



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

March 7, 2024

NOTICE OF THE 118th ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

Kao Corporation (the “Company”) is pleased to announce that the 118th Annual General Meeting of Shareholders of the Company (“AGM”) will be held on March 22, 2024 at 10:00 a.m., Japan time, at Hotel New Otani Tokyo, banquet room TSURU (4-1 Kioi-cho, Chiyoda-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. Election of eight (8) Directors**
- 3. Election of one (1) Audit & Supervisory Board Member**
- 4. Partial Revision of the Amount and other Terms and Conditions of Performance Shares, etc. for Directors, etc.**
- 5. Revision of Audit & Supervisory Board Members’ Remuneration**

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 cheryl.tirol@georgeson.com, or Michael Menahem at +001-201-222-4374 or michael.menahem@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,

ISIN	JP3205800000
SEDOL	6483809

Yoshihiro Hasebe
Representative Director
President and Chief Executive Officer

Message from the CEO

On behalf of the company, I would like to express my sincerest gratitude for your continued support, and also extend my deepest condolences to those who lost their lives in the 2024 Noto Peninsula Earthquake. My heart goes out to those in the region impacted by the disaster, with my prayers for the earliest possible restoration and recovery.

We hereby announce the 118th Annual General Meeting of Shareholders, which will be held on March 22, 2024.

In 2023, although the global outbreak of COVID-19 somewhat subsided, the escalation of geopolitical risks led to increased polarization and fragmentation within the international community. The Japanese economy was significantly affected by soaring raw material prices and the issue of ALPS-treated water, creating an uncertain future for the economy. At the same time, the global movement toward decarbonization and environmental conservation aimed at a sustainable society is becoming even more important. Amid such social changes, the Kao Group is implementing large-scale structural reforms to prepare for the next stage of growth. Under these circumstances, we propose a year-end dividend of 75.00 yen per share for FY2023. With the interim dividend already paid, this brings the total dividend for this fiscal year to 150.00 yen per share, an increase of 2.00 yen over the previous fiscal year and the 34th consecutive increase.

The Kao Group's purpose is to realize a *Kirei** World in which all life lives in harmony. We aim to be an integral part of a sustainable society as a company that protects future lives and values connections between people and the earth and people and society, as well as vibrant connections between people.

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

In FY2023, we began a major structural reform to reach the next stage of profitable development. We are improving our financial structure to be more resilient and less dependent on market conditions, as well as promoting advanced integrated management of business and sales in response to changes in distribution. We also launched “My Kao Mall,” a D2C (Direct to Consumer; direct sales) site that directly connects us with our customers in a uniquely Kao way. We will work even harder to achieve “*Yoki-Monozukuri***”, valuing customer feedback more than ever before.

***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.”*

In response to major critical social changes, we have revised the Kao Group Mid-term Plan “K25” and formulated “K27” to promote steady business development. In addition, we will prioritize creating a workplace environment where employees are excited to work, encourage proactive employee-driven projects, and accelerate the standardization of goal setting (Objectives and Key Results) that leads to personal growth.

Despite the world's limited natural resources, the pace of human consumption shows no signs of slowing. Kao aims to create maximum value with minimum resources and to be a “Global Sharp Top***” company that provides the world's best selection of products.

****Global Sharp Top: Contributing as global No.1 to addressing the critical needs of customers with leading-edge solutions*

We will continue to mobilize the strengths of the Kao Group employees and all of our assets to create a new future that exceeds expectations and become a company that is indispensable to the world.

Once again, I would like to appreciate ongoing support and encouragement from our shareholders.



Yoshihiro Hasebe
Representative Director
President and Chief Executive Officer

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 118th Annual General Meeting of Shareholders of the Company (the “AGM”) to be held on March 22, 2024 at 10:00 a.m. Japan time, at Hotel New Otani Tokyo, (4-1 Kioi-cho, Chiyoda-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, 2023 (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
75.00 yen per share of common share of the Company
Aggregate amount of distribution: 34,936,030,875 yen
- (2) Effective Date of Distribution of Retained Earnings
March 25, 2024

If this proposal is adopted without any amendment, then, by adding the interim dividends of **75.00 yen per share** to the above year-end dividends of **75.00 yen per share**, the total dividends for this fiscal year will be **150.00 yen per share**, an increase of 2.00 yen per share over the previous fiscal year, representing a consolidated payout ratio of 158.9 %.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF PROPOSAL 1.

PROPOSAL 2: ELECTION OF EIGHT (8) DIRECTORS

The terms of office of all ten (10) incumbent Directors will expire at the conclusion of the AGM. In order to promote more efficient deliberations at Board of Directors meetings, the Company has proposed that the number of candidates for Director be decreased by two (2), and that a total of eight (8) Directors, including four (4) Inside Directors and four (4) Outside Directors be elected. The nominees for Directors are as shown below. Also, if nominees of Proposal 2 and Proposal 3 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 thirteen (13) attendees of the meeting of the Board of Directors will be independent, so the Company believes that robust discussions will be possible at the meetings of the Board of Directors, based on such independent and neutral opinions. Additionally, the Board of Directors believes that its membership following the AGM will continue to possess the necessary skills, experiences, and perspectives to fulfill its supervisory obligations.

Details of “Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation” is available on the Company’s website at www.kao.com/content/dam/sites/kao/www-kao-com/global/en/corporate/policies/corporate-governance/policy/pdf/governance_002.pdf.

No.	Names of Nominees		Status at the Company and Other Material Position(s) Held	Board Tenure	Attendance Rate
1.	Yoshihiro Hasebe	Re-nomination	Representative Director, President and Chief Executive Officer; Responsible for DX Strategy [Other material position(s) held] Chairperson, The Kao Foundation for Arts and Sciences	8 years	100% (15/15)
2.	Masakazu Negoro	Re-nomination	Representative Director, Senior Managing Executive Officer; Responsible for Management Finance (Accounting and Finance, Business Structure Reforms, Procurement, Human Capital Strategy)	1 year	100% (11/11)
3.	Toru Nishiguchi	Re-nomination	Director, Senior Managing Executive Officer; Responsible for Consumer Products, Global; President, Consumer Products - Life Care Business, Global; Responsible for Kao Professional Services Co., Ltd.	1 year	100% (11/11)
4.	David J. Muenz	Re-nomination	Director, Managing Executive Officer; Senior Vice President, ESG, Global; Responsible for Strategic Public Relations	2 years	100% (15/15)
5.	Osamu Shinobe	Re-nomination; Outside Director; Independent Director	Director [Other material position(s) held] Special Advisor, ANA HOLDINGS INC.	6 years	100% (15/15)
6.	Eriko Sakurai	Re-nomination; Outside Director; Independent Director	Director [Other material position(s) held] Outside Director, Sumitomo Mitsui Financial Group, Inc.; Outside Director, Astellas Pharma Inc.; External Director, Nippon Sheet Glass Company, Limited	2 years	100% (15/15)
7.	Takaaki Nishii	Re-nomination; Outside Director; Independent Director	Director [Other material position(s) held] Senior Corporate Advisor, Ajinomoto Co., Inc.; Outside Director, Daiichi Sankyo Company, Limited	1 year	100% (11/11)
8.	Makoto Takashima	New Nominee; Outside Director; Independent Director	[Other material position(s) held] Chairman of the Board, Sumitomo Mitsui Banking Corporation	–	–

Note: A total of 15 meetings of the Board of Directors were held from January 2023 to December 2023, and 11 meetings of the Board of Directors have been held since the appointment of Directors Mr. Masakazu Negoro, Mr. Toru Nishiguchi, and Mr. Takaaki Nishii.

1. Yoshihiro Hasebe (Date of Birth: July 30, 1960) Re-nomination



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

Number of the Company
shares owned:
16,700 shares

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

[Career summary, status and duties at the Company]

April 1990	Joined the Company
July 2003	Head of Laboratory 4, Research and Development – Performance Chemicals Research
March 2008	Head of Laboratory 1, Household Products Research, Research and Development -Fabric & Home Care Research
March 2011	Vice President, Research and Development - Beauty Research - Hair Beauty Research
January 2014	Vice President, Research and Development - Core Technology
March 2014	Executive Officer; Vice President, Research and Development, Global; Vice President, Research and Development - Core Technology
March 2015	Executive Officer; Senior Vice President, Research and Development, Global
January 2016	Managing Executive Officer; Senior Vice President, Research and Development, Global
March 2016	Director, Managing Executive Officer; Senior Vice President, Research and Development, Global
January 2018	Director, Senior Managing Executive Officer; Senior Vice President, Research and Development, Global; Responsible for Corporate Functions, Global
April 2018	Director, Senior Managing Executive Officer; Senior Vice President, Research and Development, Global; Senior Vice President, Strategic Innovative Technology; Responsible for Corporate Functions, Global
March 2019	Representative Director, Senior Managing Executive Officer; Senior Vice President, Research and Development, Global; Senior Vice President, Strategic Innovative Technology
January 2021	Representative Director, President and Chief Executive Officer (current)
January 2023	Responsible for DX Strategy (current)

[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 January 2021, he was appointed as Representative Director, President and Chief Executive Officer. In line with Kao’s vision of “protecting future lives,” he is strongly promoting the building of businesses that go beyond extensions of conventional businesses, as well as the enhancement of operational productivity by using digital technology and maximizing the power and potential of employees. In 2023, the Company reviewed the Kao Group Mid-term Plan “K25” and formulated “K27,” which aims to sustain “Global Sharp Top” businesses while decisively implementing structural reforms. 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.

2. Masakazu Negoro (Date of Birth: January 7, 1960) Re-nomination



[Career summary, status and duties at the Company]

Attendance to the Meeting of the Board of Directors: 11/11 (100%)	April 1983	Joined the Company
Number of the Company shares owned: 10,500 shares	March 1999	Business Manager, Oleo & Specialties, Kao Specialties Americas LLC
Term of office at the conclusion of this AGM: 1 year	July 2003	Vice President, Oleo & Specialties, Kao Specialties Americas LLC
	July 2005	Senior Manager, Business Planning, Chemical Business
	July 2006	Vice President, Sales, Oleo Chemical Business, Chemical Business
	April 2007	Vice President, Sales and Planning, Oleo Chemical Business, Chemical Business
	July 2009	President, Oleo Chemical Business, Chemical Business
	March 2013	Executive Officer; President, Chemical Division Unit; Chairperson of the Board of Directors, Pilipinas Kao, Inc.; Chairperson of the Board of Directors, Fatty Chemical (Malaysia) Sdn. Bhd.; Chairperson of the Board, Kao Chemicals Europe, S.L.
	January 2019	Managing Executive Officer; Senior Vice President, Procurement, Global
	January 2021	Managing Executive Officer; Senior Vice President, Procurement, Global; Responsible for Accounting and Finance
	January 2022	Managing Executive Officer; Responsible for Management Strategy; Global; Senior Vice President, Procurement, Global; Responsible for Accounting and Finance
	January 2023	Senior Managing Executive Officer; Responsible for Management Finance (Accounting and Finance, Business Structure Reforms, Procurement, Human Capital Strategy) (current)
	March 2023	Representative Director (current)

[Reason for nomination as a candidate for Director]

Mr. Negoro has for many years been involved in the Chemical Business, which comprises the two key pillars of the Kao Group together with the Consumer Products Business, and has contributed to the global expansion of the Chemical Business. He also has experience in management of the Company's overseas subsidiaries related to the Chemical Business. In January 2019, he assumed the position of Senior Vice President, Procurement, Global. Based on the Policies for Procurement, he has worked with business partners to ensure traceability of the entire supply chain and promoted activities to solve social issues such as natural resource protection, environmental conservation, safety, and human rights. In addition, as the officer in charge of accounting and finance, he has engaged in constructive dialogue with stakeholders at Earnings Conferences and other events. In 2023, the Company introduced Return on Invested Capital (ROIC) in each business and strengthened business portfolio management to deepen Economic Value Added (EVA) management, as well as promoted structural reforms that will serve as the foundation for achieving "K27." Having determined that Mr. Negoro will utilize the aforementioned experience and knowledge, to contribute to enhancing the corporate value of the Kao Group, the Company hereby nominates him as a candidate to continue as a Director.

