

March 4, 2025

NOTICE OF THE 119th ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Our Shareholders:

Kao Corporation (the “Company”) is pleased to announce that the 119th Annual General Meeting of Shareholders of the Company (“AGM”) will be held on March 21, 2025 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.)*

Company Proposal

1. **Proposal for Appropriation of Retained Earnings**
2. **Election of nine (9) Directors**
3. **Election of two (2) Audit & Supervisory Board Members**

Shareholder Proposal

4. **Appointment of five Outside Directors**
5. **Revision of Compensation for Outside Directors**
6. **Grant of Restricted Stock Units (RSU) for Outside Directors**
7. **Approval of the Equity Compensation Plan for Directors (Excluding Outside Directors)**

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 Cherryl Tirol at +001-201-222-4375 or cherryl.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/

Thank you very much for your attention.

Very truly yours,



Yoshihiro Hasebe
Representative Director
President and Chief Executive Officer

ISIN	JP3205800000
SEDOL	6483809

Message from the CEO

On behalf of the company, I would like to express my sincerest gratitude for your continued support.

We are pleased to announce the 119th Annual General Meeting of Shareholders, which will be held on March 21, 2025.

The Kao Group aims to realize a *Kirei*^{*1} World, where all life lives in harmony. We strive to be an integral part of a sustainable society, committed to protecting future lives and fostering connections between people, the earth, and society, as well as enhancing vibrant relationships among individuals.

In FY2024, as the effects of the large-scale structural reforms initiated the previous year became clear, leading to a robust recovery in profits. Our strategic marketing investments have bolstered the competitive edge of our core brands, empowering us to successfully increase market share while improving our profit margins. Furthermore, we are aggressively driving initiatives to expand our skin protection business and our six key cosmetics brands, all while enhancing the global rollout of high-value products.

In light of these business developments, we propose a year-end dividend of 76.00 yen per share for FY2024. With the interim dividend already paid, the total dividend for this fiscal year reaches 152.00 yen per share, marking a growth of 2.00 yen over the previous fiscal year. This marks our 35th consecutive period of dividend increases.

The employees of the Kao Group are uniting to showcase their abilities, propelling our Mid-term Plan “K27” forward with strong momentum. We are confident that our well-balanced investment in human capital has maximized employee vitality, while our organizational scrum-style management has steadily improved the quality and speed of Kao’s “*Yoki-Monozukuri*”^{*2}.

The world's resources are limited, yet consumption continues to surge. Kao aims to create maximum value with minimal resources and become a “*Global Sharp Top*”^{*3} company, distinguished by our dedication to offering an exceptional selection of products that meet the diverse needs of the global market.

We remain dedicated to bringing together the diverse strengths of Kao Group employees and utilizing all our resources to create a promising future that goes beyond expectations.

Once again, I would like to express my gratitude for the continuous support and encouragement from our shareholders.

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

**2 The Kao Group passionately embraces the concept of Yoki-Monozukuri, which embodies a collective commitment from all members to deliver exceptional products and brands that ensure unparalleled consumer satisfaction. In Japanese, “Yoki” signifies “good” or “excellent,” while “Monozukuri” embodies the mastery of product development and manufacturing.*

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



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 119th Annual General Meeting of Shareholders of the Company (the “AGM”) to be held on March 21, 2025 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, 2024 (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.*

COMPANY PROPOSAL (PROPOSAL 1 THROUGH PROPOSAL 3)

Proposals 1 through 3 are proposals made by the Company.

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
76.00 yen per share of common shares of the Company
Aggregate amount of distribution: 35,401,615,632 yen
- (2) Effective Date of Distribution of Retained Earnings
March 24, 2025

If this proposal is adopted without any amendment, then, by adding the interim dividends of **76.00 yen per share** to the above year-end dividends of **76.00 yen per share**, the total dividends for this fiscal year will be **152.00 yen per share**, an increase of 2.00 yen per share over the previous fiscal year, representing a consolidated payout ratio of 65.5 %.

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

PROPOSAL 2: ELECTION OF NINE (9) DIRECTORS

The current eight (8) directors will all complete their terms upon the conclusion of this General Meeting of Shareholders. In order to enhance the oversight function, appoint personnel with global expertise, experience, capabilities, and further expand diversity within the Board of Directors to strengthen its effectiveness, we propose increasing the number of outside directors by one. As a result, we seek approval for the election of nine directors, comprising four inside directors and five outside directors. The director candidates are listed below. If the candidates are elected as proposed, all five outside directors will qualify as independent outside directors under the Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation. As a result, independent outside directors will constitute a majority of the Board. We believe that all candidates possess the necessary experience, expertise, and qualities required to fulfill their roles.

The Standards for Independence of Outside Directors/Audit & Supervisory Board Members of Kao Corporation can be found at the following link:

https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/about/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; [Other material position(s) held] Chairperson, The Kao Foundation for Arts and Sciences	9 years	100% (14/14)
2.	Masakazu Negoro	Re-nomination	Representative Director, Senior Managing Executive Officer; Responsible for Management Finance Unit	2 years	100% (14/14)
3.	Toru Nishiguchi	Re-nomination	Representative Director, Senior Managing Executive Officer; Responsible for Global Consumer Care Business, Global; President, Global Consumer Care, Asia	2 years	100% (14/14)
4.	Lisa MacCallum	New Nominee	Corporate Executive Fellow (Responsible for Corporate Branding) [Other material position(s) held] Founder and President, Inspired Companies Pty Ltd.; Non-Executive Director, Adani Energy Solutions Limited; Non-Executive Director, Bond University Limited	–	–
5.	Osamu Shinobe	Re-nomination; Outside Director; Independent Director	Director [Other material position(s) held] Special Advisor, ANA HOLDINGS INC.	7 years	100% (14/14)
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	3 years	100% (14/14)
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	2 years	100% (14/14)
8.	Makoto Takashima	Re-nomination; Outside Director; Independent Director	Director [Other material position(s) held] Chairman of the Board, Sumitomo Mitsui Banking Corporation	1 year	100% (11/11)
9.	Sarah L. Casanova	New Nominee; Outside Director; Independent Director	[Other material position(s) held] External Director, Mitsui & Co., Ltd.	–	–

Note: A total of 14 meetings of the Board of Directors were held from January 2024 to December 2024, and 11 meetings of the Board of Directors have been held since the appointment of Director Mr. Makoto Takashima.

