results were sales of 1,512.8 billion yen, profit of 146.1 billion yen, and EVA of 45.1 billion yen.

(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.

(2) Process for Determining the Amount of Remuneration

The compensation system and compensation standards for the Directors and Executive Officers, including details of individual remuneration for the Directors are examined by the Compensation Advisory Committee and determined by the Board of Directors. The Compensation Advisory Committee comprises all of the Company's Representative Directors, Director, Chair, all of the Company's Outside Directors and all of the Outside Audit & Supervisory Board Members, from the perspective of ensuring objectivity and transparency in the decision-making process. As such, over half of the Committee's members are independent.

Compensation standards for Audit & Supervisory Board Members are determined by discussions of the Audit & Supervisory Board. Furthermore, the Company has established a Compensation Advisory Committee for Audit & Supervisory Board Members, and examines the validity and transparency in the

decision-making process of compensation amounts for Audit & Supervisory Board Members from an outside perspective. The committee is composed of all Outside Audit & Supervisory Board Members, the President and CEO, and one Outside Director. The chair is elected from among the Outside Audit & Supervisory Board Members.

Compensation standards for the Directors, Executive Officers, and Audit & Supervisory Board Members are determined each year after ascertaining standards at other major manufacturers of a similar size, industry category, and business type to the Company using officer compensation survey data from an external survey organization.

In determining the details of compensation for individual Directors for the current fiscal year, the Compensation Advisory Committee performed a comprehensive review of the draft proposal, including consistency with the objectives of the Company's remuneration for Directors prior to submitting its report, and based on the results of the Board of Directors' confirmation of the details of the Committee's review and report, the Board of Directors has determined that the compensation details are consistent with the objectives of the Company's remuneration for Directors, etc.

(3) Aggregate Amount of Remuneration, etc., Paid to Directors and Audit & Supervisory Board Members during this Fiscal Year

(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 (performance-linked portion)	Fixed portion
Directors (including, in parentheses, Outside Directors)	8 (4)	467 (75)	324 (75)	39 (-)	73 (-)	31 (-)
Audit & Supervisory Board Members (including, in parentheses, Outside Audit & Supervisory Board Members)	6 (3)	82 (30)	82 (30)	- (-)	- (-)	- (-)
Total (including, in parentheses, Outside Directors and Outside Audit & Supervisory Board Members)	14 (7)	549 (105)	406 (105)	39 (-)	73 (-)	31 (-)

Notes:

- The above numbers of Directors/Audit & Supervisory Board Members include one Audit & Supervisory Board Member who resigned at the conclusion of the 115th Annual General Meeting of Shareholders held on March 26, 2021.
- As for the variable portion (performance-linked 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 medium-term management plan "K25". Therefore, the variable portion (performance-linked portion) shown above is the amount of the allowance for the current fiscal year.
- The maximum amounts of remuneration, etc. are as follows:
 - 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.

(3) 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.

5. Outside Directors and Outside Audit & Supervisory Board Members

(1) Relationships between the Company and Entities where Outside Directors and Outside Audit & Supervisory Board Members Hold Positions

Title	Name	Material Position(s) Held	Relationship with the Company
Director	Sonosuke Kadanaga	President, Intrinsic	No special relation
		Director, Business Breakthrough Inc.	No special relation
		Outside Director, Chairperson of the Audit & Supervisory Committee, Sumitomo Mitsui Banking Corporation	The Company engages in regular bank transactions with, and has loans from, Sumitomo Mitsui Banking Corporation; however, the amounts of the Company's loans from Sumitomo Mitsui Banking Corporation account for less than 2% of the Company's total assets for the latest fiscal year.
		Vice President, Business Breakthrough University	No special relation
Director	Osamu Shinobe	Special Advisor, ANA HOLDINGS INC.	No special relation
Director	Chiaki Mukai	Specially Appointed Vice President, Tokyo University of Science	The Company has transactions with Tokyo University of Science related to joint research and advertising; 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.
		Outside Director, Fujitsu Limited	The Company has transactions with Fujitsu Limited, which involve licenses and repair of Fujitsu Limited's products; however, the amounts of such transactions account for less than 0.1% of the Fujitsu Limited's net sales and the Company's net sales for the latest fiscal year, respectively.
Director	Nobuhide Hayashi	Senior Advisor, Mizuho Bank, Ltd.	The Company engages in regular bank transactions with and has loans from Mizuho Bank, Ltd., and receives consulting service in