**EVA is a registered trademark of Stern Stewart & Co.*

3. Toru Nishiguchi (Date of Birth: November 18, 1961)

Re-nomination



Attendance to the Meeting
of the Board of Directors:
11/11 (100%)

Number of the Company
shares owned:
17,200 shares

Term of office at the
conclusion of this AGM:
1 year

[Career summary, status and duties at the Company]

April 1985	Joined the Company
March 2006	Manager, International Business, Consumer Products, Asia
November 2006	Senior Vice President, Market Division, Kao Commercial (Shanghai) Co., Ltd.
May 2007	Vice President; Vice President, Marketing, Kao Commercial (Shanghai) Co., Ltd.
July 2008	Vice President; Vice President, Marketing, Kao Commercial (Shanghai) Co., Ltd.
February 2014	President, Kao (Taiwan) Corporation
January 2017	Chairperson of the Board of Directors & President, Kao (Taiwan) Corporation
January 2018	President, PT Kao Indonesia
January 2019	Vice President, Consumer Products, Asia; President, PT Kao Indonesia
January 2020	Executive Officer; President, Consumer Products, Asia; Chairperson of the Board and President, Kao (China) Holding Co., Ltd.;
	Chairperson of the Board and President, Kao Corporation Shanghai;
	Chairperson of the Board, Kao Commercial (Shanghai) Co., Ltd.;
	Chairperson of the Board and President, Kao (Hefei) Co., Ltd.
January 2021	Managing Executive Officer; President, Consumer Products, Asia; Responsible for Consumer Products - Merries Business Chairperson of the Board and President, Kao (China) Holding Co., Ltd.;
	Chairperson of the Board and President, Kao Corporation Shanghai;
	Chairperson of the Board, Kao Commercial (Shanghai) Co., Ltd.;
	Chairperson of the Board, Kanebo Cosmetics (China) Co., Ltd.;
	Chairperson of the Board and President, Kao (Hefei) Co., Ltd.
January 2023	Senior Managing Executive Officer; Vice President, Consumer Products, Global
March 2023	Director, Senior Managing Executive Officer; Responsible for Consumer Products, Global;
	Responsible for Kao Professional Services Co., Ltd. (current)
January 2024	President, Consumer Products - Life Care Business, Global (current)

[Reason for nomination as a candidate for Director]

Over many years both in Japan and overseas, Mr. Nishiguchi 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. In recent years, he has led the Company’s Consumer Products Business, and is familiar with the global competitive environment, changes of consumers and business partners, the expectations from stakeholders surrounding the Kao Group, and the strengths and tasks for the Kao Group. He also has global experience such as in management of the Company’s important overseas subsidiaries in China and other Asian countries. In addition, as the Responsible for Consumer Products, Global, he decisively and swiftly promotes the establishment of “Global Sharp Top” businesses. The Company has determined that Mr. Nishiguchi will be able to contribute to 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 in the supervision of execution, and for this reason nominates him as a candidate to continue as a Director.

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

Re-nomination



[Career summary, status and duties at the Company]

July	2003	Joined The Andrew Jergens Company (currently, Kao USA Inc.)
November	2012	Senior Vice President, Research and Development, US Regional Executive Officer, Vice President, Beauty Research, Americas Research Laboratories, US, Kao USA Inc.
January	2014	Vice President, Beauty Care Skin Care & Hair Care Business Unit, Global (Flagship Brand Manager, John Frieda & Jergens)
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
March	2022	Director, Managing Executive Officer (current)
January	2023	Responsible for Strategic Public Relations (current)

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

Number of the Company shares owned: **500 shares**

Term of office at the conclusion of this AGM: **2 years**

[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. He has regularly reported specific ESG activities throughout the Kao Group to the Board of Directors and promoted oversight of the progress of the ESG strategy. 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 to continue as a Director.

5. 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:
2,600 shares

Term of office at the
conclusion of this AGM:
6 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. Since March 2022, he has demonstrated outstanding leadership as the Chairperson of the Board in enhancing the effectiveness of the Board of Directors toward enhancing the corporate value. The Company expects Mr. Shinobe to continue to supervise the management of the Kao Group as an Independent Outside Director by leveraging his wealth of experience and high level of insight, and for this reason nominates him as a candidate to continue as an Outside Director. If this proposal is approved, it is expected that Mr. Shinobe will be reappointed as the Chairperson of the Board of Directors and newly appointed as the Chairperson of the Compensation Advisory Committee for Directors and Executive Officers at the Board of Directors meeting to be held after this AGM.

[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. While there are transactions to sell Kao Group's products to ALL NIPPON AIRWAYS group, the amounts involved in such transactions account for less than 0.1% of the ALL NIPPON AIRWAYS group's consolidated net sales and the Kao Group's consolidated net sales for the latest fiscal year, respectively. He previously had executive authority at the Japan Institute of International Affairs, but ceased to have such authority from June 2023. The Company pays membership fees to the Institute; however, the ratios of the amount involved in such transactions account for less than 0.1% of the Institute's ordinary income and the Kao Group's consolidated net sales for the latest fiscal year, respectively.

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

Re-nomination

Outside Director

Independent
Director



[Career summary, status and duties at the Company]

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
March	2022	Director, the Company (current)

[Other material position(s) held]

Outside Director, Sumitomo Mitsui Financial Group, Inc. ;
Outside Director, Astellas Pharma Inc. ;
External Director, Nippon Sheet Glass Company, Limited

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

Number of the Company
shares owned:
300 shares

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

[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 several major manufacturers and financial institutions. Based on her experience in the chemical industry, she also has a high level of expertise in the Chemical Business, which comprises the two key pillars of the Kao Group together with the Consumer Products Business. From this perspective, she has been actively giving opinions and making proposals at Board of Directors meetings. In addition, she has been providing advice based on her experience in planning and executing human resources strategies such as remuneration, developing and placement of human capital in global business. The Company expects Ms. Sakurai to continue 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 to continue as an Outside Director. If this proposal is approved, it is expected that Ms. Sakurai will be newly appointed as the Chairperson of the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members at the Board of Directors meeting to be held after this AGM.

[Matters regarding independency]

The Company has reported to the Tokyo Stock Exchange, Inc. that Ms. Sakurai 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 Dow Chemical Japan Limited, but ceased to have such authority from July 2022. As a Japanese subsidiary of a US chemical manufacturer, Dow Chemical Japan Limited manufactures, imports, and sells various chemical products and provides technical services. The Kao Group conducts transactions related to the purchase of raw materials, etc. with the corporate group to which Dow Chemical Japan Limited is affiliated; however, the amounts involved in such transactions account for less than 0.1% of such group's consolidated net sales and less than 0.5% of the Kao Group's consolidated net sales for the latest fiscal year.

7. Takaaki Nishii (Date of Birth: December 27, 1959)

Re-nomination

Outside Director

Independent
Director



Attendance to the Meeting
of the Board of Directors:
11/11 (100%)

Number of the Company
shares owned:
4,000 shares

Term of office at the
conclusion of this AGM:
1 year

[Career summary, status and duties at the Company]

April 1982	Joined Ajinomoto Co., Inc.
June 2013	Member of the Board & Corporate Vice President, Ajinomoto Co., Inc.
August 2013	President, Ajinomoto do Brasil Indústria e Comércio de Alimentos Ltda.
June 2015	Representative Director, President & Chief Executive Officer, Ajinomoto Co., Inc.
June 2021	Director, Representative Executive Officer, President & CEO, Ajinomoto Co., Inc.
April 2022	Director, Executive Officer, Ajinomoto Co., Inc.
June 2022	Senior Corporate Advisor, Ajinomoto Co., Inc. (current)
March 2023	Director, the Company (current)

[Other material position(s) held]

Senior Corporate Advisor, Ajinomoto Co., Inc.
Outside Director, Daiichi Sankyo Company, Limited

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

Mr. Nishii has been involved in corporate management for many years at a food manufacturer with global business operations, and has displayed strong leadership in transforming the company's corporate culture and continuously enhancing corporate value. He has also held important positions in the human resources department and overseas subsidiaries, and has extensive knowledge of human capital strategies and business outside Japan. From this perspective, he has been actively giving opinions and making proposals at Board of Directors meetings. In addition, he has been providing advice on how to supervise the Board of Directors based on his experience in implementing effective governance reforms. The Company expects Mr. Nishii to continue to supervise the management of the Kao Group as an Independent Outside Director by leveraging his wealth of experience and high level of insight, and for this reason appoints him as a nominee to continue as an Outside Director.

[Matters regarding independency]

The Company has reported to the Tokyo Stock Exchange, Inc. that Mr. Nishii 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 Ajinomoto Co., Inc., but ceased to have such authority from June 2022. The Ajinomoto Group is engaged in business that uses amino acids as raw materials, and there are raw material purchasing and other relations between the Ajinomoto Group and the Kao Group. However, the amounts involved in such transactions accounted for less than 0.5% of the Ajinomoto Group's consolidated net sales and less than 0.1% of the Kao Group's consolidated net sales for the latest fiscal year, respectively. He also has executive authority at FINET, INC. The Kao Group pays usage fees for services provided by FINET, INC.; however, the amounts involved in such transactions accounted for less than 0.1% of FINET, INC.'s net sales and the Kao Group's consolidated net sales for the latest fiscal year, respectively.

8. Makoto Takashima (Date of Birth: March 31, 1958)

New Nominee

Outside Director

Independent
Director



Number of the Company
shares owned:
0 shares

[Career summary]

- April 1982 Joined Sumitomo Bank, Limited
- April 2012 Managing Executive Officer, Head of Americas Division, Sumitomo Mitsui Banking Corporation (SMBC)
- April 2014 Senior Managing Executive Officer, Co-Head of International Banking Unit (Europe, Americas), SMBC
- April 2015 Senior Managing Executive Officer, Co-Head of International Banking Unit (Europe, Middle East and Africa, Americas), SMBC
- December 2016 Director and Senior Managing Executive Officer, Co-Head of International Banking Unit (Europe, Middle East and Africa, Americas), SMBC
- April 2017 President and Chief Executive Officer, SMBC
- June 2017 President and Chief Executive Officer, SMBC; Director, Sumitomo Mitsui Financial Group, Inc. (SMFG)
- April 2023 Chairman of the Board, SMBC; Director, SMFG
- June 2023 Chairman of the Board, SMBC (current)

[Other material position(s) held]

Chairman of the Board, Sumitomo Mitsui Banking Corporation

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

Mr. Takashima has considerable experience, expertise, and ability in global corporate management that responds to change, including many years of experience in international operations and corporate planning at a major financial institution, followed by service as a manager in the changing business environment of the global financial industry. The Company expects Mr. Takashima to supervise the management of the Kao Group as an Independent Outside Director by leveraging his wealth of experience and high level of insight, and for this reason appoints him as a nominee for Outside Director.

[Matters regarding independency]

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

He previously had executive authority at Sumitomo Mitsui Banking Corporation, but ceased to have such authority from April 2023. Although the Kao Group has transactions with the Sumitomo Mitsui Financial Group, such as the use of corporate credit cards, the ratios of the amount involved in such transactions account for less than 0.1% of the Sumitomo Mitsui Financial Group's consolidated ordinary income and the Kao Group's consolidated net sales for the latest fiscal year, respectively. In addition, although the Kao Group has regular banking transactions with and borrows from the Sumitomo Mitsui Financial Group, the amount borrowed by the Kao Group from the group as of the end of the latest fiscal year accounts for less than 1.5% of the total consolidated assets of the Kao Group.

[Special notes concerning nominees for Directors]

■ Special relationship between the Company and the nominees for Directors

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. Eriko Sakurai, Mr. Takaaki Nishii, and Mr. Makoto Takashima 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. Eriko Sakurai, and Mr. Takaaki Nishii, 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 Mr. Makoto Takashima is elected and assumes office as an Outside Director, the Company and Mr. Makoto Takashima 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.

■ In the event that the nominee for Outside Director has been a director, executive officer, or corporate auditor of another stock company during the past five years, facts that violate laws, regulations, or the articles of incorporation of such other stock company during his/her term of office

Ms. Eriko Sakurai, a nominee for Outside Director, is an Outside Director of Sumitomo Mitsui Financial Group, Inc. (SMFG), and Mr. Makoto Takashima, a nominee for Outside Director, served as a Director of SMFG until June 2023. SMFG and its subsidiary, SMBC Nikko Securities Inc., received an administrative action under the Financial Instruments and Exchange Act from the Financial Services Agency in October 2022 in relation to a violation of Article 159, paragraph (3) (illegal stabilizing transactions) of the Financial Instruments and Exchange Act by former officers and employees of SMBC Nikko Securities Inc. In February 2023, SMBC Nikko Securities Inc. was convicted by the Tokyo District Court and the conviction became final. Furthermore, in October 2022, SMBC Nikko Securities Inc. received an administrative action from the Financial Services Agency under the Financial Instruments and Exchange Law in connection with the transfer of undisclosed information between officers and employees of SMBC Nikko Securities Inc. and Sumitomo Mitsui Banking Corporation, a subsidiary of SMFG. In addition, the Financial Services Agency issued orders for SMFG and Sumitomo Mitsui Banking Corporation to submit reports under the Financial Instruments and Exchange Act and the Banking Act with respect to this incident.

Ms. Eriko Sakurai was not aware of the incident, but as an Outside Director, she has always expressed the importance of compliance with laws and regulations, ensuring appropriateness of operations, and risk management at meetings of the SMFG board of directors and various committees, and has made recommendations for the thorough implementation of these measures. After the incident came to light, she has been involved in deliberations at meetings of the SMFG board of directors and various committees to formulate and implement effective measures to prevent recurrence, further strengthen SMFG's legal compliance and internal control systems, and foster sound corporate culture.

In addition, Mr. Makoto Takashima has constantly stated the importance of compliance with laws and regulations, appropriateness of operations, and risk management at meetings of the SMFG board of directors, and has made recommendations for the thorough implementation of such. After the incident was discovered, he was involved in deliberations at meetings of the SMFG board of directors, etc. to promote efforts to formulate and implement effective measures to prevent recurrence, further strengthen SMFG's legal compliance and internal control systems, and foster sound corporate culture.

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

PROPOSAL 3: ELECTION OF ONE (1) AUDIT & SUPERVISORY BOARD MEMBER

Of the five (5) incumbent Audit & Supervisory Board Members, the term of office of Mr. Takahiro Nakazawa 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.

