



Determination of Terms and Conditions for the Issuance of Sustainability-Linked Bonds

June 9, 2023

Kao Corporation (the "Company" – *Ticker Code:4452*) hereby announces that it has determined the terms and conditions for the issuance of the 7th Unsecured Bonds (With special limited inter-bond pari passu clause) (Sustainability-Linked Bonds).

The proceeds from the offering will be used for repayment of debt maturing on June 20, 2023 and capital investment for sustainable growth.

Summary of the issuance terms are as follows:

Name of Bonds	Kao Corporation 7th Unsecured Bonds (With special limited inter-bond pari passu clause) (Sustainability-Linked Bonds)
Total Amount of Issuance	25 billion yen
Maturity	5 years
Offering Price	100 yen per amount of 100 yen of each
Interest Rate	0.345% per annum from the day following June 15, 2023 to June 20, 2027 From the day following June 20, 2027 onward 0.345% per annum if the SPT is achieved by May 31, 2027. 0.445% per annum if the SPT is not achieved by May 31, 2027.
Date of Issuance	June 15, 2023
Redemption Date	June 20, 2028
KPI	Reduction rate of Scope 1+2 CO2 emissions (absolute value) at all Kao Group sites (Base year: FY2017)
SPT	Reduce scope 1+2 CO2 emissions (absolute value) by 39% by FY2026 (Base year: FY2017)
Lead manager	Daiwa Securities Co., Ltd. / Nomura Securities Co., Ltd. / Goldman Sachs Japan Co., Ltd.
Structuring Agent*	Daiwa Securities Co., Ltd.
Third-party opinion	Along with the Sustainability-Linked Bond, the Company has developed the Sustainability-Linked Bond Framework (the Framework) that outlines the five elements of the bond: (1) selection of KPIs, (2) setting of SPTs, (3) bond characteristics, (4) reporting and (5) verification when issuing the bonds. The Company has obtained a second opinion from Rating and Investment Information, Inc. (R&I), stating that the Framework complies with the Sustainability-Linked Bond Principles 2020 (SLBP) established by the International Capital Market Association (ICMA) and the Sustainability Linked Bond Guidelines (2022 version) established by the Ministry of the Environment.

* Those who support the issuance of Sustainability-Linked Bonds by providing advice on formulating frameworks and obtaining third-party evaluations

This notification has been prepared for the purpose of publicly announcing Kao's issuance of Sustainability-Linked Bond, and not for the purpose of soliciting investment or engaging in any other similar activities.