Title	Name	Material Position(s) Held	Relationship with the Company
			overseas markets; however, the amounts of such transactions account for less than 0.1% of Mizuho Bank, Ltd.'s ordinary income and the Company's net sales for the latest fiscal year, respectively.
		Outside Director, Baroque Japan Limited	No special relation
		Outside Audit & Supervisory Board Member, JTB Corp.	The Company has transactions with JTB Corp., which involve business trip arrangements for the Company's executives and employees; however, the amounts of such transactions account for less than 0.1% of the JTB Corp.'s net sales and the Company's net sales for the latest fiscal year, respectively.
		Outside Audit & Supervisory Board Member, TOBU RAILWAY CO., LTD.	No special relation
Audit & Supervisory Board Member	Hideki Amano	Certified Public Accountant	No special relation
		Outside Director, TOPPAN FORMS CO., LTD.	The Company has transactions with TOPPAN FORMS CO., LTD., which involve the purchase of TOPPAN FORMS CO., LTD.'s products; however, the amounts of such transactions account for less than 0.1% of TOPPAN FORMS CO. LTD.'s net sales and the Company's net sales for the latest fiscal year, respectively.
		Outside Audit & Supervisory Board Member, Seiko Holdings Corporation	No special relation
		Outside Director, Ajinomoto Co., Inc.	The Company has transactions with Ajinomoto Co., Inc., which involve commissioned research; however, the amounts of such transactions account for less than 0.1% of Ajinomoto Co., Inc.'s net sales and the Company's net sales for the latest fiscal year, respectively.
Audit & Supervisory Board Member	Nobuhiro Oka	Attorney-at Law	No special relation
		Audit & Supervisory Board Member, Kao Group Customer Marketing Co., Ltd.	Kao Group Customer Marketing Co., Ltd. is a subsidiary of the Company.
		Outside Director, Yamatane Corporation	No special relation
		Professor, Keio University Law School	The Company has transactions with Keio University, which involve the advisory of research projects by such 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.

Title	Name	Material Position(s) Held	Relationship with the Company
Audit & Supervisory Board Member	Takahiro Nakazawa	Certified Public Accountant	No special relation
		Outside Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation	No special relation

(2) Principal Activities during this Fiscal Year

Title	Name	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Audit & Supervisory Board	Principal Activities and Outlines of Duties Performed in Relation to the Expected Roles
Director	Sonosuke Kadonaga	15 out of 15 meetings	—	As the Chairperson of the Board, he contributed to the activation and the streamlining of the proceedings. Also, at meetings of the Board of Directors, he made comments principally based on his considerable experience as a management consultant. He served as a Chairperson of the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee.
Director	Osamu Shinobe	15 out of 15 meetings	—	At meetings of the Board of Directors, he made comments principally based on his considerable experience as a manager of an airline company. He served as a member of the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee.
Director	Chiaki Mukai	15 out of 15 meetings	—	At meetings of the Board of Directors, she made comments principally based on her extensive expertise in the scientific field. She served as a member of the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee.
Director	Nobuhide Hayashi	15 out of 15 meetings	—	At meetings of the Board of Directors, he made comments principally based on his considerable experience as a manager of a financial institution. He served as a member of the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee.
Audit & Supervisory Board Member	Hideki Amano	15 out of 15 meetings	10 out of 10 meetings	At meetings of the Board of Directors and meetings of the Audit & Supervisory Board, he made comments principally based on his professional opinion as a Certified Public Accountant and from a governance perspective.
Audit & Supervisory Board Member	Nobuhiro Oka	15 out of 15 meetings	10 out of 10 meetings	At meetings of the Board of Directors and meetings of the Audit & Supervisory Board, he made comments principally based on his professional opinion as an attorney-at-law and from a governance perspective.