Saeko Arai (Date of Birth: February 6, 1964)

New Nominee

Outside Audit &
Supervisory
Board Member

Independent Audit
& Supervisory
Board Member



[Career summary]

- October 1987 Joined Arthur Andersen & Co. (currently, KPMG AZSA LLC)
- August 1992 Registered as Certified Public Accountant (Reregistered in January 1997)
- October 1993 Joined Sasaki Certified Public Accountants Office
- April 1997 Joined Internet Research Institute, Inc. (IRI)
- September 1998 Director, CFO, IRI
- February 2000 Director and CFO, IRI USA, Inc.
- November 2002 Director, President, Chief Executive Officer and Secretary, IRI USA, Inc.
- November 2002 Established Gratia, Inc. (currently, Acuray, Inc.), and assumed the position of President (current)

Number of the Company shares owned:

0 shares

[Other material position(s) held]

Certified Public Accountant;
President, Acuray, Inc.;
Professor, Hakuoh University;
Outside Director, Sumitomo Pharma Co., Ltd.;
Outside Director, Tokyu Fudosan Holdings Corporation;
Outside Audit & Supervisory Board Member, YKK CORPORATION

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

Ms. Arai has served as an outside director and outside audit & supervisory board member for several companies, leveraging her extensive knowledge of accounting and finance as a certified public accountant to support corporate management such as establishing internal control systems. In addition to management experience as CFO of a venture company, she also has extensive international experience, including serving as a representative of a U.S. corporation. The Company has determined that she will be able to use these experience and knowledge in the auditing of the Group, and for this reason nominates her as a candidate for Outside Audit & Supervisory Board Member.

[Matters regarding independency]

If Ms. Arai is elected and assumes office as Audit & Supervisory Board Member, 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.

[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 Ms. Saeko Arai.

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

Ms. Saeko Arai is a nominee for Outside Audit & Supervisory Board Member.

■ **Summary of liability limitation agreements**

If Ms. Saeko Arai is elected and assumes office as an Audit & Supervisory Board Member, pursuant to Article 427, Paragraph 1 of the Companies Act and the Articles of Incorporation of the Company, the Company will enter into an agreement with her to the effect that her 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.

■ **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 3.

(For Reference)

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

At Board of Directors meetings (attended by Directors and Audit & Supervisory Board Members), Directors provide broad direction regarding business strategies and Directors and Audit & Supervisory Board Members deliberate on their appropriateness and the risks related to their realization and other matters in an objective and multidimensional fashion. The Kao Group Mid-term Plan “K27” includes the vision of “Protecting future lives.” To accomplish this, the Company’s management is executing business in line with the Company’s strategies of (1) becoming an essential company in a sustainable world, (2) transforming to build robust business through investment, and (3) maximizing the power and potential of employees.

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

	Attributes			Experience / Knowledge / Expertise										Main reasons for marking “✓”
	Term of office	Gender	Nationality	Management	Global	Consumer goods industry	Chemical industry	Human capital strategy	Research	Environment/ society	IT/ DX	Legal/risk management	Finance/ accounting	
Directors	Yoshihiro Hasebe	8 years	Male	Japan	✓	✓	✓	✓	✓	✓	✓	✓	✓	<ul style="list-style-type: none"> - Experience in the Company’s Research and Development (including experience in global operations, and knowledge of fundamental and applied technologies and matter cycle research) (Doctor of Engineering) - Experience at the Company’s overseas business promotion projects - Experience as the Company’s Senior Vice President of Strategic Innovation Technology, Global - Experience as the Company’s officer responsible for Human Capital Development
	Masakazu Negoro	1 year	Male	Japan		✓		✓				✓		<ul style="list-style-type: none"> - Experience in the Company’s Chemical Business and management experience at overseas subsidiaries (Chemical Business) - Experience at the Company’s Procurement, Global (including promotion of sustainability activities in procurement) - Experience as the Company’s officer responsible for Finance Department
	Toru Nishiguchi	1 year	Male	Japan		✓	✓							<ul style="list-style-type: none"> - Experience in the Company’s Consumer Products Business - Experience in management and global marketing at the Company’s overseas subsidiaries - MBA
	David J. Muenz	2 years	Male	United States		✓	✓			✓	✓			<ul style="list-style-type: none"> - Experience in research and business at the Company’s overseas subsidiary - Experience in the Company’s ESG, Global
	Osamu Shinobe	6 years	Male	Japan	✓						✓		✓	<ul style="list-style-type: none"> - Experience as the top executive of a major international airline (including experience as Chairman of CSR and Environmental Management Committee)
	Eriko Sakurai	2 years	Female	Japan	✓	✓		✓	✓		✓			<ul style="list-style-type: none"> - Experience as the head of a global division and the regional head of a major U.S. chemical company - Experience in overall human resources strategy including compensation, development, and assignment in global businesses - Knowledge of sustainability in the chemical field
	Takaaki Nishii	1 year	Male	Japan	✓	✓	✓		✓					<ul style="list-style-type: none"> - Experience as the top executive of a major food company - Experience in the management of overseas subsidiaries - Experience in the human resources department
	Makoto Takashima	–	Male	Japan	✓	✓								<ul style="list-style-type: none"> - Experience as the top executive of a major financial institution - Experience in international and corporate planning departments

	Attributes			Experience / Knowledge / Expertise										Main reasons for marking “✓”	
	Term of office	Gender	Nationality	Management	Global	Consumer goods industry	Chemical industry	Human capital strategy	Research	Environment/society	IT/DX	Legal/risk management	Finance/accounting		
Audit & Supervisory Board Members	Yasushi Wada	1 year	Male	Japan		✓					✓		✓		<ul style="list-style-type: none"> - Experience in the Company’s Product Quality Management - Experience at the Company’s global production sites - Experience in the Company’s process engineering development and plant management
	Sadanao Kawashima	3 years	Male	Japan									✓	<ul style="list-style-type: none"> - Experience in the Company’s Finance Department - Experience in the Company’s Department of Internal Audit 	
	Hideki Amano	7 years	Male	Japan		✓			✓				✓	✓	<ul style="list-style-type: none"> - Certified Public Accountant - Served overseas and the head of the global audit network for the Asia-Pacific region - Experience in human capital strategy, risk management, etc., as the COO of audit and consulting operations
	Nobuhiro Oka	6 years	Male	Japan									✓		<ul style="list-style-type: none"> - Attorney-at Law - Ph.D. in Law (Chuo University) - Professor at Keio University Law School
	Saeko Arai	–	Female	Japan		✓						✓		✓	<ul style="list-style-type: none"> - Certified Public Accountant - Experience as a representative of a U.S. corporation - Experience as a partner of an IT venture company

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 “✓.”

Experience/ knowledge/expertise	Reasons for selection as experience/knowledge/expertise
Management	In order to effectively supervise the business execution by management, it is useful for Directors to have their own experience as top management. We believe that their experience as top management is necessary for the Company's management to realize appropriate risk-taking and aggressive governance that encourages prompt and bold decision-making.
Global	As part of its global strategies, the Company aims to provide one-of-a-kind value that is less likely to be involved in fierce competition with competitors and price competition. We will also accelerate global growth by shifting to a local production for local consumption model based on local value, cost performance, and manufacturing. In order to properly offer advice and supervise the execution of these activities, we believe that it is necessary to have experience and insight in management positions outside Japan and at non-Japanese companies.
Consumer goods industry Chemical industry	In order to effectively supervise business execution by management, it is necessary to discuss matters from a higher perspective with taking a bird's-eye view of the Company's entire business domain. To this end, it is important to have a deep understanding of the business environment and market characteristics in the consumer goods and chemical industries, which are the Company's business domains, as well as to gain insight into future prospects. Regarding the execution of business, including marketing, we are actively delegating authority to executive officers with specialized expertise in order to speed up decision-making and execution.
Human capital strategy	The Company has formulated a human capital strategy based on its corporate strategy, and has defined roles and human resource requirements that will be necessary for future growth, rather than as an extension of existing strategies. The Company is working to secure human resources by systematically developing and appointing them from outside organizations. We believe that it is necessary to supervise the adequacy and progress of this human capital strategy from expert knowledge and experience.
Research	The Company's research is the driving force behind generating constantly innovative and high-value products. The Company is committed to <i>Essential Research</i> and uses its accumulated technological assets to create innovation. We believe that it is necessary to supervise whether we are able to maintain and develop a research system that continues to generate innovation, and whether we are able to expand our business and increase our corporate value while effectively using the created technological assets.
Environment/society	In April 2019, the Company announced its ESG Strategy, the Kirei Lifestyle Plan, and began ESG management. In order to realize a Kirei World in which all life lives in harmony, which is our purpose, we will implement the Kirei Lifestyle Plan based on corporate strategies that are integrated with the ESG Strategy, in consideration of social changes and demands. We believe that it is necessary for the Board of Directors to supervise these matters appropriately in light of public trends.
IT/ digital transformation (DX)	In order to realize K27, we believe that innovative initiatives that actively utilize IT and digital transformation, such as new business creation, digital marketing and digital communications, which are not an extension of existing initiatives, are essential. With regard to experience, knowledge, and expertise related to IT/DX, we will utilize executive officers and external human resources to compliment supervision by the Board of Directors.
Legal/risk management	Various risks are expected to arise in daily corporate activities, as well as in the creation of new businesses and business innovation. The Company believes that it is an important challenge in management to recognize these risks, manage them appropriately, and respond strategically, proactively, and ex post facto to legal matters.
Finance/accounting	It is a natural responsibility to ensure the reliability of financial reporting that influences investment decisions. In order to achieve sustainable growth in corporate value, it is essential to conduct management in consideration of the improvement of profitability and capital efficiency, based on appropriate capital allocation from a company-wide perspective. For this reason, we believe that the Board of Directors needs experience, knowledge, and expertise in finance and accounting.

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 at least 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. As it is necessary for Directors and Audit & Supervisory Board Members to secure sufficient time to perform their duties as Directors and Audit & Supervisory Board Members of the Company, the number of concurrent positions as directors or corporate auditors of listed companies is limited to three, in principle, excluding the Company. 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.

Members of 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 of all Outside Directors and one Outside Audit & Supervisory Board Member. 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.

Regarding evaluation of the effectiveness of the Board of Directors

An evaluation of the effectiveness of the Board of Directors is conducted once a year at a meeting of the Board of Directors in order to make improvements aimed at enhancing its effectiveness. The results of the evaluation of effectiveness of the Board of Directors for the fiscal year ended December 31, 2023 are shown in the Corporate Governance Report under Disclosure Based on the Principles of the Corporate Governance Code [Supplementary Principle 4.11.3] Analysis and Evaluation of Effectiveness of the Board of Directors Taken as a Whole and Summary of the Results Thereof, available at www.kao.com/content/dam/sites/kao/www-kao-com/global/en/corporate/policies/pdf/governance_001.pdf.

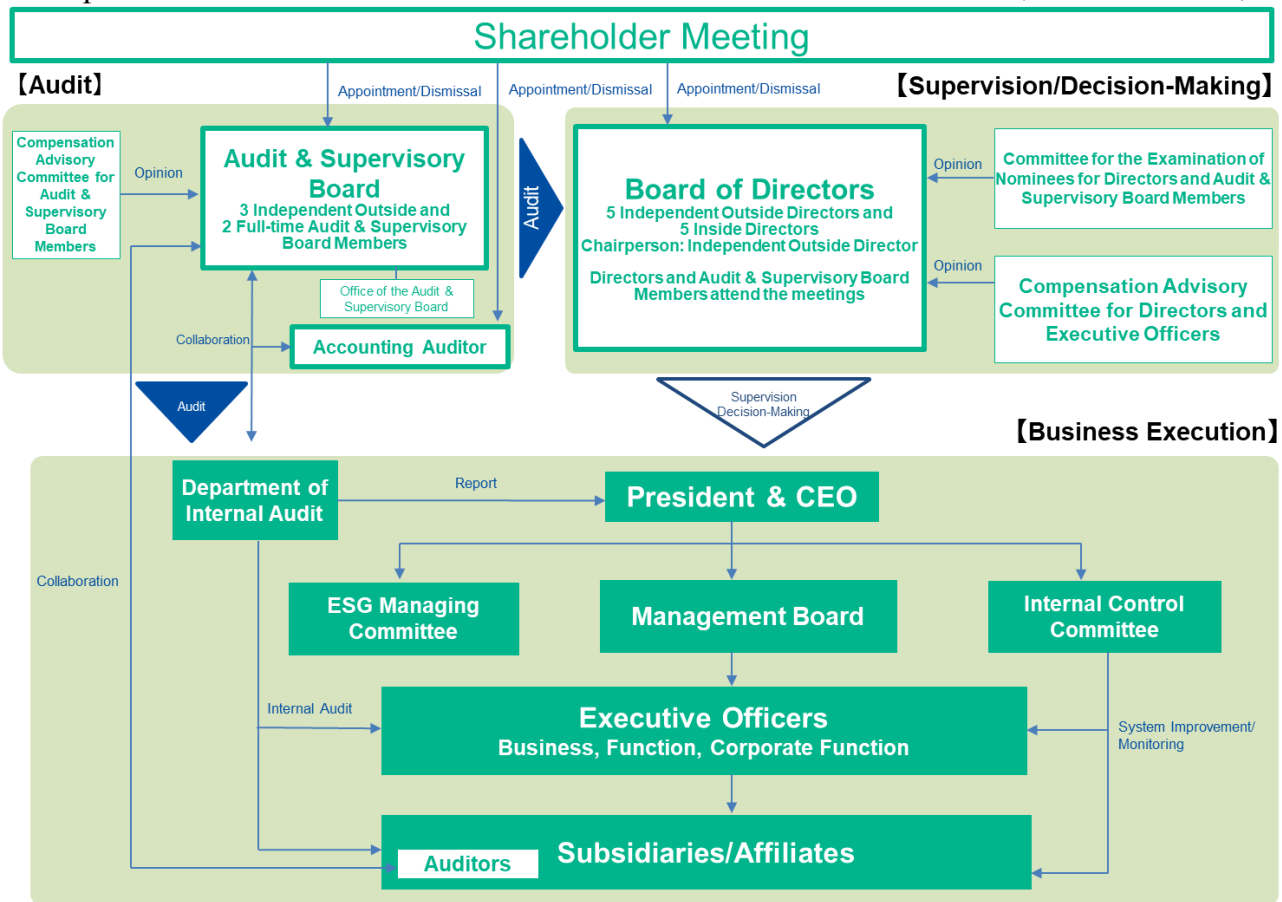
(For Reference) Status of Corporate Governance

Basic Views on Corporate Governance

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

Corporate Governance Structure

(as of December 31, 2023)



PROPOSAL 4: PARTIAL REVISION OF THE TERMS AND CONDITIONS OF PERFORMANCE SHARE PLAN FOR DIRECTORS, ETC.