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

Re-nomination



[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
Attendance to the Meeting of the Board of Directors:	March 2014	Executive Officer; Vice President, Research and Development, Global; Vice President, Research and Development - Core Technology
14/14 (100%)	March 2015	Executive Officer; Senior Vice President, Research and Development, Global
Number of the Company shares owned:	January 2016	Managing Executive Officer; Senior Vice President, Research and Development, Global
18,000 shares	March 2016	Director, Managing Executive Officer; Senior Vice President, Research and Development, Global
Term of office at the conclusion of this AGM:	January 2018	Director, Senior Managing Executive Officer; Senior Vice President, Research and Development, Global; Responsible for Corporate Functions, Global
9 years	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

[Other material position(s) held]

Chairperson, The Kao Foundation for Arts and Sciences

[Reason for nomination as a candidate for Director]

Mr. Hasebe has been integral to driving Kao's "Yoki-Monozukuri^{*1}" philosophy to deliver innovative products that contribute to a harmonious and prosperous world through a focus on research and development. He has also served as the head of the Strategic Innovative Technology office, leading strategic digital transformation initiatives.

Since assuming the role of President and CEO in January 2021, he has actively pursued initiatives beyond conventional business models, leveraging digital technologies, maximizing employee engagement, and enhancing operational productivity to establish Kao as a company that is "Protecting Future Lives." In 2023, he was instrumental in the formulation and launch of the K27 mid-term management plan which included the implementation of structural reforms aiming to establish Global Sharp Top^{*2} businesses. Since then, he has been vigorously driving the Global Sharp Top Strategy in both talent and business domains, ensuring steady progress on K27 to enhance corporate value. We have determined that Mr. Hasebe's leadership, along with his extensive experience and expertise, will further contribute to enhancing Kao Group's corporate value. Therefore, we are nominating him for reappointment as a director.

^{*1} The Kao Group defines Yoki-Monozukuri as a strong commitment by all members to provide products and brands of excellent value for consumer satisfaction. In Japanese, Yoki literally means "good/excellent," and Monozukuri means development/manufacturing of products."

^{*2} Global Sharp Top: Contributing as global No.1 to addressing the critical needs of customers with leading-edge solutions



[Career summary, status and duties at the Company]

Attendance to the Meeting of the Board of Directors:
14/14 (100%)

Number of the Company shares owned:
12,400 shares

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

April 1983	Joined the Company
March 1999	Business Manager, Oleo & Specialties, Kao Specialties Americas LLC
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)
March 2023	Representative Director, Senior Managing Executive Officer (current); Responsible for Management Finance (Accounting and Finance, Business Structure Reforms, Procurement, Human Capital Strategy)
January 2025	Responsible for Management Finance Unit (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 managing Kao’s overseas subsidiaries in the chemicals sector.

In January 2019, he was appointed Head of the Procurement Division, where he promoted initiatives to ensure traceability across the entire supply chain in collaboration with business partners, in accordance with Kao’s Policies for Procurement. His efforts also focused on addressing social issues such as resource conservation, environmental protection, safety, and human rights.

Additionally, as an executive officer in charge of finance and accounting, he engaged in constructive dialogue with stakeholders through earnings conference and other communications. Since 2023, he has led the introduction of business-specific ROIC (Return on Invested Capital) to enhance portfolio management and advance Kao’s Economic Value Added (EVA*) approach. He has also driven structural reforms essential for achieving K27, contributing to sustainable profit expansion through global growth and operational improvements.

We are confident that Mr. Negoro’s experience and expertise will contribute to Kao Group’s corporate value by strengthening the Board’s strategic planning, decision-making, and oversight. Therefore, we are nominating him for reappointment 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: **14/14 (100%)**

Number of the Company shares owned: **17,800 shares**

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

[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.
January 2024	Director, Senior Managing Executive Officer (current); Responsible for Consumer Products, Global; President, Consumer Products - Life Care Business, Global; Responsible for Kao Professional Services Co., Ltd.
March 2024	Representative Director, Senior Managing Executive Officer (current); Responsible for Consumer Products, Global; President, Consumer Products - Life Care Business, Global; Responsible for Kao Professional Services Co., Ltd.
January 2025	Responsible for Global Consumer Care Business, Global; President, Global Consumer Care, Asia (current)

[Reason for nomination as a candidate for Director]

Mr. Nishiguchi has been at the forefront of Kao's "Yoki-Monozukuri" philosophy for many years, leading product development—the core function of innovation—and marketing to effectively communicate the essential value of products to consumers.

More recently, he has overseen Kao's Consumer Products Business, gaining deep insights into global competitive dynamics, evolving consumer and partner expectations, stakeholder demands, and the company's strengths and challenges. He also has extensive global management experience, including leadership of key subsidiaries across Asia, particularly in China.

Since 2023, as Responsible of the Consumer Products, he has been driving the swift and decisive development of Kao's Global Sharp Top business. He has spearheaded structural reforms in the baby diaper segment, improved profitability in the sanitary products business, and accelerated research and development and marketing through digital transformation (DX). Notably, in the hair care segment, he successfully led Kao's rapid entry into Japan's premium market, demonstrating strong results.