Audit & Supervisory Board Member	Takahiro Nakazawa	15 out of 15 meetings	10 out of 10 meetings	At meetings of the Board of Directors and meetings of the Audit & Supervisory Board, he made comments principally based on his professional opinion as a Certified Public Accountant and from a governance perspective.
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(For Reference) Status of Executive Officers (as of January 1, 2022)

Title	Name	Duties at the Company and Other Material Position(s) Held
President and CEO	Yoshihiro Hasebe	Responsible for Human Capital Development; President, The Kao Foundation for Arts and Sciences
Senior Managing Executive Officer	Toshiaki Takeuchi	Representative Director, President, Kao Group Customer Marketing Co., Ltd.
Senior Managing Executive Officer	Tomoharu Matsuda	President, Consumer Products, Global; Responsible for Kao Professional Services Co., Ltd.
Managing Executive Officer	Masakazu Negoro	Responsible for Management Strategy; Senior Vice President, Procurement, Global; Responsible for Accounting and Finance
Managing Executive Officer	Yasushi Wada	Senior Vice President, Product Quality Management, Global; Responsible for Legal and Governance
Managing Executive Officer	Osamu Tabata	Senior Vice President, Supply Chain Management, Global; Responsible for TCR Promotion
Managing Executive Officer	Yoshihiro Murakami	President, Consumer Products - Cosmetics Business, Global; Senior Vice President, Consumer Products - DX Co-Creation, Global; Representative Director, President, Kanebo Cosmetics Inc.; Chairperson of the Board, Molton Brown Limited
Managing Executive Officer	Hideaki Kubo	Senior Vice President, Research and Development, Global
Managing Executive Officer	Toru Nishiguchi	President, Consumer Products, Asia; Responsible for Consumer Products - Merries Business; Chairman of the Board and President, Kao (China) Holding Co., Ltd.; Chairman of the Board and President, Kao Corporation Shanghai; Chairman of the Board, Kao Commercial (Shanghai) Co., Ltd.; Chairman of the Board, Kanebo Cosmetics (China) Co., Ltd.; Chairman of the Board and President, Kao (Hefei) Co., Ltd.
Managing Executive Officer	Satoru Tanaka	Senior Vice President, Corporate Strategy, Global; President, Consumer Products, Americas and EMEA; Chairperson of the Board, Kao USA Inc.
Managing Executive Officer	David J. Muenz	Senior Vice President, ESG, Global
Senior Executive Officer	Masahiro Katayose	Senior Vice President, Chemical Business, Global; Fatty Chemical (Malaysia) Sdn. Bhd. Chairperson of the Board; Pilipinas Kao, Inc. Chairperson of the Board; Kao Chemicals Europe, S.L. Chairperson of the Board
Senior Executive Officer	Hiroaki Yamaguchi	Vice President, Supply Chain Management - Manufacturing Plant Center, Global; Responsible for Cutting-edge Production Technology
Senior Executive Officer	Kotaro Nuriya	President, Consumer Products - Health & Beauty Care Business, Global
Senior Executive Officer	Natsumi Hotta	President, Consumer Products - Hygiene & Living Care Business, Global
Executive Officer	Kenichi Yamauchi	Senior Vice President, Accounting and Finance, Global; President, Kao America Inc.
Executive Officer	Ryoichi Harada	Senior Vice President, Enterprise Information Solutions, Global
Executive Officer	Hideichi Nitta	Vice President, Supply Chain Management - Demand and Supply Planning Center, Global