1. Details of the Proposal and Reason for Justifying Such Compensation, etc.

The Company obtained shareholders' approval at the 111th Annual General Meeting of Shareholders held on March 21, 2017 and the 115th Annual General Meeting of Shareholders held on March 26, 2021 for the performance-based share incentive plan ("Plan") under which Company shares and cash in the amount equivalent to the converted value of Company shares ("Company Shares, etc.") are vested or paid ("vested, etc.") to Inside Directors and Executive Officers of the Company (hereinafter collectively referred to as "Directors, etc.") depending on the level of achievement of performance targets in the mid-term plan, etc.

The Company has reviewed its Mid-term Plan "K25," which was set forth in 2021, and formulated the Kao Group Mid-term Plan "K27" covering the four fiscal years from FY2024 to FY2027. Accordingly, the Company has decided to review the performance-based share incentive plan for Inside Directors and Executive Officers, which was approved at the 115th Annual General Meeting of Shareholders held on March 26, 2021, and revise it into a new performance-based share incentive plan that better fits "K27." As such, we will terminate the period subject to "K25" and newly set a period for "K27." We submit Proposal 4 to consult with shareholders regarding the revision of the performance-based share incentive plan.

Under "K27," the Company sets the high goals of introducing Return on Invested Capital (ROIC) company-wide, decisively implementing structural reforms, and aiming to be a company that sustains "Global Sharp Top" businesses. The revision of the details of the Plan is intended to promote aggressive governance toward achieving these goals and to manage business from the shareholders' perspective by introducing new evaluation indicators such as Economic Value Added (EVA) and Total Shareholder Return (TSR). In addition, after the revision of the Plan, foreign Directors, etc., to whom long-term incentive compensation had been paid in cash, will be added to the scope of the Plan in order to motivate them to further increase the share price, and in principle, they will receive compensation in the form of Company Shares, etc.

The Company's Board of Directors has decided on a policy for determining details of individual remuneration, etc. for the Directors, etc. and the Company believes that the revision to the details of the Plan is appropriate because it is in line with this policy.

Of note, the Company has established a Compensation Advisory Committee, which is chaired by an Independent Outside Director, and in which the majority of the members are Independent Outside Directors and Audit & Supervisory Board Members, to ensure the transparency and objectivity of the determination process regarding compensation for Directors and Executive Officers. The revision of the Plan has been reviewed at the Compensation Advisory Committee.

The Plan is to vest, etc. Company Shares etc. to Directors, etc. separately and in addition to the maximum amount of monetary compensation for Directors that had been approved at the 101st Annual General Meeting of Shareholders held on June 28, 2007 (630 million yen including bonuses for Directors. However, this excludes the amount of salary, etc. received by Directors who serve concurrently as employees for their service as employees). The Company plans to review and discuss with shareholders the maximum amount of monetary compensation for Directors when deemed necessary based on the Company's executive structure and the market level of compensation for Directors.

The number of Inside Directors covered by the Plan will be 4 at the close of this Annual General Meeting of Shareholders provided that Proposal No. 2 "Election of Eight (8) Directors" is approved as proposed. As stated above, the Plan also covers Executive Officers (the number of Executive Officers not concurrently serving as Directors who are covered by the Plan will be 27 provided that Proposal No. 2 is approved as proposed) and share remuneration based on the Plan includes share remuneration for Executive Officers. In consideration of the possibility that one or more of these Executive Officers will newly assume the office of Director during the covered period of the Trust (as defined in 2.(2) below), the Company proposes the amount and other terms and conditions of share remuneration based on the Plan as a whole in the form of share remuneration, etc. for Directors, etc. in this Proposal.

2. Amount and Other Terms and Conditions, etc. of Compensation, etc. under the Plan after Revision

(1) Outline of the Plan

The Plan is a performance share plan under which Company shares are acquired through a trust using money contributed by the Company and Company Shares, etc. are vested, etc. to Directors, etc. through the trust.

Item	Reference: Before the revision	The Plan after the revision (main parts subject to revision are underlined)
(i) Persons eligible to be vested, etc. with Company Shares, etc. subject to this Proposal	<ul style="list-style-type: none"> • Directors, etc. of the Company (Inside Directors and Executive Officers) 	<ul style="list-style-type: none"> • Same as left • <u>*Foreign Directors, etc., who were previously excluded from the scope have been added</u>
(ii) Upper limit of money to be contributed by the Company (as stated in (2) below)	<ul style="list-style-type: none"> • 730 million yen per fiscal year • 3,650 million yen for the five fiscal years concerning the covered period 	<ul style="list-style-type: none"> • <u>1,160 million yen</u> per fiscal year • <u>4,640 million yen for the four fiscal years concerning the covered period after the revision of the Plan that commences this fiscal year (the “Covered Period”)</u>
(iii) Maximum number of Company shares to be vested, etc. to Directors, etc. and acquisition method of Company shares (as stated in (2) and (3) below)	<ul style="list-style-type: none"> • 92,000 points per fiscal year (equivalent to 92,000 shares) • 460,000 points with respect to the five fiscal years concerning the covered period (equivalent to 460,000 shares) 	<ul style="list-style-type: none"> • <u>181,000 points</u> per fiscal year (equivalent to 181,000 shares) • <u>724,000 points with respect to the four fiscal years concerning the Covered Period (equivalent to 724,000 shares)</u> • <u>*The percentage of the number of shares equivalent to the maximum number of points per fiscal year with respect to the total number of issued shares (as of December 31, 2023; after deducting treasury shares) is approximately 0.039%.</u> • *As Company shares are slated to be acquired from the stock market, there will be no dilution.
(iv) Conditions of achievement	<ul style="list-style-type: none"> • Varies between 0% and 200% depending on the outcome of initiatives/activities promoted in the mid-term plan, etc. • Indicators for the evaluation of the outcome of initiatives/activities by Directors, etc. during the covered period, etc. consist of evaluation indicator of growth capability (e.g., extent of growth of sales/profit, etc. of business as a whole), evaluation indicator of ESG capability (e.g., evaluation based on external indicator) and evaluation indicator of management capability (e.g., Company employees’ evaluation of management activities). 	<ul style="list-style-type: none"> • Same as left • Indicators for the evaluation of the outcome of initiatives/activities by Directors, etc. during the Covered Period, etc. consist of evaluation indicator of growth capability (e.g., sales/profit/<u>Economic Value Added (EVA)</u> of business as a whole), evaluation indicator of ESG capability (e.g., evaluation based on external organizations) and evaluation indicator of management capability (e.g., Company employees’ evaluation of management activities/<u>Total Shareholder Return (TSR)</u>).
(v) Timing at which Company Shares, etc. are vested, etc. (as stated in (4) below)	<p>Variable portion (accounting for 70%)</p> <p>After resignation of each Director, etc.</p>	<ul style="list-style-type: none"> • Same as left • <u>After the covered period (the fiscal years corresponding to the period of the mid-term plan) for foreign Directors, etc.</u>
	<p>Fixed portion (accounting for 30%)</p> <ul style="list-style-type: none"> • After the end of each fiscal year during the covered period. • However, Directors, etc., shall continue to hold Company shares acquired as the fixed portion until the end of the covered period. 	<ul style="list-style-type: none"> • Same as left

We will revise the maximum aggregate amount and number of points by taking into account the fact that Directors of foreign nationals, etc. are newly included, the increase in the number of executive officers in the future, and the aim to achieve levels that allow the Company to afford the payment even at the payment rates in times of strong performance.

Note: The period covered before the revision, which had already begun in the fiscal year ended December 31, 2021, was initially five fiscal years through the fiscal year ended December 31, 2025. However, this was changed to three fiscal years through the fiscal year ended December 31, 2023, and the Company shares remaining in the Trust (excluding Company shares corresponding to points granted to Directors, etc. through the fiscal year ended December 31, 2023 that have not yet been vested, etc.) and money shall be utilized during the covered period after the revision.

(2) Upper Limit of Money to Be Contributed by the Company

The Plan shall cover the fiscal years corresponding to the period of the mid-term plan set forth by the Company (“covered period”). The initial covered period after the revision of the Plan shall be four fiscal years from the fiscal year ending December 31, 2024 to the fiscal year ending December 31, 2027, and in cases where the trust term has been extended, the fiscal years corresponding to the period of the mid-term plan set forth by the Company at that time shall be the covered period.

In each covered period, the Company will contribute money up to the amount equivalent to the amount calculated by multiplying the upper limit of the amount of trust money per fiscal year (i.e., 1,160 million yen) by the number of years in the trust term (4,640 million yen for the covered period of four fiscal years) as compensation, etc. for Directors, etc. and extend the trust whose term corresponds to the covered period, with beneficiaries being Directors, etc. who meet the requirements for beneficiaries (“Trust”).

The Trust will acquire Company shares from the stock market using the entrusted money in accordance with the directions of the trust administrator. The Company will grant points (as stated in (3) below) to Directors, etc. each year during the covered period, and Company Shares, etc. equivalent to the number of points granted over a certain period determined in advance (as stated in (4) below) will be vested, etc. from the Trust.

Of note, in cases where the Trust is continued by modifying the trust agreement and entrusting additional money at the expiration of the term of the Trust, the Company will, for each extended trust term, make additional contributions within the amount equivalent to the amount calculated by multiplying the upper limit of the amount of trust money per fiscal year by the number of years in the trust term, and during the extended trust term, continue granting points to Directors, etc., and the Trust will continue the vesting, etc. of Company Shares, etc. during the extended trust term.

In cases where additional contributions are to be made in association with the extension of the trust term including the Covered Period, when there are any Company shares (excluding Company shares equivalent to points granted to Directors, etc. that are yet to be vested, etc.) and money remaining in the trust property (such remaining Company shares and money shall hereinafter be collectively referred to as “Residual Shares, etc.”) as at the last day of the trust term prior to the extension, the sum of the amount of Residual Shares, etc. and the amount of additional money to be contributed shall be within the amount calculated by multiplying the upper limit of the amount of trust money per fiscal year by the number of years in the trust term.

In cases where modification of the trust agreement and entrustment of additional money are not performed at the expiry of the term of the Trust, no points will be granted to Directors, etc. thereafter; however, in cases where a Director, etc. who might meet the requirements for beneficiaries at that point in time holds office, the term of the Trust may be extended for a certain period of time until his/her resignation and the completion of the vesting, etc. of Company Shares, etc. to him/her.

(3) Calculation Method and Maximum Number of Company Shares to Be Vested, etc. to Directors, etc. (Including Company Shares Subject to Conversion into Cash)

Points prescribed in (i) and (ii) below will be granted to Directors, etc. as a precondition for the vesting, etc. of Company Shares, etc. One point shall be equivalent to one Company share, and fractions less than one point will be disregarded; however, in cases where share split, consolidation of shares, etc. has been conducted during the trust term with respect to Company shares, the number of Company shares per point will be adjusted according to the share split ratio, share consolidation ratio, etc. of Company shares.

(i) Variable portion

To Directors, etc. who hold office on the last day of a fiscal year during the covered period (including Directors, etc. who resigned due to expiry of term of office or for other reasons on said day and Directors, etc. who died on said day), single fiscal-year points calculated by the following formula based on points that have been determined in advance with respect to each executive position (“Executive Position Points”) will be granted on said day. After the end of the covered period, the number of variable points is calculated by adding up the single fiscal-year points granted to Directors, etc., and then multiplying such cumulative total by the variation coefficient depending on the outcome of initiatives/activities promoted in the mid-term plan, etc.