We are confident that Mr. Nishiguchi's experience and expertise will contribute to Kao Group's corporate value by strengthening the Board's strategic planning, decision-making, and oversight. Therefore, we are nominating him for reappointment as a director.

4. Lisa MacCallum (Date of Birth: April 10, 1972)

New Nominee



[Career summary]

February	1998	Founding Executive, Business Breakthrough, Inc. (currently, Aoba-BBT, Inc.)
November	2001	USA Business Senior Executive, NIKE, Inc.
June	2006	Managing Director, Nike Foundation
May	2010	Vice President, NIKE, Inc.
August	2015	Founder and President, Inspired Companies Pty Ltd. (current)
July	2019	ESG External Advisory Board, the Company
September	2021	Corporate Executive Fellow
January	2025	Corporate Executive Fellow (Responsible for Corporate Branding) (current)

Number of the Company shares owned:

0 shares

[Other material position(s) held]

Founder and President, Inspired Companies Pty Ltd.;
Non-Executive Director, Adani Energy Solutions Limited;
Non-Executive Director, Bond University Limited

[Reason for nomination as a candidate for Director]

Ms. MacCallum has extensive experience leading business transformation and brand repositioning at a major global sportswear company. She also has a strong background as an advisor on brand purpose, strategy, communications and ESG.

Since July 2019, she has served as a member of Kao's ESG External Advisory Board, and since September 2021, she has been an Executive Fellow, providing guidance on Kao Group's ESG initiatives and communications from a global and multi-stakeholder perspective. She has a deep understanding of Kao's business, competitive advantages and organisational culture.

Leveraging her extensive experience and expertise, we believe Ms. MacCallum will further strengthen Kao Group's global integration of sustainability and business, as well as enhance its marketing, corporate branding, and brand strategy. Therefore, we are nominating her as a director candidate.

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

Re-nomination

Outside Director

Independent
Director



Attendance to the Meeting
of the Board of Directors:
14/14 (100%)

Number of the Company
shares owned:
3,100 shares

Term of office at the
conclusion of this AGM:
7 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 extensive experience and deep insight in global corporate management and risk management, having served as an executive at an airline that actively operates both passenger and cargo businesses worldwide.

During Board discussions, he has actively contributed by providing insights and recommendations on key management issues for Kao Group. Since March 2022, he has served as Chairperson of the Board, demonstrating strong leadership in enhancing the effectiveness of the Board and contributing to the company's corporate value. Additionally, since March 2024, he has chaired the Compensation Advisory Committee for Directors and Executive Officers, playing a key role in ensuring transparency and fairness in executive compensation discussions.

Given his extensive experience and expertise, we expect him to continue overseeing Kao Group's management as an independent outside director. Therefore, we are nominating him for reappointment as an independent outside director.

If this proposal is approved, he is expected to continue serving as Chairperson of the Board and Chairperson of the Compensation Advisory Committee after the General Meeting of Shareholders.

[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, as well as transactions involving training programs held by the Company, 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:
14/14 (100%)

Number of the Company
shares owned:
500 shares

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

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

Ms. Sakurai has extensive experience in corporate management, having served for many years at the Japanese subsidiary of a U.S.-based chemical manufacturer with a global presence. She has also held outside director positions at multiple major manufacturers and financial institutions, contributing to governance oversight at global companies.

With her background in the chemical industry, she possesses deep insights into Kao Group's chemical business, which operates alongside its consumer products business. She has actively contributed to Board discussions by providing valuable input from this perspective. Additionally, she has offered strategic guidance on compensation, talent development, and human resources management based on her experience in formulating and executing HR strategies in global business environments.

Since March 2024, she has served as Chairperson of the Committee for Examination of Nominees for Directors and Audit & Supervisory Board Members, overseeing discussions on Board composition, the skills required for directors to achieve K27, candidate selection, and succession planning.

Given her extensive experience and deep expertise, we expect her to continue supervising Kao Group's management as an independent outside director. Therefore, we are nominating her for reappointment as an outside director. If this proposal is approved, she is expected to continue serving as Chairperson of the Committee for Examination of Nominees for Directors and Audit & Supervisory Board Members following the General Meeting of Shareholders.

[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 0.1% 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:
14/14 (100%)

Number of the Company
shares owned:
4,000 shares

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

[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 a long history of corporate management in a globally operating food manufacturer, where he demonstrated strong leadership in driving corporate cultural transformation and enhancing sustainable corporate value through ROIC-based management. At Kao's Board meetings, he has consistently provided insights and recommendations from a capital efficiency perspective, which has contributed to embedding ROIC principles within the company. Additionally, with his extensive experience in key HR and overseas subsidiary leadership roles in the food industry, he has provided valuable insights on talent strategy and international business operations, actively contributing to Board discussions. Furthermore, based on his experience implementing effective governance reforms, he has offered guidance on optimizing Board oversight. Given his wealth of experience and strong expertise, we expect him to continue supervising Kao Group's management as an independent outside director. Therefore, we are nominating him for reappointment 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.

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

Re-nomination

Outside Director

Independent
Director



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

Number of the Company
shares owned:
0 shares

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

[Career summary, status and duties at the Company]

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)
March	2024	Director, the Company (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 extensive experience in global corporate management, having worked in international operations and corporate planning at a major global financial institution for many years. He later served as an executive in a rapidly evolving global financial industry, demonstrating strong leadership in adapting to change.

At Kao's Board meetings, he has actively contributed by providing insights and recommendations on key areas such as Investor Relations (IR), Shareholder Relations (SR), and global partnerships. Leveraging his vast experience and deep expertise, we expect him to continue overseeing Kao Group's management as an independent outside director. Therefore, we are nominating him for reappointment as an outside director.