Title	Name	Duties at the Company and Other Material Position(s) Held
Executive Officer	Shigeo Nakai	Vice President, Research and Development - Performance Chemicals Research, Global; Responsible for Research and Development - Environmental New Business
Executive Officer	Hideki Mamiya	Senior Vice President, Human Capital Development, Global; President, Kao Group Corporate Pension Fund; Chairperson of the Board, Kao America Inc.
Executive Officer	Masaru Takeyasu	Senior Vice President, Legal and Governance, Global
Executive Officer	Atsushi Koizumi	Senior Vice President, Consumer Products - Business Planning and Management, Global
Executive Officer	Motomitsu Hasumi	Vice President, Research and Development - Household Products Research, Global; Responsible for Research and Development - Consumer Products Technology
Executive Officer	Mami Murata	Vice President, Corporate Strategy - Strategic Public Relations, Global
Executive Officer	Akira Shimotoyodome	President, Consumer Products - Life Care Business, Global
Executive Officer	Karen B. Frank	Vice President, Consumer Products - Consumer Care, Americas and EMEA; President, Kao USA Inc.
Executive Officer	Yoji Matsumoto	Representative Director, Senior Managing Executive Officer, Kao Group Customer Marketing Co., Ltd.
Executive Officer	Hiroyuki Terazaki	Deputy Senior Vice President, Research and Development, Global; Vice President, Research Strategy and Planning
Executive Officer	Dominic M. Pratt	Vice President, Consumer Products - Salon, Global; Chairperson of the Board, Oribe Hair Care, LLC; President, Kao Germany GmbH
Executive Officer	Yasuhiro Ishikura	Senior Vice President, Medium-term Management Strategy, Global

V. The Accounting Auditor of the Company

1. Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

2. Amount of Remuneration, etc., to be Paid to the Accounting Auditor for this Fiscal Year

- (1) Amount of remuneration, etc., to be paid by the Company as Accounting Auditor fees: 147 million yen
- (2) Aggregate amount of monetary and other proprietary benefits to be paid by the Company and its subsidiaries: 219 million yen

Notes:

- 1. The audit contract between the Company and the Accounting Auditor does not clearly distinguish between remuneration, etc., paid for the audit conducted in accordance with the Companies Act from that paid for the audit conducted in accordance with the Financial Instruments and Exchange Law, and it is practically impossible to make such a distinction. The amount of remuneration, etc., specified in (1) above, is the aggregate amount of remuneration, etc., for these two types of audits.*
- 2. After having performed the necessary verification as to the appropriateness of matters such as the content of the Accounting Auditor's audit plan, the status of performance of duties by the Accounting Auditor, and the basis for the calculation of the estimated remuneration for the Accounting Auditor, the Audit & Supervisory Board has decided to consent to the amount of remuneration, etc. to be paid to the Accounting Auditor.*
- 3. In addition to the audit certification services prescribed in Article 2.1 of the Certified Public Accountant Law, the Company entrusted the Accounting Auditor with other services such as macro economy and risk information provision services.*
- 4. Of the Company's main subsidiaries, audits (limited to audits under the Companies Act or the Financial Instruments and Exchange Law, and including audits under equivalent foreign laws and regulations) in respect of some overseas subsidiaries have been performed by certified public accountants or accounting firms other than the Company's Accounting Auditor (including those with equivalent foreign qualifications).*

3. Policy for Determining the Dismissal or Non-reappointment of the Accounting Auditor

If any item of Article 340, Paragraph 1 of the Companies Act is found to apply to the Accounting Auditor, the Audit & Supervisory Board will dismiss the Accounting Auditor with the consent of all Audit & Supervisory Board Members. In such case, the Audit & Supervisory Board Members selected by the Audit & Supervisory Board will report the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders held after the dismissal. Furthermore, if the Audit & Supervisory Board finds any problem in the qualifications, independence, or reliability of the Accounting Auditor, the content of a proposal to be submitted to the General Meeting of Shareholders for dismissal or non-reappointment of the Accounting Auditor will be determined.