(Calculation formula of single fiscal-year points) Executive Position Points × 70%

(Calculation formula of number of variable points)

Cumulative total of single fiscal-year points during the covered period × Variation coefficient^{*1*2*3}

**1 The variation coefficient varies between 0% and 200% depending on the outcome of initiatives/activities promoted in the mid-term plan, etc. Of note, the evaluation indicators of the outcome of initiatives/activities, etc. by Directors, etc. during the Covered Period consist of evaluation indicator of growth capability (e.g., sales/profit/EVA of business as a whole), evaluation indicator of ESG capability (e.g., evaluation based on external organizations) and evaluation indicator of management capability (e.g., Company employees' evaluation of management activities/Total Shareholder Return (TSR)). In accordance with the revision of the Plan, the Company will adopt TSR as one of the evaluation indicators to further promote value sharing with shareholders.*

**2 In cases where a Director, etc. resigns before the end of the covered period, the number of variable points will be calculated by adding together the single fiscal-year points granted up to that point in time and determining the variation coefficient based on the evaluation of his/her status of progress in terms of each evaluation indicator at such point in time.*

**3 In cases where a Director, etc. dies before the end of the covered period, the number of variable points will be calculated by adding together the single fiscal-year points granted up to that point in time and assuming that the variation coefficient is 100%.*

(ii) Fixed portion

To Directors, etc. who hold office on the last day of a fiscal year during the covered period (including Directors, etc. who resigned due to expiry of term of office or for other reasons on said day and Directors, etc. who died on said day), fixed points calculated by the following formula based on the Executive Position Points will be granted on said day. (Calculation formula of number of fixed points) Executive Position Points x 30%

The total number of points to be granted to Directors, etc. shall be capped at 181,000 points per fiscal year. Such maximum total number of points is set by using share price at the present time and other such factors as reference, in consideration of the aforementioned upper limit of the amount of trust money. The number of Company shares to be acquired by the Trust in the four-fiscal-year Covered Period ("Number of Shares to be Acquired") shall be capped at the number of shares equivalent to the number calculated by multiplying the maximum total number of points per fiscal year by four, i.e., the number of years in the covered period (i.e., 724,000 shares).

Of note, the Number of Shares to be Acquired in the case of the continuation of the Trust will be capped at the number of shares equivalent to the number calculated by multiplying the maximum total number of points per fiscal year by the number of years in the covered period.

(4) Method and Timing of Vesting, etc. of Company Shares, etc. to Directors, etc., and Outline of Other Conditions for Vesting of Shares

(i) Variable portion

The timing at which a Director, etc. will be vested, etc. with Company Shares, etc. pertaining to the variable portion will be after his/her resignation (after the covered period in the case of foreign Directors, etc.). The specific method and timing of vesting, etc. are as follows.

A Director, etc. who meets the requirements for beneficiaries shall, at a certain time after his/her resignation (after the covered period in the case of foreign Directors, etc.), be vested with Company shares corresponding to a certain ratio of the number of variable points (fractional shares will be rounded up), and after the conversion of Company shares corresponding to the number of remaining variable points (rounded up to the nearest whole unit) into cash within the Trust, receive payment of cash in the amount equivalent to the converted value of such Company shares.

However, in cases where the Company is unable to vest shares to Directors, etc. because they do not have a securities brokerage account that handles Japanese shares, Company shares corresponding to the number of variable points shall be converted into cash within the Trust, and such Directors, etc. shall receive payment of cash in the amount equivalent to the converted value of such Company shares.

(ii) Fixed portion

The timing at which Company Shares, etc. pertaining to the fixed portion are vested, etc. will be after the end of each fiscal year during the covered period. The specific method and timing of vesting, etc. are as follows.

Directors, etc. who meet the requirements for beneficiaries shall, at around May immediately after the end of each fiscal year during the covered period, be vested with Company shares corresponding to a certain ratio of the number of fixed points (fractional shares will be rounded up), and after the conversion of Company shares corresponding to the number of remaining fixed points into cash within the Trust, receive payment of cash in the amount equivalent to the converted value of such Company shares.

However, in cases where the Company is unable to vest its shares to Directors, etc. because they do not have a securities brokerage account that handles Japanese shares, Company shares corresponding to the number of fixed points shall be converted into cash within the Trust, and such Directors, etc. shall receive payment of cash in the amount equivalent to the converted value of such Company shares.

Directors, etc. shall continue to hold Company shares acquired as the fixed portion until the end of the covered period.

In the event of the death of a Director, etc. who meets the requirements for beneficiaries during the trust term, Company shares that correspond to the cumulative total of the number of variable points calculated at the time of

his/her death and the number of fixed points subject to the beneficiary admission procedures that commence after his/her death shall be converted into cash within the Trust and the heir of said Director, etc. shall receive payment of cash in the amount equivalent to the converted value of such Company shares from the Trust.

In the event of a serious violation of duties by a Director, etc., they must forfeit the right to receive both the variable and fixed portions of shares or the Company may demand the return of the equivalent of the performance shares already paid.

(5) Treatment of Dividends of Company Shares within the Trust

Dividends paid with respect to Company shares within the Trust will, after being received by the Trust, not only be allocated to pay for trust fees and trust expenses of the Trust, but also be reserved in the amount equivalent to the per-share dividend amount per point according to the number of points calculated by multiplying the cumulative total of single fiscal-year points of Directors, etc. as at the dividend record date by the variation coefficient, and paid to Directors, etc. together with Company Shares, etc. that are vested, etc. according to (4) above.

(6) Exercise of Voting Rights Related to Company Shares within the Trust

Voting rights related to Company shares within the Trust (Company shares before being vested, etc. to Directors, etc.) shall not be exercised during the trust term to ensure the neutrality of the Company's management.

(7) Other Details of the Plan

Other details of the Plan will be determined by the Board of Directors each time the trust agreement is modified and additional money is contributed to the Trust.

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

PROPOSAL 5: REVISION OF AUDIT & SUPERVISORY BOARD MEMBERS' REMUNERATION

It was approved at the 113th Annual General Meeting of Shareholders held on March 26, 2019 that the maximum aggregate amount of remuneration, etc., to be paid to Audit & Supervisory Board Members be set at an annual amount of 120 million yen. Although such a maximum aggregate amount has continued to apply to date, the current annual remuneration payment has reached the maximum amount.

The Company is committed to the publication of the Kao Group Mid-term Plan "K27," the progress of ESG initiatives, and the continued strengthening of its governance.

In order to conduct audit activities that respond to the trust for increased responsibilities of Audit & Supervisory Board Members in such a business environment, it is necessary to secure diverse human resources with high knowledge from a broader perspective and to consider the possibility of increasing the number of Audit & Supervisory Board Members. Therefore, the Company proposes that the maximum amount of remuneration, etc., to be paid to Audit & Supervisory Board Members be revised and changed to an annual amount of 180 million yen.

Although the Audit & Supervisory Board currently has five (5) members (out of which three (3) are Outside Audit & Supervisory Board Members), the number of Audit & Supervisory Board Members will not be changed even if Proposal 3 is approved and adopted as proposed.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE IN FAVOR OF THIS PROPOSAL 5.

BUSINESS REPORT

(From January 1, 2023 to December 31, 2023)

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, 2023* 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 93.0 billion yen.

In the Consumer Products Business, in addition to conducting the reinforcement, streamlining, maintenance and renewal, etc. of facilities in each business, the Company also restructured logistics bases and 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 the Health and Beauty Care Business, the Company expanded the production capacity in Japan and overseas.

In the Chemical Business, the Company has been expanding its production capacity mainly overseas through a range of measures, including the construction of production facilities for tertiary amines in the United States to strengthen its stable supply system. The Company also conducted streamlining, maintenance and renewal of facilities, rebuilding of information systems, etc.

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.

In March 2023, the Company repaid 40.0 billion yen in debt, and newly borrowed the same amount to maintain an appropriate capital cost ratio and to strengthen its financial base for growth investments. Of the new borrowings, 20.0 billion yen was financed with a sustainability-linked loan, of which interest rate varies depending on how the borrower has satisfied predefined sustainability performance targets (SPTs). The Company also issued and redeemed bonds, which consisted of 24.9 billion yen in proceeds from issuance of bonds and 25.0 billion yen in redemption of bonds. The bonds issued are sustainability-linked bonds, of which interest rate varies depending on how the borrower has satisfied predefined SPTs.

4. Issues for Management

Environmental issues such as climate change and depletion of water and forest resources, human rights issues, and social issues such as the aging society are becoming increasingly serious. While the world has returned to the pre-pandemic state, the business environment remained uncertain as China's market growth slowed, and overall costs remained high in the face of geopolitical risks and inflation in Europe and the Middle East.

Amid these changes, the Company is taking part to help address social challenges 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 model capable of continuing to produce attractive products with long-lasting appeal for customers while avoiding the production of excess volume. To realize such a business model, the Company announced its Mid-term Plan "K25" in December 2020 and has continued its business activities based on the plan.

However, due to a number of external factors, the company refocused its strategic priorities in 2023 and implemented significant changes to achieve its mid-term plan. Such external factors include soaring prices of raw materials which have remained high, loss of demand from inbound travelers and changes in the Chinese market, and delays in strategic transformation of underperforming categories.

Under these circumstances, the Company reviewed primarily the structural reform and growth strategy sections of the Mid-term Plan and announced Mid-term Plan "K27" in August 2023. Specifically, we will strategically raise prices, enhance its Total Cost Reduction (TCR) initiative, and introduce Return on Invested Capital (ROIC) company-wide to decisively implement structural reforms without changing the management policy set in "K25." Aiming to be a company that sustains "Global Sharp Top" businesses, the Company will actively manage its portfolio and consider divestments as while swiftly executing strategic investments and acquisitions.

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

Kao Group Mid-term Plan “K27”

Mid-term Plan “K27”

Vision

Saving future lives

【K27 Basic Policy】

1. Become an essential company in a sustainable world
2. Transform to build robust business through investment
3. Maximize the power and potential of employees

Introduce ROIC company-wide, decisively implement structural reforms and aim to be a company that sustains

“Global Sharp Top*”

businesses.

Targets of Mid-term Plan K27

(Billion yen)	FY2023 Results	▶ FY2024 Forecasts	▶ FY2027 Targets
ROIC	4.1%	8.6%	11.0% or more
EVA	14.9	24.0	70.0 or more
Operating Income ¹	114.7	130.0	Record-high operating income (FY2019 211.7 billion yen)
Sales outside Japan ²	655.8	697.0	800.0 or more (Sales CAGR+4.3%)

1. The figure for FY2023 is core operating income.
 2. Sales outside Japan are based on the location where the sales were recognized.

K27 Strategic Framework

[K27 Basic Policy]

1. Become an essential company in a sustainable world
2. Transform to build robust business through investment
3. Maximize the power and potential of employees

Strategies for achieving K27

Build “Global Sharp Top” businesses

Global shift to essential, highly profitable businesses

“Global Sharp Top” human capital/organizational management

Decisive investment in human capital
Withdrawal from matrix management

Improve capital efficiency/profitability

Maximize the value of management capital

Build businesses through co-creation with partners

Faster maximization of technology assets

Progress during FY2023 and future plan

To build “Global Sharp Top” businesses, the Company has made efforts to expand internationally and transition to businesses essential to consumers and customers and highly profitable businesses. In 2023, the Company successfully paved the way to expanding its skin protection businesses globally. In fact, the Company recorded strong sales of *Biore* UV care products in Europe and Brazil, and acquired Bondi Sands, a company offering self-tanning, sunscreen, and skincare products in countries such as Australia, the UK, and the US. In the Fabric and Home Care business, the Company launched new products that have significant potential to expand internationally, and the Health and Beauty Care business strengthened its European and U.S. operations with a focus on *ORIBE* brand for hair salons. The Company also launched products of each business categories on the Company’s EC platform “*My Kao Mall*.” In the years ahead, we will seek to further accelerate the sales growth of UV care products overseas, release high value-added sheet-type products, launch new products in the hair care business, and continue to drive the global deployment of unique technologies for eco-chemical products.

We have also worked to secure and develop human resources who support our “Global Sharp Top” businesses, and have moved forward with the reform of organizational management. We will preferentially invest in self-motivated human resources, with dialogues with them at the core, while providing our employees with more opportunities to improve themselves and learn jointly with others, handing over power to them, and ensuring transparent and fair evaluation and treatment, and optimal job assignment for them. We will also transition to a system whereby we can swiftly implement the above initiatives by organizing task-based teams independent of division/department and transition away from the matrix approach.

To improve capital efficiency and profitability, we will expand highly profitable brands, such as *Attack* and *Biore*. In addition, we have worked to maximize the value of our management capital by improving margins through strategic price increases and structural reforms, as well as by revising our business portfolio. These initiatives will create lasting, long-term effects on its operational and financial performance. We will continue to further improve our earning power by increasing the added value of our products through disciplined portfolio management and enhancement of *Yoki-Monozukuri* focused on profitability.

Moreover, we will work to build businesses through co-creation with our partners to ultimately accelerate the maximization of the technology assets owned by the Kao Group.

All of these strategic plans are intended to enhance sales growth, generate improved returns and long-term value creation for shareholders.

The Kao Group’s initiatives on sustainability

To make Kao a company with a global presence, as defined in its Vision for 2030, the Kao Group has integrated ESG into the core of its management, promoting further business expansion and the provision of better products and services to consumers and society on a global scale. In addition, recognizing its responsibility as an enterprise that provides products which people use in their daily lives, the Kao Group practices ESG-driven *Yoki-*

Monozukuri, such as reducing the environmental footprint of its products throughout the entirety of the product lifecycle, and also promotes initiatives that give consideration to the environment and society.