[Matters regarding independency]

The Company has reported to the Tokyo Stock Exchange, Inc. that Mr. Takashima 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 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.



Number of the Company
shares owned:
0 shares

[Career summary]

January	1991	Joined McDonald's Canada
October	2004	Vice President, Marketing, McDonald's Company (Japan), Ltd.
April	2007	Senior Vice President, Business Development, McDonald's Company (Japan), Ltd.
July	2009	Managing Director, McDonald's Malaysia and Brunei
June	2012	Managing Director, McDonald's Malaysia and Brunei; Regional Manager, McDonald's Malaysia, Singapore and Brunei
August	2013	Representative Director, President and CEO, McDonald's Company (Japan), Ltd.
March	2014	Representative Director, President and CEO, McDonald's Company (Japan), Ltd.;
		Representative Director, President and CEO of McDonald's Holdings Company (Japan), Ltd.
March	2019	Representative Director, Chairman of the Board, McDonald's Company (Japan), Ltd.
March	2021	Representative Director, Chairman of the Board, McDonald's Company (Japan), Ltd.;
		Representative Director, Chairman of the Board, McDonald's Holdings Company (Japan), Ltd.

[Other material position(s) held]

External Director, Mitsui & Co., Ltd.

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

Ms. Casanova has extensive experience in marketing across multiple countries, including Japan, at a major global restaurant chain. With extensive experience as an executive and regional leader in various country subsidiaries, she demonstrated exceptional management skills as the CEO of the Japanese company from 2013 to 2019, executing growth strategies which led to significant business performance improvements. She also has experience engaging with capital markets as the executive of a publicly listed company.

Given her extensive experience and expertise, our strong view is that Ms. Casanova will provide valuable oversight as an independent outside director, particularly for Kao Group's global growth strategies, brand strategy, and marketing initiatives. Therefore, we are nominating her as an outside director candidate.

[Matters regarding independency]

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

[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, Osamu Shinobe, Eriko Sakurai, Takaaki Nishii, Makoto Takashima, and Sarah L. Casanova 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 Osamu Shinobe, Eriko Sakurai, Takaaki Nishii, and Makoto Takashima, 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 Sarah L. Casanova is elected and assumes office as an Outside Director, the Company and Ms. Casanova 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

Eriko Sakurai, a nominee for Outside Director, is an Outside Director of Sumitomo Mitsui Financial Group, Inc. (SMFG), and 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 TWO (2) AUDIT & SUPERVISORY BOARD MEMBERS

Of the five (5) incumbent Audit & Supervisory Board Members, the terms of office of Sadanao Kawashima and Hideki Amano will expire at the conclusion of the AGM. Accordingly, the Company proposes the election of two (2) Audit & Supervisory Board Members including one (1) 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.

1. Mami Murata (Date of Birth: June 16, 1965)

New Nominee



[Career summary]

April	1991	Joined the Company
January	2015	Sofina Regional Brand Manager, Beauty Care - Cosmetics Business Unit - Sofina Business
January	2016	Vice President, Beauty Care - Cosmetics Business Unit - Sofina Business; Sofina est Brand Manager, Beauty Care - Cosmetics Business Unit - Sofina Business; Sofina Holistic Beauty Manager, Beauty Care - Cosmetics Business Unit -Sofina Business
January	2017	President, Beauty Care - Cosmetics Business Unit - Sofina Business; Sofina Asia Business Development Manager, Beauty Care - Cosmetics Business Unit - Sofina Business
January	2018	President, Consumer Products - Sofina Business
January	2019	Vice President, Consumer Products - Marketing Emergence, Global; Vice President, Consumer Products - Marketing Emergence - Brand Management Development, Global
January	2021	Executive Officer; Vice President, Corporate Strategy - Strategic Public Relations Center, Global
January	2023	Executive Officer; Senior Vice President, Strategic Public Relations, Global; Vice President, Strategic Public Relations, Strategic Public Relations Center
January	2025	Fellow for Special Mission (current)

Number of the Company shares owned:

1,500 shares

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

Ms. Murata has held key positions in the Consumer Products Business Division for many years, serving as a brand manager and leading marketing and media strategy development. Through these roles, she has gained extensive experience in brand strategy formulation and value communication, as well as a deep understanding of Kao Group's business operations and organizational management. Additionally, she has overseen Kao's PR strategy division, strategically managing corporate communications. She has also served as a committee member for Kao's internal compliance, risk and crisis management, and information disclosure committees, as well as an executive director of the Kao Foundation for Arts and Sciences. Through these roles, she has acquired extensive knowledge in environmental and social issues, as well as risk and crisis management.

Given her expertise and experience, our strong view is that Ms. Murata will contribute to Kao Group's audit functions, and therefore, we are nominating her as an Audit & Supervisory Board Member candidate.

2. Junya Naito (Date of Birth: August 22, 1964)

New Nominee

Outside Audit &
Supervisory
Board Member

Independent Audit
& Supervisory
Board Member



[Career summary]

April 1991	Admitted to Japanese Bar; Joined Momo-o, Matsuo & Namba
May 1995	Graduated from Columbia University, Law School
September 1995	Weil, Gotshal & Manges LLP in New York
March 1996	Admitted to New York Bar
September 1997	Returned to Momo-o, Matsuo & Namba
January 1999	Partner, Momo-o, Matsuo & Namba (current)

[Other material position(s) held]

Attorney-at-Law;
Outside Director (Audit and Supervisory Committee Member), Mitsubishi UFJ Trust and Banking Corporation

Number of the Company
shares owned:
0 shares

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

Mr. Naito is a licensed attorney in both Japan and the state of New York, with extensive knowledge and experience in corporate law, commercial law, international business transactions, international arbitration, and cross-border disputes.