If the Board of Directors finds any problem, such as in the qualifications, independence, or reliability of the Accounting Auditor, the Board of Directors will request the Audit & Supervisory Board to cause the dismissal or non-reappointment of the Accounting Auditor to be proposed to the General Meeting of Shareholders, and the Audit & Supervisory Board shall decide upon the content of the relevant proposal to be submitted to the General Meeting of Shareholders after having determined the appropriateness of such matter.

VI. Systems to Assure Appropriate Business Operations of the Company and Outline of Management of such 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 Systems.”

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 the “Kao 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 each department responsible for internal control and 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 “crisis,” and has established systems for appropriate risk and crisis management. Based on the Risk and Crisis Management Policy, the Risk & Crisis Management Committee, 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 execution of risk and crisis management activities. Based on this policy and plan, departments concerned with risk and subsidiaries and affiliates appropriately manage risks by ascertaining and assessing them, formulating and implementing necessary countermeasures, and other activities. In addition, after deliberation by the Management Committee, the President and Chief Executive Officer specifies major Company-wide risks as corporate risks and appoints a person to appropriately manage them. When a crisis occurs that arises from corporate risk, the Company responds promptly by establishing an organization for countermeasures centered on this person in charge for corporate risk. For other types of crises,, an organization for countermeasures is set up within departments concerned with such risk or relevant subsidiaries or affiliates. 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 Committee 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 Committee, and necessary adjustments are made in response to the progress of the plans and changes in the business environment. The Management Committee 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 Committee 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 Group Management 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 Committee 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 Committee. 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 of Internal Audit and responsible divisions,, 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 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 Committee, 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, and have periodic exchanges of views with Representative Directors of the Company and major subsidiaries and exchanges of views with Representative Directors of the Company's subsidiaries when conducting an audit. 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 they become aware of any fact that may potentially cause significant harm to the Company or to its subsidiaries, a serious violation of laws or the Articles of Incorporation or when they receive a report of any of the foregoing. 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 make reports in the preceding paragraph shall not receive any disadvantageous treatment as a result of having made such report

Directors and employees of Kao Group who make reports to the Compliance Hotline or to Audit & Supervisory Board Members, etc. shall not receive any disadvantageous treatment as a result of having made such report in good faith. The Company expressly prohibits any disadvantageous treatment in the Kao Business Conduct Guidelines and ensures compliance with 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 maintain a close cooperative relationship (including through exchanges of information) with the Accounting Auditor, Department of Internal Audit, internal auditing departments, as well as with auditors and internal auditing departments of subsidiaries. In addition, Audit & Supervisory Board Members are entitled to hold meetings with Outside Directors to exchange information and opinions and independently receive support from outside specialists such as lawyers and certified public accountants when necessary.

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

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

2. Outline of Management of Systems to Ensure 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 first reporting 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 424 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. 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 annual reports and compliance case studies via the intranet of Kao Group and conducted BCG refresher tests and compliance awareness surveys for all employees in Japan (excluding temporary and part-time employees). The Company also arranged a lecture by the Chairman 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 2021 include: (1) establishing a new training program to consider how supervisors and members should engage in dialogue that incorporates new evaluation formats, and to consider compliance risks in the event that such dialogue is not practiced; (2) communicating top management's message in a way that makes it more personal throughout the year; and (3) promoting human rights activities in cooperation with contractors, taking into account European laws and regulations.

Efforts Concerning Risk and Crisis Management

This fiscal year, in response to the prolonged global COVID-19 pandemic, the Emergency Response Headquarters (headed by the President and CEO) was held 11 times to decide on Company-wide policies, and we put into practice the work systems and work styles appropriate to the pandemic situation, and inoculated employees and their families at work. We also implemented reinforcement measures aimed at preventing infections and business continuity activities in countries and regions where infections were spreading.