As we expect to experience growing complexities in the business environment surrounding the Kao Group and ever-increasing social issues globally, to realize K30, Kao believes that it is important to look at issues from an ESG perspective, reflect them in its business strategies, and swiftly and steadfastly execute these strategies. To this end, the Group has built flexible and robust ESG governance. The Board of Directors is responsible for supervising ESG, including risks and opportunities. Under this responsibility, the President and Chief Executive Officer, and the ESG Managing Committee and other subordinate organizations are responsible for business execution. We have also established an ESG external advisory board consisting of external experts, which has the function of providing advice on our initiatives based on global trends.

Based on the Kao's ambitious ESG strategy, Kirei Lifestyle Plan, it will work steadily to achieve its goal to make Kao a company with a global presence, valuable to society.

For details of the Kao Group's sustainability, please see the following websites:

Sustainability: www.kao.com/global/en/sustainability/

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

Rated triple-A by CDP* in Climate Change, Forests, and Water Security for fourth consecutive year

The Kao Group was rated A in each of Climate Change, Forests, and Water Security of the CDP's global survey of businesses, and as a result, included in the A List for four consecutive years. We believe that our continued efforts to reduce environmental footprint through the entirety of the product lifecycle, including the supply chain, were highly evaluated.



*CDP: Based in the UK, CDP is an international non-governmental 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, etc. CDP's scores are helpful in making decisions regarding investment and procurement aimed at sustainable economy.

Ecopeco Bottle for the Future to reduce plastic use by approximately 40%

With the aim of realizing a resource recycling society, the Kao Group has committed to reducing plastic packaging containers that are used and disposed of in its business activities to ultimately achieve net zero waste by 2040 and negative waste by 2050.

As an initiative to achieve these goals, the Group newly released a refill pack named "Ecopeco Bottle for the Future" from the *CuCute* dishwashing detergent brand in 2023. The bottle helps reduce not only plastic use by approximately 40%*¹ but also CO₂ emissions*² from the production/disposal of bottles. By making the bottles more eco-friendly while maintaining the ease of refilling, the percentage of the number of sustainability-conscious consumers among new purchasers has picked up, leading to both sales growth and market share expansion.



Ecopeco Bottle for the Future series

*1: Compared to the weight of plastic used in conventional bottles

*2: Compared to CO₂ emissions from the production/disposal of conventional bottles

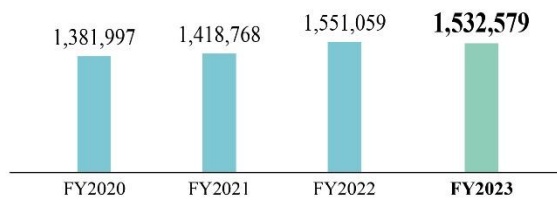
5. Transitions of Assets and Profits and Losses

(million yen)

	FY2020	FY2021	FY2022	FY2023	
Net sales	1,381,997	1,418,768	1,551,059	1,532,579	
Operating income (Core operating income)	175,563	143,510	110,071	60,035	(114,706)
Income before income taxes (Core income before income taxes)	173,971	150,002	115,848	63,842	(118,513)
Net income (Core net income)	128,067	111,415	87,742	46,157	(88,262)
Net income, attributable to owners of the parent (Core net income attributable to owners of the parent)	126,142	109,636	86,038	43,870	(85,975)
Total assets	1,665,616	1,704,007	1,726,350	1,769,746	
Total equity	938,194	983,877	995,384	1,012,043	

Basic earnings per share (Basic core earnings per share) (yen)	262.29	230.59	183.28	94.37	(184.95)
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■ **Net Sales** (million yen)



■ **Operating Income** (million yen)



■ **Income before Income Taxes** (million yen)



■ **Net Income** (million yen)



Notes:

- Income excluding one-time gains and losses arisen due to recurring factors (such as gains and losses arisen from business withdrawal or downsizing, or sale or disposal of assets) is presented as "core income" in the table above.*
- Effective from the FY2020 to FY2022, the Kao Group has adopted Amendment to IFRS 16 "Leases," "Covid-19-Related Rent Concessions."*

6. Main Businesses of the Kao Group (as of December 31, 2023)

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 hygiene products, Health beverages
	Cosmetics Business	Cosmetics	Counseling cosmetics, Self-selection cosmetics
Chemical Business	Oleo chemicals	Oleo chemicals, Fat and oil derivatives, Surfactants, Aroma chemicals	
	Performance chemicals	Water-reducing agent for concrete, Binders for molding sands, Plastics additives, Chemicals for various industries	
	Specialty chemicals	Toners and toner binders, Colorants for ink-jets ink, Fine polishing agents and detergents for hard disks, Materials and chemicals for semiconductor manufacturing	

7. Main Subsidiaries (as of December 31, 2023)

Name of Company	Capital Stock	Ratio of Voting Rights	Main Businesses
Kao Group Customer Marketing Co., Ltd.	JPY 10 million	100%	Hygiene and Living Care, Health and Beauty Care, Life Care, Cosmetics, Control of counseling service companies of the Cosmetics Business in Japan
Kao Professional Services Co., Ltd.	JPY 60 million	100%	Life Care (Commercial-use hygiene 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 hygiene 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 1,796,206 million	50.01%	Hygiene and Living Care, Health and Beauty Care
Kao USA Inc.	USD 2	100%	Health and Beauty Care, Cosmetics
Oribe Hair Care, LLC	USD 8,182 thousand	100%	Health and Beauty Care
Bondi Sands (USA) Inc.	USD 0.1	100%	Health and Beauty Care
Washing Systems, LLC	USD 10	100%	Life Care (Commercial-use hygiene 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
Bondi Sands Australia Pty Ltd	AUD 40	100%	Health and Beauty Care
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

Notes:

- The above ratio of voting rights has been calculated based on the total number of voting rights held by the Company and its subsidiaries.
- The Company completed the acquisition of Bondi Sands (USA) Inc. via an Australian subsidiary in November 2023. As a result, Bondi Sands (USA) Inc. has become a subsidiary of the Company.
- The Company completed the acquisition of Bondi Sands Australia Pty Ltd. via an Australian subsidiary in November 2023. As a result, Bondi Sands Australia Pty Ltd. has become a subsidiary of the Company.

8. Main Offices, Plants, Laboratories, and Subsidiaries (as of December 31, 2023)

(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 (Incubation Center Tokyo)	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 regions
Kao Professional Services Co., Ltd.	Sumida-ku, Tokyo (Head Office) and 8 regional headquarter offices
Kanebo Cosmetics Inc.	Chuo-ku, Tokyo (Head Office)
Kao Transport & Logistics Co., Ltd.	Sumida-ku, Tokyo (Head Office) and 46 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
Bondi Sands (USA) Inc.	United States
Washing Systems, LLC	United States
Kao America Inc.	United States
Kao Specialties Americas LLC	United States
Bondi Sands Australia Pty Ltd	Australia
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, 2023)

Business Category	Number of Employees
Consumer Products Business	29,329
Hygiene and Living Care Business	9,677
Health and Beauty Care Business	8,045
Life Care Business	1,157
Cosmetics Business	10,450
Chemical Business	3,984
Others	944
Total	34,257

Notes:

1. The employees above include full-time, indefinite-term, non-permanent employees.
2. Of the above total number of employees, the number of the Company's employees is 8,199.

10. Main Lenders (as of December 31, 2023)

Not applicable

II. Shares of the Company (as of December 31, 2023)

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

2. Number of issued shares: 465,900,000 shares

Note: The number of issued shares includes 86,255 treasury shares.

3. Number of shareholders: 191,551

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)	87,856	18.86
Custody Bank of Japan, Ltd. (Trust Account)	33,377	7.17
SMBC Nikko Securities Inc.	11,450	2.46
STATE STREET BANK WEST CLIENT - TREATY 505234	8,854	1.90
JPMORGAN CHASE BANK 385632	7,702	1.65
JAPAN SECURITIES FINANCE CO., LTD.	6,869	1.47
Nippon Life Insurance Company	6,691	1.44
THE BANK OF NEW YORK 134104	6,603	1.42
JPMorgan Securities Japan Co., Ltd.	6,541	1.40
STATE STREET BANK AND TRUST COMPANY 505223	6,440	1.38

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)	6,600 shares	4 persons

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

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, 2023)

Title	Name	Duties at the Company and Other Material Position(s) Held
Director, Chair	Michitaka Sawada	Outside Director, Panasonic Holdings Corporation; Outside Director, Nitto Denko Corporation; Outside Director, Komatsu Ltd.; Chairman, Japan Hygiene Products Industry Association; Chairperson of the Board, Foundation, Oil & Fat Industry Kaikan
Representative Director, President and Chief Executive Officer	Yoshihiro Hasebe	Responsible for DX Strategy; Chairperson, The Kao Foundation for Arts and Sciences
Representative Director, Senior Managing Executive Officer	Masakazu Negoro	Responsible for Management Finance (Accounting and Finance, Business Structure Reforms, Procurement, Human Capital Strategy)
Director, Senior Managing Executive Officer	Toru Nishiguchi	President, Consumer Products, Global; Responsible for Kao Professional Services Co., Ltd.
Director, Managing Executive Officer	David J. Muenz	Senior Vice President, ESG, Global; Responsible for Strategic Public Relations
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	Chairperson of the Board, The Medium and Small Business Research Institute; Outside Director, Baroque Japan Limited; Outside Audit & Supervisory Board Member, JTB Corp.; Outside Audit & Supervisory Board Member, TOBU RAILWAY CO., LTD.
Outside Director	Eriko Sakurai	Outside Director, Sumitomo Mitsui Financial Group, Inc.; Outside Director, Astellas Pharma Inc.; External Director, Nippon Sheet Glass Company, Limited
Outside Director	Takaaki Nishii	Senior Corporate Advisor, Ajinomoto Co., Inc.; Outside Director, Daiichi Sankyo Company, Limited
Full-time Audit & Supervisory Board Member	Yasushi Wada	
Full-time Audit & Supervisory Board Member	Sadanao Kawashima	
Outside Audit & Supervisory Board Member	Hideki Amano	Certified Public Accountant; Outside Corporate Auditor, Seiko Group Corporation; Outside Auditor, Mizuho Leasing Company, Limited
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. Osamu Shinobe, Ms. Chiaki Mukai, Mr. Nobuhide Hayashi, Ms. Eriko Sakurai, and Mr. Takaaki Nishii 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. Osamu Shinobe, Ms. Chiaki Mukai, Mr. Nobuhide Hayashi, Ms. Eriko Sakurai, Mr. Takaaki Nishii, 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 Directors and Audit & Supervisory Board Members during this fiscal year:*
 - (1) *Mr. Masakazu Negoro, Mr. Toru Nishiguchi, and Mr. Takaaki Nishii were newly elected as Director and Mr. Yasushi Wada was newly elected as Audit & Supervisory Board Member and took office at the 117th Annual General Meeting of Shareholders held on March 24, 2023.*
 - (2) *Mr. Toshiaki Takeuchi and Mr. Tomoharu Matsuda, both, Representative Director, and Ms. Hideko Aoki, Full-time Audit & Supervisory Board Member, retired from office upon the expiration of their term at the conclusion of the 117th Annual General Meeting of Shareholders held on March 24, 2023.*
 - (3) *Mr. Masakazu Negoro, Director and Senior Managing Executive Officer, was newly elected as Representative Director, Senior Managing Executive Officer and took office at the Board of Directors meeting held on March 24, 2023.*
7. *Mr. Yoshihiro Hasebe, Representative Director, was newly assigned to be responsible for DX Strategy as of January 1, 2023; Mr. Masakazu Negoro, Representative Director, was newly assigned to be responsible for Management Finance (Accounting and Finance, Business Structure Reforms, Procurement, Human Capital Strategy) as of the same date; and Mr. David J. Muenz, Director, was newly assigned to be responsible for Strategic Public Relations, as of the same date, respectively. In addition, Mr. Toru Nishiguchi, Director, was newly assigned to be responsible for Consumer Products, Global and responsible for Kao Professional Services Co., Ltd.*
8. *Mr. Michitaka Sawada, Director, has served as Executive Director of Foundation, Oil & Fat Industry Kaikan since June 15, 2023.*
9. *Mr. Nobuhide Hayashi, Director, had served as Senior Advisor of Mizuho Bank, Ltd. until March 31, 2023,*
10. *Ms. Eriko Sakurai, Director, has served as External Director of Nippon Sheet Glass Company, Limited. since June 29, 2023.*
11. *Mr. Takaaki Nishii, Director, has served as Outside Director of Daiichi Sankyo Company, Limited since June 19, 2023.*

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% to 35% of the base salary for other Executive Officers. In order to achieve “profitable growth,” the Company determines the bonus payment rate by looking at sales and profit results against the single-year target, improvement from the previous year’s results, business results that reflect the achievement level of single-year target EVA, which is a management index that the Company holds in high regard as an indicator to measure the degree of corporate value, and the results of individual evaluation. The bonus payment rate is set within a range of 0% to 200%.