He has also served as an outside auditor or audit committee member for multiple companies, gaining substantial experience in auditing practices.

Given his expertise, we are confident Mr. Naito will contribute effectively to Kao Group's audit functions, and therefore, we are nominating him as an Outside Audit & Supervisory Board Member candidate. Although he has never been directly involved in company management, the Company considers, based on the above reasons, that Mr. Naito properly perform his duties as an Outside Audit & Supervisory Board Member.

[Matters regarding independency]

If Mr. Naito is elected and assumes office as Audit & Supervisory Board Member, 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.

[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 the nominees for Audit & Supervisory Board Members.

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

Of the nominees for Audit & Supervisory Board Members, Junya Naito is a nominee for Outside Audit & Supervisory Board Member.

■ **Summary of liability limitation agreements**

If Mami Murata and Junya Naito are elected and assume office as an Audit & Supervisory Board Member and an Outside Audit & Supervisory Board Member, respectively, 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 them to the effect that 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.

■ **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 nominees for Audit & Supervisory Board Members 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

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.

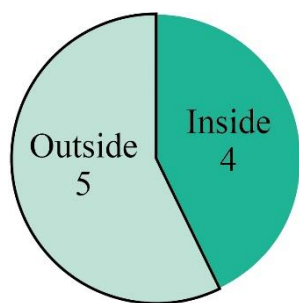
In addition to knowledge, experience and ability, the Company recognizes that diverse perspectives that come from diversity of the Board of Directors in terms of gender, nationality, race and age contribute to the promotion of business, global expansion and proper supervision and auditing, and promotes 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. The items of experience, knowledge, and expertise are reviewed annually by the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members in terms of their importance to the Company’s sustainable growth. Based on the skills matrix, the committee deliberates on the composition of the Board of Directors and candidates for the upcoming fiscal year.

The Company aims for a small Board of Directors to accelerate decision-making while also considering the balance between having diverse personnel required to conduct the proper deliberations and supervision of execution. It has also set the number of Outside Directors to comprise at least half of the Board of Directors and is considering increasing it to the majority 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.

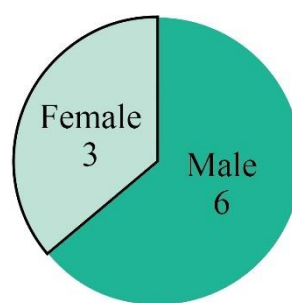
Composition of the Board of Directors

If Proposal 2 is approved, the ratios of Outside Directors and female Directors on the Company’s Board of Directors will be as follows.

Ratio of Outside Directors 56%



Ratio of Female Directors 33%



(For Reference) Skill Matrix

		Attributes			Experience / Knowledge / Expertise										Main reasons for marking “✓”	
		Term of office	Gender	Nationality	Management	Global	Consumer goods industry	Chemical industry	Branding	Human capital strategy	R&D	Environment/ Society	IT/DX	Legal/Risk management		Finance/ Accounting
Inside Directors	Yoshihiro Hasebe	9 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 - Experience as the Company’s officer responsible for Human Capital Development
	Masakazu Negoro	2 years	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 Accounting and Finance
	Toru Nishiguchi	2 years	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
	Lisa MacCallum	-	Female	Australia		✓	✓		✓	✓		✓	✓		✓	<ul style="list-style-type: none"> - Experience leading business transformations and brand repositioning for a leading global sporting goods company - Experience advising on brand purpose, strategy, employee experience, ESG communications, and the impact of digitization - Chartered Accountant with big firm experience
Outside Directors	Osamu Shinobe	7 years	Male	Japan	✓	✓							✓	✓	<ul style="list-style-type: none"> - Experience as the top executive of a major global airline (including experience as Chairman of CSR and the Environmental Management Committee) 	
	Eriko Sakurai	3 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 	

	Attributes			Experience / Knowledge / Expertise											Main reasons for marking “✓”
	Term of office	Gender	Nationality	Management	Global	Consumer goods industry	Chemical industry	Branding	Human capital strategy	R&D	Environment/ Society	IT/DX	Legal/Risk management	Finance/ Accounting	
	Takaaki Nishii	2 years	Male	Japan	✓	✓	✓			✓				✓	<ul style="list-style-type: none"> - Experience as the top executive of a major global food company (Mid-term ROIC management results) - Experience in restructuring overseas subsidiaries - Experience in the human resources department
	Makoto Takashima	1 year	Male	Japan	✓	✓							✓	✓	<ul style="list-style-type: none"> - Experience as the top executive of a major global financial institution - Experience in international and corporate planning departments - Experience in risk management and legal affairs in bank management
	Sarah L. Casanova	-	Female	Canada	✓	✓	✓		✓	✓			✓		<ul style="list-style-type: none"> - Experience managing the Japanese Company of a major global restaurant chain - Experience as a head of various countries/regions, including Japan - Marketing experience in various countries and regions - MBA (Marketing/HR focus)
Inside Audit & Supervisory Board Members	Yasushi Wada	2 years	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
	Mami Murata	-	Female	Japan			✓		✓				✓		<ul style="list-style-type: none"> - Experience in the Consumer Products Business - Experience in overseeing Strategic Public Relations (including social contributions) and serving as Deputy Head of the Marketing Innovation Division - Experience as Executive Director of the Kao Foundation for Arts and Science
Outside Audit & Supervisory Board Members	Nobuhiro Oka	7 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	1 year	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
	Junya Naito	-	Male	Japan		✓							✓		<ul style="list-style-type: none"> - Attorney-at Law, Japan and New York, U.S.A.