In addition to the pandemic, we have also implemented measures to deal with other "corporate risks" (risks that have a particularly large impact on management and require enhanced responses), such as reputation risk, cyber-attacks and leakage of personal information, major earthquakes and natural disasters, and serious quality issues. Measures include prediction and prevention during normal times, establishment of a response system for emergencies, information sharing of case studies, reinforcement through the use of external organizations, development and reinforcement of monitoring systems, and education, awareness-raising, and training. We also identified risks that are relevant to the Mid-term Plan “K25” and confirmed our level of preparedness under the management of the Risk & Crisis Management Committee.

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.

Efforts Concerning Auditing by Audit & Supervisory Board Members

Audit & Supervisory Board Members conduct their duties from an independent position with the aim of establishing governance that meets the trust of stakeholders and enables the Company and the Kao Group to achieve sound and sustainable growth. The Audit & Supervisory Board comprises three Outside Audit & Supervisory Board Members and two Full-Time Audit & Supervisory Board Members. It decides on audit policies and plans, and Audit & Supervisory Board Members engage in frank exchanges of opinions, consider, deliberate and resolve on issues (the meetings were held 10 times this fiscal year).

All of the Audit & Supervisory Board Members attended the meetings of the Board of Directors (the meetings were held 15 times this fiscal year), checked the status of deliberations and resolutions, and provided input as necessary. Full-time Audit & Supervisory Board Members also attended important meetings including meetings of the Management Board, Committees and the Internal Control Committee (the meetings were held 139 times this fiscal year), confirmed decision-making processes, requested explanations as necessary, and provided appropriate advice.

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.

Status of Revisions to Policy Regarding the Development of the Internal Control Systems

At the Meeting of the Board of Directors held in January 2022, it was resolved to revise the wording in order to align it with the current conditions of our operations.

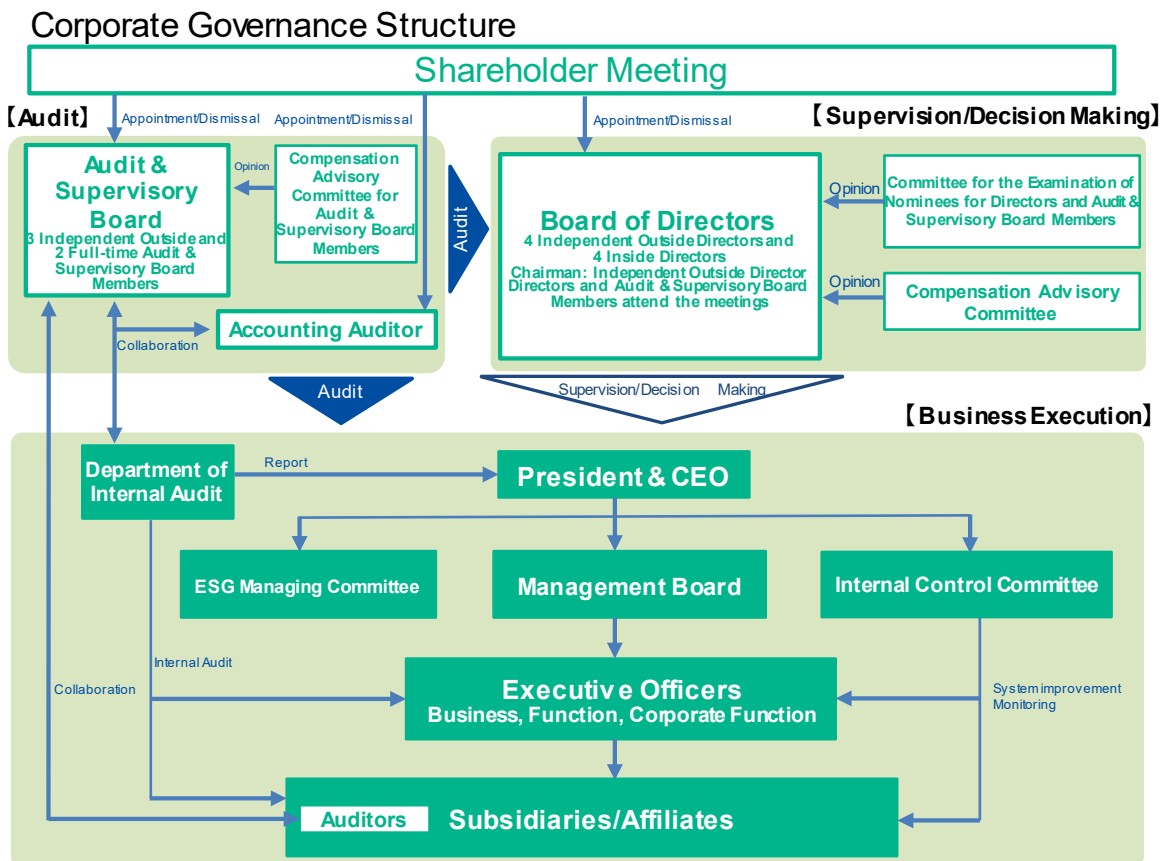
(For your reference)