The net sales and profit targets have been made consistent between Directors, other than Outside Directors, and Executive Officers and employees so that they can work together to achieve them. These targets are different from the figures in the announced forecasts, taking into account a certain level of relevance and consent as the companywide goals. On the other hand, regarding the EVA target, the Company has set target based on publicly announced performance forecasts as executive performance indicators (The target value for bonus calculation may exceed the announced performance forecast.). In the process of individual evaluation, the Company has put in place a process of evaluation by Outside Directors and Outside Audit & Supervisory Board Members to ensure objectivity and transparency of the evaluation.

The single-year targets for these evaluation indicators for the fiscal year under review were sales (sales calculated based on the accounting standards used before the adoption of IFRS 15) of 1,676.0 billion yen, profit (gross profit minus selling, general administrative expenses) of 124.8 billion yen, with EVA single-year target of 24.2 billion yen. The actual results were sales of 1,634.8 billion yen, profit of 93.7 billion yen, and EVA of 14.9 billion yen. In addition to the above, the percentage improvement from the results of the previous fiscal year is used as an evaluation indicator for sales and profit. The rate of business performance-based remuneration based on these results for the fiscal year under review came in at 58.59%.

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

Company shares, etc., are delivered to Directors, other than Outside Directors, and Executive Officers based on factors such as the degree of achievement of the key performance targets adopted under the Mid-term Plan “K25.” (Initially, the applicable period was set to five fiscal years up to the fiscal year ending December 31, 2025. However, since the Mid-term Plan “K27” was announced, the period has been changed to three fiscal years up to the fiscal year ended December 31, 2023.) 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. Through an overall evaluation of these indicators based on the degree of achievement

as of FY2023 and subsequent assessments by the Compensation Advisory Committee for Directors and Executive Officers, the variable coefficient for “K25” has been determined at 80% by the Board of Directors.

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.

At a Board of Directors meeting, the Company will revise the ratio of performance-based remuneration to total remuneration for Directors, excluding Outside Directors, and Executive Officers subject to shareholders’ approval of “Proposal 4. Partial Revision of the Amount and Other Terms and Conditions of Performance Shares, etc. for Directors, etc.” at this Annual General Meeting of Shareholders to better incentivize them to contribute to enhancing corporate value and achieving performance targets.

Details of revisions to the ratios of short-time incentive compensation (bonus) and long-term incentive compensation (performance-based stock compensation)

Category	Short-term incentive compensation (bonus)		Long-term incentive compensation (performance-based stock compensation)	
	Before revision	After revision	Before revision	After revision
President and CEO	50% of base salary	100% of base salary	30% to 50% of base salary	30% to 100% of base salary
Executive Officers with titles (excluding President and CEO)	40% of base salary	50% to 70% of base salary		
Other Executive Officers	30% to 35% of base salary	30% to 50% of base salary		

**The levels of base salary will not be revised in FY2024.*

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

In determining the details of compensation for individual Directors for the current fiscal year, the Compensation Advisory Committee for Directors and Executive Officers 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.

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 objective perspective. The committee is composed of all Outside Audit & Supervisory Board Members, the President and CEO, and one Outside Director. The chairperson is elected from among the Outside Audit & Supervisory Board Members.

Compensation standards for 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 and other companies that are comparable to the Company in terms of the direction of management strategies and business form, using officer compensation survey data from an external survey organization. In the future, when deemed necessary based on the Company’s executive structure and the market level of compensation for Directors, we may consider revising the maximum amounts of monetary remuneration (630 million yen annually (including 100 million yen per year for Outside Directors, and excluding salary amounts, etc. to be paid to Directors who also serve as employees of the Company for their service as employees) and submit a proposal of the revision to an Annual General Meeting of Shareholders of the Company to seek for shareholders’ approval.

(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 stock compensation)	
					Variable Portion	Fixed Portion
Directors (including, in parentheses, Outside Directors)	12 (5)	674 (89)	490 (89)	82 (-)	66 (-)	36 (-)
Audit & Supervisory Board Members (including, in parentheses, Outside Audit & Supervisory Board Members)	6 (3)	120 (47)	120 (47)	- (-)	- (-)	- (-)
Total (including, in parentheses, Outside Directors and Outside Audit & Supervisory Board Members)	18 (8)	794 (136)	610 (136)	82 (-)	66 (-)	36 (-)

Notes:

- The above numbers of Directors/Audit & Supervisory Board Members include two Inside Directors and one Inside Audit & Supervisory Board Member who resigned at the conclusion of the 117th Annual General Meeting of Shareholders held on March 24, 2023.
- The variable portion of the long-term incentive compensation (performance-based stock compensation) will be finalized as the fiscal year under review falls on the final year of the Mid-term Plan "K25." Initially, the applicable period was set to five fiscal years up to the fiscal year ending December 31, 2025. However, since the Mid-term Plan "K27" was announced, the period is expected to be changed to three fiscal years up to the fiscal year ended December 31, 2023. As the amount of provision for long-term incentive compensation recognized for the current fiscal year is 112 million yen, while the amount of reversal of provision for prior years based on the degree of achievement of "K25" is 46 million yen, the difference between them is shown in the table above.

For Directors of foreign nationals, we plan to pay cash equivalent to the variable portion of long-term incentive compensation (performance-based stock compensation).

- The maximum amounts of remuneration, etc. are as follows:

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

An annual amount of 630 million yen (as resolved at the 101st Annual General Meeting of Shareholders held on June 28, 2007). The Company had 15 Directors (including two Outside Directors) at the 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 monetary remuneration, etc., for the Directors. Under this share incentive plan, trust money of up to 3.65 billion yen is contributed concerning the fiscal years subject to the Company's mid-term plan (the initial period to be covered being the period of five fiscal years from the fiscal year ended December 31, 2021 to the fiscal year ending December 31, 2025), and the Company's shares are acquired through a trust and are then vested, etc., through the trust, based on the evaluation indicators consisting of growth potential evaluation indicators (such as the degree of growth in overall business sales and profit, etc.), ESG potential evaluation indicators (such as evaluation by external indicators), and management potential evaluation indicators (such as evaluation of management activities by the Company's employees). The Company had four Directors (excluding Outside Directors) at the time such resolution was adopted.

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

4. *Aggregate amount of remuneration, etc. paid to Outside Directors and Outside Audit & Supervisory Board Members by the Company's subsidiaries, etc., other than the aggregate amount of remuneration, etc. paid to Outside Directors and Outside Audit & Supervisory Board Members:*

Remuneration paid to one Outside Audit & Supervisory Board Member for his service as an Audit & Supervisory Board Member of Kao Group Customer Marketing Co., Ltd. was 4 million yen.

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	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 patents, as well as lecture fee payments to the university; however, the amounts of such transactions and payments 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 catalogue transactions, software maintenance, and system support for Fujitsu Limited's products; however, the amounts of such transactions account for less than 0.1% of Fujitsu Limited's net sales and the Company's net sales for the latest fiscal year, respectively.
Director	Nobuhide Hayashi	Chairperson of the Board, The Medium and Small Business Research Institute	No special relation
		Outside Director, Baroque Japan Limited	The Company has transactions with Baroque Japan Limited, which involve the promotion of products; however, the amounts of such transactions account for less than 0.1% of Baroque Japan's net sales and the Company's net sales for the latest fiscal year, respectively.
		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 JTB'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

Title	Name	Material Position(s) Held	Relationship with the Company
Director	Eriko Sakurai	Outside Director, Sumitomo Mitsui Financial Group, Inc.	No special relation
		Outside Director, Astellas Pharma Inc.	No special relation
		External Director, Nippon Sheet Glass Company, Limited	The Company has transactions related to the purchase of raw materials and patents; however, the amounts of such transactions account for less than 0.1% of Nippon Sheet Glass's net sales and the Company's net sales for the latest fiscal year, respectively.
Director	Takaaki Nishii	Senior Corporate Advisor, Ajinomoto Co., Inc.	The Company has transactions related to the use of the Company's training facilities; however, the amounts of such transactions account for less than 0.1% of Ajinomoto's net sales and the Company's net sales for the latest fiscal year, respectively.
		Outside Director, Daiichi Sankyo Company, Limited	No special relation
Audit & Supervisory Board Member	Hideki Amano	Certified Public Accountant	No special relation
		Outside Corporate Auditor, Seiko Group Corporation	No special relation
		Outside Auditor, Mizuho Leasing Company, Limited	No special relation
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 related to joint research, instructions on research, etc.; however, the amounts of such transactions account for less than 0.1% of the university's income from education activities and the Company's net sales for the latest fiscal year, respectively.
Audit & Supervisory Board Member	Takahiro Nakazawa	Certified Public Accountant	No special relation
		Outside Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation	No special relation

Note: The Company has regular bank transactions with and receives consulting services on overseas markets from Mizuho Bank, Ltd., where Mr. Nobuhide Hayashi served as Senior Advisor until March 31, 2023. The amounts of such transactions account for less than 0.1% of Mizuho Bank's ordinary income and the Company's net sales for the latest fiscal year, respectively.

(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	Osamu Shinobe	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 manager of an airline company. He served as a member of the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee for Directors and Executive Officers.
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 Chairperson of the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members and as a member of the Compensation Advisory Committee for Directors and Executive Officers.
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 the Nominees for Directors and Audit & Supervisory Board Members and as a Chairperson of the Compensation Advisory Committee for Directors and Executive Officers.
Director	Eriko Sakurai	15 out of 15 meetings	—	At meetings of the Board of Directors, she made comments principally based on her considerable experience as a manager of a chemicals manufacturer. She served as a member of the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee for Directors and Executive Officers.
Director	Takaaki Nishii	11 out of 11 meetings	—	At meetings of the Board of Directors, he made comments principally based on his considerable experience as a manager of a food manufacturer. He served as a member of the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members and the Compensation Advisory Committee for Directors and Executive Officers.
Audit & Supervisory Board Member	Hideki Amano	15 out of 15 meetings	11 out of 11 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	11 out of 11 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	11 out of 11 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.

Note: During the current fiscal year, the Board of Directors held 15 meetings and the Audit & Supervisory Board held 11 meetings. Since the appointment of Mr. Takaaki Nishii, the Board of Directors has held 11 meetings.

(For Reference) Status of Executive Officers (as of January 1, 2024)

Title	Name	Duties at the Company and Other Material Position(s) Held
President and CEO	Yoshihiro Hasebe	Responsible for DX Strategy; Chairperson, The Kao Foundation for Arts and Sciences
Senior Managing Executive Officer	Masakazu Negoro	Responsible for Management Finance (Accounting and Finance, Business Structure Reforms, Procurement, Human Capital Strategy)
Senior Managing Executive Officer	Toru Nishiguchi	Responsible for Consumer Products, Global; President, Consumer Products - Life Care Business, Global; Responsible for Kao Professional Services Co., Ltd.
Managing Executive Officer	David J. Muenz	Senior Vice President, ESG, Global; Responsible for Strategic Public Relations
Managing Executive Officer	Osamu Tabata	Senior Vice President, Supply Chain Management, Global; Responsible for TCR Promotion
Managing Executive Officer	Yoshihiro Murakami	Senior Vice President, DX Strategy, Global
Managing Executive Officer	Hideaki Kubo	Senior Vice President, Research and Development, Global
Managing Executive Officer	Satoru Tanaka	Senior Vice President, Corporate Strategy, Global; Responsible for Product Quality Management; Responsible for Legal
Senior Executive Officer	Masahiro Katayose	President, Chemical Business, Global; Chairperson of the Board, Fatty Chemical (Malaysia) Sdn. Bhd.; Chairperson of the Board, Pilipinas Kao, Inc.; Chairperson of the Board, Kao Chemicals Europe, S.L.
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
Senior Executive Officer	Hideki Mamiya	Senior Vice President, Human Capital Strategy, Global; President, Kao Group Corporate Pension Fund; Chairperson of the Board, Kao America Inc.
Senior Executive Officer	Yosuke Maezawa	President, Consumer Products - Cosmetics Business, Global; Representative Director, President, Kanebo Cosmetics Inc.
Senior Executive Officer	Yoshio Nakao	Representative Director, President, Kao Group Customer Marketing Co., Ltd.
Senior Executive Officer	Naohiko Uramoto	Vice President, DX Strategy - Data Intelligence Strategy, Global
Executive Officer	Ryoichi Harada	Senior Vice President, Enterprise Information Solutions, Global
Executive Officer	Shigeo Nakai	Vice President, Corporate Strategy - New Business Development, Global
Executive Officer	Masaru Takeyasu	Chairperson of the Board and President, Kao (China) Holding Co., Ltd.; Chairperson of the Board, Kao Corporation Shanghai; Chairperson of the Board, Kao Commercial (Shanghai) Co., Ltd.; Chairperson of the Board, Kanebo Cosmetics (China) Co., Ltd.; Chairperson of the Board and President, Kao (Hefei) Co., Ltd.
Executive Officer	Motomitsu Hasumi	Senior Vice President, Product Quality Management, Global
Executive Officer	Mami Murata	Senior Vice President, Strategic Public Relations, Global