Experience/ knowledge/expertise	Reasons for selection as experience/knowledge/expertise
Management	Experience as a top executive is necessary for effectively supervising management, their execution of the strategy, and for providing useful counsel to management. This experience is essential to ensure appropriate risk-taking and prompt, decisive decision-making by the management to contribute to proactive governance.
Global	As part of our K27 strategy, we aim to expand globally and offer unique value to our customers that sets us apart, to avoid intense competition and price wars with competitors. Furthermore, we plan to accelerate global growth as part of K27, by transitioning to a localized production and consumption model focusing on local value, cost performance, and manufacturing. Importantly, understanding Japanese companies is critical and desirable for promoting global strategies, as our company is a Japanese firm with a majority of Kao's revenues and assets being generated in the region. Experience with non-Japanese companies is also additive to help provide guidance and oversee global expansion efforts. Management positions and insights into overseas operations are also necessary to provide guidance and oversee these efforts.
Consumer goods industry/ Chemical industry	Experience in and understanding of the consumer goods and chemical industries is imperative given Kao's exposure to these sectors. To effectively oversee management's execution, it is important to take a comprehensive view of our business domains, including the consumer goods and chemical industries, from a higher-level perspective. For this reason, we believe that the Board should have a deep understanding of the business environment, market characteristics, and future outlook of these industries.
Branding	Actively investing in marketing of our core brands globally that are deemed capable of enhancing loyalty is an important strategy of Kao. It is also necessary for the Board to understand the elements of brand strategy so they can properly oversee the formulation and execution of brand and marketing initiatives as part of management strategies.
Human capital strategy	Developing human capital strategies aligned with management strategies is necessary for future growth, including strategically developing and acquiring talent. The Board needs to monitor the validity and progress of these strategies using specialized knowledge and experience.
R&D	Our company's research serves as the driving force behind the continuous creation of innovative and high-value products. We are committed to Essential Research and leverage the technological assets accumulated through such efforts to foster innovation. The Board must oversee whether our research framework sustains and develops innovation, effectively leverages the technology assets created, and contributes to expanding business and corporate value.
Environment/Society	Since April 2019, the Company has adopted ESG strategies under the Kirei Lifestyle Plan. Integrating sustainability and management strategies is pivotal for achieving our purpose of "realizing a world in which all life lives in harmony." and to achieve global growth. The Board is required to monitor the implementation of these strategies considering social trends and demands.
IT/Digital transformation (DX)	Achieving the K27 target necessitates innovative initiatives leveraging IT and DX, such as creating new businesses beyond our existing frameworks, as well as digital marketing and digital communication. Experience, knowledge, and expertise in IT/DX amongst the Board are critical, while complementing the oversight by the Board of Directors by utilizing executives and external experts.
Legal/Risk management	In the course of daily corporate activities, as well as in the creation of new businesses and business innovation, various risks are likely to arise. It is crucial to recognize and appropriately manage these risks, as well as to strategically, preemptively, and reactively address them while thoroughly understanding applicable laws, their background, and trends. The Board must possess experience, knowledge, and expertise in legal and risk management to ensure strategic and preventive responses to potential risks.
Finance/Accounting	Ensuring the reliability of financial reporting, which influences investment decisions and strategic planning, and optimizing capital allocation from a company-wide perspective is crucial for sustainable value creation. The Board must possess experience, knowledge, and expertise in finance and accounting to drive growth, profitability and capital efficiency.

Policy on Nomination of Director and Audit & Supervisory Board Member Candidates

In accordance with our approach to the balance, diversity, scale of the knowledge, experience, and capabilities of the Board of Directors, the Company will nominate appropriate Directors and Audit & Supervisory Board Members. 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 held by Directors and Audit & Supervisory Board Members in listed companies, excluding the Company, is limited to three, in principle. At the time of 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.

The human capital strategy, including the successor to the President and CEO, is regarded as one of the most critical management issues, and it 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 Nomination of Director and Audit & Supervisory Board Member Candidates

To objectively confirm that all Director candidates, including candidates for President and CEO, comply with the above policies and principles, 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. This committee maintains a high level of objectivity since all its members are independent. The Committee, given inquiry from the Board of Directors, first discusses the desirable composition (diversity, skills, ratio of outsiders, size, etc.) in light of the strategy and business environment. Subsequently, based on this framework, the committee will review candidates suitable for the next Board of Directors composition. For new candidates, the committee will review resumes and skill matrices, followed by interviews with the candidates. The Committee will then deliberate on whether the candidates can fulfill the expected roles and whether they possess the necessary experience, expertise, and engagement, before submitting its recommendations to the Board of Directors. The Board will ultimately decide on the Director candidates, respecting the recommendations of the Committee. Since the Company has shortened the term of Directors to one year, all Director candidates, including those for reappointment, undergo a rigorous review 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 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

The Company conducts an effectiveness evaluation of the Board of Directors once a year (with attendees including Directors and Audit & Supervisory Board Members) and uses the results to implement improvements to enhance effectiveness. The results of the effectiveness evaluation for the FY2024 are published below for your reference.