Basic Views of Corporate Governance

Basic Policy

Our targets for 2030 is to make Kao a company with a global presence, valuable to society. In order to become an essential company in a sustainable world, we are significantly shifting our direction to ESG (environmental, social, and governance) management. While aiming to become a high-profit global company, we are also working toward raising the level of social contribution by capturing changes in business environments surrounding us and changes in stakeholders' values. In order to gain trust from society, which is indispensable for these corporate activities and business activities, we are constantly strengthening our corporate governance in both systems and operations. We position our corporate governance as one of our most important management issues and our basic stance on measures related to corporate governance is to set up and operate a management structure and an internal control system, timely implement necessary measures and achieve accountability so that we can swiftly respond to changes, realize efficient management that is sound, fair, and highly transparent, and continuously enhance corporate value. We have been actively engaging in activities to listen to stakeholders' voices and based on input from stakeholders and social trends, we conduct reviews of our corporate governance and implement necessary measures and improvements in an appropriate manner.

(as of December 31, 2021)



1. Board of Directors

In order to promote sustainable growth and medium-to-long-term enhancement in corporate value, the Company principally deliberates from various perspectives, including evaluation of risks, and determines the overall direction of management such as business strategies. In addition, Inside Directors and Full-time Audit & Supervisory Board Members who are familiar with the strengths and tasks involved in the management and business of the Kao Group, as well as Outside Directors and Outside Audit & Supervisory Board Members who have neutral and objective perspectives based on their abundant experience and high level of professional skill and expertise, work together to oversee the appropriate execution of management strategies from various perspectives. Moreover, the Company draws sharp distinctions between risks through the establishment of internal control and risk management systems. In these ways the Company has created an environment that allows for a more proactive style of management.

<Analysis and Evaluation of Effectiveness of the Board of Directors>

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 to conduct evaluations in which all members of the Board of Directors, including Audit & Supervisory Board Members, express their own opinions and engage in free and vigorous discussions. The Company does not currently conduct third-party evaluations, and instead uses self-evaluations by the attending members themselves to assess the effectiveness of the meetings of the Board of Directors. However, the Company also recognizes the usefulness of objective third-party evaluations, and therefore continues to consider the introduction of third-party evaluations that could be channeled toward activities for further enhancing the effectiveness of the Board of Directors.

2. Audit & Supervisory Board

Audit & Supervisory Board Members is responsible for auditing the execution of duties by Directors from an independent position with the aim of establishing governance that meets the trust and enabling the Kao Group to achieve sound and sustainable growth. The Audit & Supervisory Board Members engage in frank exchanges of opinions as well as deliberate and resolve on audit policies, plans, and issues.