Title	Name	Duties at the Company and Other Material Position(s) Held
Executive Officer	Karen B. Frank	President, Consumer Products - Consumer Care Business, Americas and EMEA; Chairperson of the Board and President, Kao USA Inc.
Executive Officer	Yoji Matsumoto	Representative Director, Senior Managing Executive Officer, Kao Group Customer Marketing Co., Ltd.
Executive Officer	Hiroyuki Terazaki	Vice President, Research and Development, Global; Responsible for Research and Development - Global Products Technology
Executive Officer	Dominic M. Pratt	President, Consumer Products - Salon Business, Global; Chairperson of the Board, Oribe Hair Care, LLC; President, Kao Germany GmbH
Executive Officer	Naoshi Nakamoto	Senior Vice President, Procurement, Global
Executive Officer	Mark Johnson	President, Consumer Products - Cosmetics Business, Americas and EMEA; President, Molton Brown Limited
Executive Officer	Hideo Makino	Senior Vice President, Accounting and Finance, Global; President, Kao America Inc.
Executive Officer	Toshiteru Komatsu	Vice President, Supply Chain Management - Manufacturing Plant Center, Global; Responsible for Strategic Innovative Technology, SCM, Global
Executive Officer	Yasuo Toyoshima	Vice President, Research and Development - Sanitary Products Research, Global; Responsible for Research and Development - Healthcare Business, Global
Executive Officer	Daisuke Hamada	Senior Vice President, Chemical Business, Global
Executive Officer	Akiko Hasegawa	Senior Vice President, Legal, 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: 157 million yen
- (2) Aggregate amount of monetary and other proprietary benefits to be paid by the Company and its subsidiaries: 260 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 Act, 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 and held discussions 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 determined that they were appropriate and has consented 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 and others.*
- 4. Of the Company's main subsidiaries, audits (limited to audits under the Companies Act or the Financial Instruments and Exchange Act 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. Outline of Management of Systems to Ensure Appropriate Business Operations of the Company

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

Efforts Concerning Compliance

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

The following efforts are made in order to reduce material compliance risks:

- In the event of a compliance violation, the Company has implemented through system to immediately report to the senior management or Audit & Supervisory Board Members. For all reported/consulted incidents, we confirm and assess how these incidents have been addressed, while taking into account the evaluation and suggestions, from a third-party perspective, of an outside attorney who attends the monthly Compliance Committee Secretariat Meeting as an advisor. For the incidents that require special attention, we identify the incidents that could constitute material compliance violations and conduct a root cause analysis. We then implement countermeasures against these incidents in cooperation with the departments in which such potential compliance violations took place in a bid to prevent their recurrence. The Compliance Committee, which is convened quarterly, confirms the status of countermeasures taken by the departments in which the incidents took place or the departments that are principally in charge of the issues involved, to reduce the risk of similar incidents taking place in any other departments.
- The Compliance Hotline (counselors and lawyers) is put in place both outside and inside the Company. During the current fiscal year, we received 639 reports and consultations (including inquiries). For all reported and consulted incidents, we conducted fact-finding investigations into the incidents where investigations were requested, and resolved each incident one by one, while implementing necessary measures based on the awareness that there are issues that we should address to maintain a positive workplace climate as the Company. We have also worked to foster an “open corporate climate” that would make it easier for people both inside and outside the Company to voice their opinions, thereby preventing the spread and prolongation of compliance violations.
- In an effort to prevent compliance violations, Chairperson of the Compliance Committee posted poster conveying the importance of raising one's voice, and the managers of each organization sent out compliance messages to maintain and raise the compliance awareness of each and every one of their employees. The managers of each organization sent out compliance messages to maintain and raise the compliance awareness of everyone. Further, a BCG verification test and compliance awareness survey was conducted on all global Kao Group employees (excluding temporary and part-time employees). In addition, the Company provides enlightening information on compliance case studies via the intranet of Kao Group, and in Japan, it builds compliance awareness using posters with a four-frame cartoon printed on them.
- Tasks were identified based on the analysis of evaluation items obtained from the principal external evaluation organizations. The improvement measures for these tasks were added to future activity plans. Practical examples for FY2023 include: (1) outsourcing the Compliance Hotline to an outside service provider to make it easier for whistleblowers to voice their opinions (by opening the Hotline for longer hours and also on weekends and holidays), (2) implementing a process to verify, after a certain period of time, whether the measures to prevent the reoccurrence of compliance violations that have been conducted by the department where the compliance violations occurred which dig into the root cause of such violations have been effective, (3) sharing the information about reported/consulted incidents, communicating the lessons learnt from these incidents, and implementing activities to encourage the exchange of opinions among the employees within an organization so they can recognize the differences in opinions with others, (4) creating and putting up posters themed on compliance in multiple languages as an effort to keep all employees informed of compliance information issued by the Company, and (5) continuing to conduct self-evaluation on compliance activities to identify issues and consider taking measures to improve the situation in the future.

Efforts Concerning Risk and Crisis Management

By identifying risks that have a particularly large impact on management and require enhanced responses, as “corporate risks,” we determined the themes and owners of such risks (those responsible to address these themes: Executive Officers) at the Management Board. Specifically, we worked to strengthen measures for risk themes,

including major earthquakes, natural disasters and BCP; serious quality issues; geopolitical risk; cyber-attacks and protection of personal information; and reputation risk. Through the investigation into these risk themes, we identified material risks that hamper the achievement of the Mid-term Plan “K27,” confirmed the progress of these measures and issues on a global scale, and made clear the issues that constitute material risks or bottleneck issues. While we had addressed the global COVID-19 pandemic by establishing the Emergency Response Headquarters (headed by the President and CEO) in 2020, we dissolved the Emergency Response Headquarters in February 2023 in view of the changes in characteristics of the virus and the state of infections, etc., to transition to a stage where we treat COVID-19 as endemic.

Efforts Concerning Subsidiary Management

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

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

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

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

Results of activities by the Audit & Supervisory Board Members

The Audit & Supervisory Board Members are entrusted by shareholders to audit Directors' execution of duties from an independent standpoint, and thus, are engaged in auditing activities to achieve sound and sustainable growth of the Company and the Group and establish governance that meets the trust of stakeholders.

Accordingly, we provide in the Audit Report a more detailed explanation of the activities of the Audit & Supervisory Board Members during the fiscal year under review to enhance the transparency of audits and the effectiveness of dialogue with stakeholders as below.

1. Audit policy

During the fiscal year under review, as the business environment remained uncertain in the face of rising geopolitical risks and other factors, we were required to make a major transformation toward achieving profitable growth. Under these circumstances, with a shared sense of urgency and necessity of reforms recognized by management, the Company adopted a policy to audit the progress of implementation of management strategies and response to management environmental risks, while conducting auditing activities, including ESG related activities, in view of the requests and views of society and stakeholders.

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

■ Lively exchange of opinions

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

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

In addition, the Audit & Supervisory Board Members conduct on-site audits and interviews of each division and subsidiary and affiliates. By placing importance on dialogue with people at the actual sites (*Genba*), they confirm the degree of how well corporate strategy is being shared and whether proactive efforts are being made. They also identify any issues that occur at *Genba*. At least one Outside Audit & Supervisory Board Member has participated in approximately 60% of the interviews.

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

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

The Office of the Audit & Supervisory Board was established directly under the Audit & Supervisory Board, to assist the Audit & Supervisory Board Members with their duties and to allow the members to serve concurrently as Auditors of subsidiaries.

3. Deliberations by the Audit & Supervisory Board

Number of meetings held: 11	Attendance rate of Audit & Supervisory Board Members: all members marked 100%	Duration: Average of 1 hour and 51 minutes
Main agenda of the Audit & Supervisory Board		
26 resolutions: Audit policy, division of duties, critical auditing items, annual plan, audit report, Audit & Supervisory Board rules, internal control matters, Accounting Auditor matters (including agreement on compensation, and deliberation on reappointment), appointment and compensation of Audit & Supervisory Board Members, etc.		9 matters considered: Audit findings on critical auditing items, revision of Audit & Supervisory Board rules, closely monitoring issues concerning internal control, exchange of opinions with Representative Directors and Outside Directors, confirmation of the effectiveness evaluation process, etc.

Irrespective of agenda items at the Audit & Supervisory Board meetings, opinions regarding medium- to long-term issues are exchanged freely as needed.

<Evaluation of the effectiveness of the Audit & Supervisory Board>

Each year, the Board sets evaluation items, with a focus on critical auditing items, and evaluates the effectiveness of the Board from a multifaceted and objective perspective. For the fiscal year under review, through comprehensive and unfettered discussions at the Audit & Supervisory Board meetings based on the self-evaluation by each Audit & Supervisory Board Member, the exchange of opinions with Representative Directors, and feedbacks from Outside Directors and other related parties, it was concluded that the system of the Board as a whole was functioning effectively.

The Audit & Supervisory Board observed and assessed, at Genba, the degree of utilization of ROIC in each business segment and the progress of structural reforms, which are part of management strategies; compiled the results of such observation and assessment into a proposal and shared the proposal with Directors. The Board will continue to observe the ROIC in each business segment. As for the threefold auditing structure, to further strengthen the collaboration between three organizations, we understand that we need to share auditing plans and issues with other organizations.

The issues identified through the effectiveness evaluation will be reflected in auditing activities and critical auditing items for the next fiscal year so that the effectiveness of the Board will be further improved.

4. Critical auditing items, achievements and evaluation of effectiveness

Critical auditing items	Audit method	Activity results and evaluation of effectiveness	Division of audit	
			Full-time	Outside
Status of execution of duties by Directors	Attend meetings of the Board of Directors to confirm the status of deliberations and resolutions, and express opinions if necessary	All Audit & Supervisory Board Members attended all meetings. All of them actively expressed their opinions.	✓	✓
	Attend important meetings such as the Management Board to confirm decision-making process, request explanations as necessary, and expressed opinions in a timely manner	Attendance rate was 100%, reviewed decision-making process and commented on matters to be considered.	✓	—
	Meetings to exchange opinions with management	Kao: Representative Directors (three times). Outside Directors (two times), Executive Officers with titles (six times) Important subsidiaries: Representative Directors (two times) Exchanged frank opinions regarding management issues, future governance., etc. Discussed the priority levels of risks and issues with Outside Directors, and shared the results of such discussions with Representative Directors, etc. to deepen understanding	✓	✓
	On-site audits and interviews of worksites, divisions, domestic and overseas subsidiaries and affiliates (During on-site inspections and hearings, we also confirm priority audit items such as internal control.)	107 times - Emphasis placed on dialogue (using half the hours of interviews for the exchange of opinions) - Confirmed the improvement status at a later date, seeking for the completion of reporting on audit findings. Shared the findings with executive officers as appropriate along with excellent on-site initiatives	✓	From time to time
	Attend the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members and Compensation Advisory Committee for Directors and Executive Officers	7 times	—	✓

Critical auditing items	Audit method	Activity results and evaluation of effectiveness	Division of audit	
			Full-time	Outside
Effectiveness of the Group governance	<ul style="list-style-type: none"> - Systematize the Kao Group's structure of Audit & Supervisory Board (the Company, affiliates, and subsidiaries) - Improve the effectiveness of auditing activities tailored to each company's characteristics, under the unified management of the Group 	<ul style="list-style-type: none"> - Under a system in which members of the Office of the Audit & Supervisory Board concurrently serve as Auditors of subsidiaries - All Auditors of subsidiaries and affiliates regularly exchanged opinions to identify and review risks (five times). Provided training to improve their skills - Conducted effectiveness evaluation of the Auditors at important subsidiaries 	✓	From time to time
	<ul style="list-style-type: none"> - Exchange opinions between the Accounting Auditor, Audit & Supervisory Board Members and related departments - Report accounting audit results to the Board of Directors meetings 	<ul style="list-style-type: none"> Exchanged opinions (15 times), and reported to the Board of Directors meetings (two times) - Audit plan, accounting audit results, key audit matters, disclosure of non-financial information, non-assurance services management, audit quality, etc. -Held global meetings to exchange opinions with domestic and overseas auditors and shared issues of each company 	✓	✓
Development and operation of internal control	<ul style="list-style-type: none"> - Hold interviews with the departments in charge of the second line of internal control - Attend the meetings or check the minutes of Internal Control Committee and major subordinate committees - Check the response status of the Compliance Hotline 	<ul style="list-style-type: none"> Every quarter or semi-annually - Confirmed that voluntary inspection and monitoring were firmly in place and issues had been improved - Expressed opinion on matters reported to the hotline and how these matters were handled. Confirmed that the progress was seen in the hotline system 	✓	From time to time
	Collaboration with the Department of Internal Audit which is the division responsible for internal auditing	<ul style="list-style-type: none"> - Held regular meetings (four times) to share audit plans and issues - Vice President of the Department of Internal Audit attended the Audit & Supervisory Board meetings and the meetings to exchange opinions among auditors of the Group, as needed. 	✓	From time to time
	Evaluation of the construction and operation status of the internal control system using a checklist	Generally valid	✓	—

Critical auditing items	Audit method	Activity results and evaluation of effectiveness	Division of audit	
			Full-time	Outside
Proactive disclosure	Investigate into requests of society and stakeholders for information disclosure of the Company and confirmed its disclosure status and external evaluations	<ul style="list-style-type: none"> - Looked into how the Company had responded to such requests. Confirmed that the system for promoting and the status of information disclosure were generally satisfactory - Promoted the disclosure of activities of the Audit & Supervisory Board Members 	✓	—

- End -