www.kao.com/global/en/corporate/policies/corporate-governance/directors/

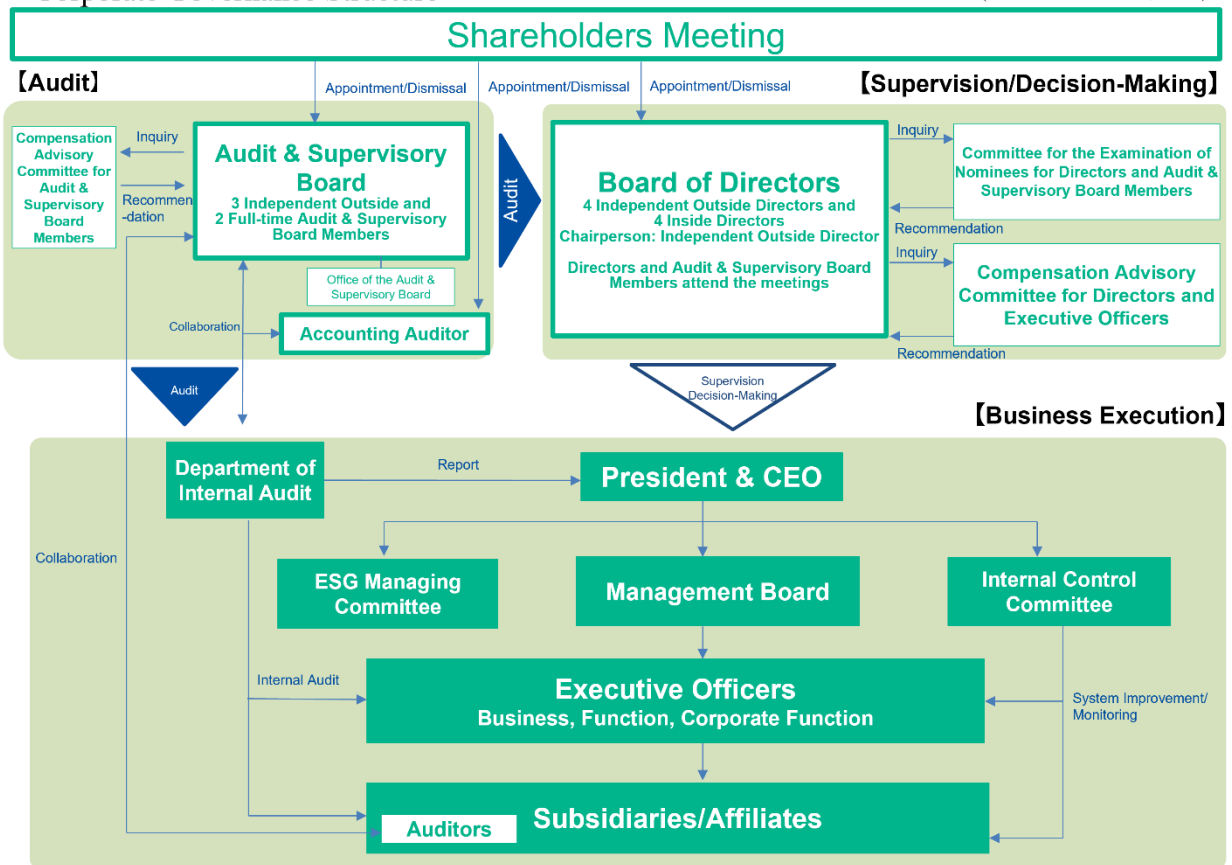
(For Reference) Status of Corporate Governance

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, 2024)



SHAREHOLDER PROPOSAL (PROPOSAL 4 THROUGH PROPOSAL 7)

Proposal 4 through 7 are shareholder proposals made by Oasis Japan Strategic Fund Ltd. (hereinafter referred to as "Oasis").

The titles of each proposal, the contents of the proposals, and the reasons for the proposals are stated in their original form as submitted, excluding any formal modifications.

Opinion of the Company's Board of Directors on the Shareholder Proposal

The opinion of the Company's Board of Directors regarding the Shareholder Proposal has been resolved based on the recommendations of the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members (hereinafter referred to as the "Committee for the Examination of the Nominees") and the Compensation Advisory Committee for Directors and Executive Officers (hereinafter referred to as the "Compensation Advisory Committee"), both of these Committees are established as advisory bodies to the Board of Directors.

- The Committee for the Examination of the Nominees is composed of all Outside Directors and one Outside Audit & Supervisory Board Member, with a chairperson selected from among the Outside Directors.
- The Compensation Advisory Committee is composed of all Outside Directors and the President and CEO, with a chairperson selected from among the Outside Directors.

Based on the recommendations from these committees, the Company's Board of Directors has made its resolution.

The Company's Board of Directors Opposes All of the Agenda Items in No. 4 through 7 of the Shareholder Proposal.

The following is a summary of the opinions of the Company's Board of Directors.

- With respect to Proposal 4, each of the Outside Director candidates from the Shareholder Proposal was reviewed by the Board of Directors following a rigorous examination, including interviews with the Committee for the Examination of the Nominees. The Board of Directors concluded that none of these candidates possess the relevant board and management experience, expertise and engagement expected of the Company's Outside Directors, and that these candidates would not contribute to the effectiveness of the Board of Directors and the enhancement of the corporate value.
- With respect to Proposals 5 to 7, after discussions by the Compensation Advisory Committee and the Board of Directors, it was decided that there is no reason to introduce any of the proposals at this time.
- In particular, with respect to Proposal 7, the Company's compensation system for executives was proposed at the 118th Annual General Meeting of Shareholders in March 2024 as incentive compensation for the Kao Group Mid-term Management Plan K27 announced in August 2023 and received strong support from shareholders. Since this Shareholder Proposal would freeze the K27 stock compensation system and introduce a new compensation system with a target period from 2025 to 2028, the Company's Board of Directors has determined that it is not appropriate to introduce the measures sought by the Shareholder Proposal at this point, during the target period of K27.

Proposal 4: Appointment of five Outside Directors

1) Proposal

To appoint five Outside Directors listed below:

Candidate for Outside Director:	Yannis Skoufalos
Ditto	Martha Velando
Ditto	Lanchi Venator
Ditto	Hugh G. Dineen
Ditto	Anja Lagodny

2) Reason for proposal

All of these director candidates have specific expertise that can help the company's governance and performance by providing independent oversight and accountability in their role as board directors.