Audit & Supervisory Board Members attend the meetings of the Board of Directors and other important meetings, conduct site audits and interviews of each department and Group companies, confirm how the internal control system is developed and operated, and coordinate closely with the Department of Internal Audit and the auditors of Group companies to enhance the effectiveness of audits.

<Analysis and Evaluation of Effectiveness of the Audit & Supervisory Board>

In order to enhance the effectiveness of its audit activities, the Audit & Supervisory Board conducts an effectiveness evaluation once a year. It decides on evaluation items, focusing on critical auditing items, and each Audit & Supervisory Board Member evaluates them on their own. The Audit & Supervisory Board then identifies issues through frank discussion, reflects them in plans for the following fiscal year, and strives to continually enhance the effectiveness of the audits.

<Compensation Advisory Committee for Audit & Supervisory Board Members>

This Committee is composed of all Outside Audit & Supervisory Board Members, one Outside Director, and the CEO. The Committee examines the validity and transparency in the decision-making process of the compensation level for each Audit & Supervisory Board Member, within the range of compensation amounts for Audit & Supervisory Board Members, which are determined by the resolution of the General Meeting of Shareholders, from an outside perspective and submits its opinions to the Audit & Supervisory Board.

3. Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee

To ensure thorough fairness and transparency in the processes for determining Director appointments and compensation, the Company has voluntarily established the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee.

1) Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members

This committee is composed of all Outside Directors and all Outside Audit & Supervisory Board Members and it conducts examinations concerning the appropriateness of nominees for Directors including Chair, President and CEO and Representative Directors and Audit & Supervisory Board Members and submits its opinions to the Board of Directors. Furthermore, the committee discusses the size, composition and diversity of the Board of Directors and Audit & Supervisory Board, as well as the qualities and abilities required of the President and CEO, Directors and Audit & Supervisory Board Members, and reports the results of these examinations to the Board of Directors.

2) Compensation Advisory Committee

This committee is composed of all Representative Directors, Director, Chair, all Outside Directors and all Outside Audit & Supervisory Board Members. The committee conducts prior examinations concerning the compensation systems and levels for Directors and Executive Officers and submits its opinions to the Board of Directors.

The Board of Directors, the Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee are each chaired by an Independent Outside Director. In addition, an effectiveness evaluation is conducted every year in respect of all of the two governing bodies described above.

The evaluation results of Board of Directors, Audit & Supervisory Board, Committee for the Examination of Nominees for Directors and Audit & Supervisory Board Members and Compensation Advisory Committee for fiscal 2021 are disclosed in the Company's Corporate Governance Report.
https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/governance_001.pdf

4. Internal Control Committee

This committee supervise and promote internal control activities throughout the entire Kao Group to ensure the accuracy of financial reporting and achieve cross-organizational integration of functions pertaining to internal control including information disclosure, compliance, information security, risk and crisis management, promotion of responsible care, and quality management with the objective of improving the quality of the maintenance and promotion of internal control.

5. ESG Committee

To gain the support and trust of all its stakeholders, as a company with a global presence, this committee discusses and determines the direction of Kao's activities pertaining to ESG strategy, and makes decisions on investments related to ESG, aiming to contribute to sustainable development of Kao Group and society. The materialization of the ESG strategy is promoted by the ESG Promotion Meeting and is deployed in the activities of each department. In addition, the ESG Committee confirms the direction of activities based on the status of promotion of ESG activities throughout Kao Group and the recommendations of the ESG External Advisory Board, and conducts a review as necessary. The activities of the ESG Committee are reported to the Board of Directors regularly.

6. Management Committee

This committee, which is mainly composed of members with the position of Managing Executive Officer or higher who have a great deal of experience in business execution as persons responsible for core businesses and functions, makes decisions concerning the execution of mid- to long-term direction and strategies that the Board of Directors deliberates on and determines. Delegating wide-ranging authority to the Management Committee, the Company works to speed up its decision-making and execution process.

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