The specific biographical information of the five candidates for Outside Directors and the reasons for nominating them as candidates for Outside Directors are:

Candidate number	Name	Biographical information	Number of Company shares held
1	Yannis Skoufalos (born 20 July 1957)	1984: The Procter & Gamble Co. (“P&G”) 2011: Global Product Supply Officer, P&G 2016: Member of the Board, Pinnacle Foods Inc 2019: Symbotic Warehouse Automated Solutions, Board of Advisors 2019: Member of the Board, Blue Yonder Group Inc/Panasonic Connect 2019: Member of the Talent & Compensation and Nominating & Governance Committees, Blume Global Inc, Board of Advisors 2020: Member of the Talent & Compensation, and Nominating & Governance Committees, Hostess Brands Inc, Board of Directors 2019: Senior Advisor, Blackstone Inc (to present) 2023: Board Director, AIMIA Inc(to present) 2023: Board Director, Sandoz Group AG (to present)	0
2	Martha Velando (born 25 June 1974)	1996: P&G 2002: Limited Brands Inc. 2006: L’Oreal SA 2013: Managing Director, The Nielsen Co. 2016: Global Vice President, Coty Inc. 2020: Global Marketing Senior Vice President, De Beers Group 2022: Chief Marketing Officer, Aesop 2024: Independent Consultant	0
3	Lanchi Venator (born 1 November 1966)	2000: Manager, AT Kearney 2005: American Express Co. 2008: Executive Director North America Strategy, Avon Products Inc. 2012: Senior Vice President (in charge of Global Finance Strategy & Operations), The Estee Lauder Companies Inc. 2023: Global Chief Financial Officer & Head of Strategy, Kentucky Fried Chicken Corp. 2024: Independent Consultant	0
4	Hugh G. Dineen (born 14 January 1969)	1991: P&G 1997: Vice President and General Manager, Johnson & Johnson Consumer 2012: Global Vice President, Avon Products Inc. 2015: Chief Marketing Officer, MetLife Inc. US 2022: Board of Directors, Hostess Brands Inc. 2021: President, Global Brands & Global Chief Marketing Officer, Wella Company 2025: Independent Consultant	0
5	Anja Lagodny (born 16 January 1967)	2004: Global Head Consumer Relations and CRM, Nestle SA 2010: Account Executive, Microsoft Corp 2011: Global Head Digital, Social Media & e-Commerce EU, Mondelez International Inc 2016: Global Vice President Digital, Carlsberg AS 2019: Chief Digital Officer, JT International SA 2022: CEO & Founder, Anja Lagodny Consulting (to present)	0

- (Note) 1. There are no special interests between each of the director candidates and the Company.
2. Each of the director candidate is a candidate for Outside Director.

【Reasons for nominating them as candidates for Directors】

(1) Mr. Yannis Skoufalos

Mr. Yannis Skoufalos was previously Global Product Supply Officer at P&G, overseeing a global supply network from 2011 to 2019 of 57,000 employees, 115 manufacturing plants and over 200 distribution centers internationally. He currently works on supply chain and productivity issues as a member or senior

adviser of the multiple boards set forth above. Mr. Skoufalos also serves as a Board Member of the National Association of Manufacturers in the USA.

The Company lacks essential supply chain expertise on its board, and the appointment of Mr. Skoufalos would be transformational to the Company. Mr. Skoufalos' deep expertise in supply chain transformation, operational excellence and sustainable business practices will contribute to increasing efficiencies with the Company's supply chain that would result in increasing sales, lowering costs and improving working capital and cashflow productivity at the Company.

(2) Ms. Martha Velando

Ms. Martha Velando has international experience in marketing, product development and scaling of beauty brands. She previously served as Global Chief Marketing Officer (CMO) for Aesop. Ms. Velando has substantial experience in brand portfolio management during her time at Limited Brands and at L'Oreal SA where she worked in management and strategy roles to refresh and grow existing and newly acquired brands. She holds an MBA from Harvard Business School, and is fluent in Spanish, English and Portuguese. The Company lacks any cosmetics and beauty products marketing expertise on the board and its poor marketing functions have meant that the Company has failed to scale its product portfolio overseas and communicate effectively to consumers the value in many of the brands and products that it has developed. Ms. Velando will bring much needed marketing expertise and experience in scaling brands across various price points and channels that will help invigorate the Company's sales both domestically and internationally.

(3) Ms. Lanchi Venator

Ms. Lanchi Venator has extensive experience in corporate strategy and finance with global consumer brands. She led the finance and strategy function at Kentucky Fried Chicken Corp. across 150 markets, generating US\$34 billion in revenue. Prior to this, Ms. Venator held senior roles at The Estee Lauder Companies Inc., focusing on global finance, pricing strategy and data analytics. She has extensive experience across Asian, European and North American markets. She has been a guest lecturer at Columbia Business School and is on the Advisory Board of New York University's Center for Sustainable Business CFO Advisory Board. She is fluent in Mandarin and English. The Company lacks pricing expertise as demonstrated by its global product line up which is inconsistent across markets and does not benchmark well with peer brands. Ms. Venator's expertise is vital to lead a pricing strategy overhaul at the Company which would help drive an ongoing increase in revenues and profits.

(4) Mr. Hugh G. Dineen

Mr. Hugh G. Dineen has extensive P&L experience across Beauty, Consumer Packaged Goods and Financial Services companies. He spent over 15 years at Johnson & Johnson in their consumer products division focused on brand turnarounds and implementing revenue growth strategies. Following this he was the Chief Marketing Officer at MetLife where he oversaw substantial operations in Japan and built out its digital marketing, customer acquisition and analytics efforts for its B2B and B2C channels. Mr. Dineen was most recently President of Global Brands and CMO at the global haircare manufacturer Wella Company. The Company lacks expertise in brand management and transformation. Not only does the Company have far too many brands, but also numerous key brands that are underperforming their potential. The Company would benefit from a much more proactive and selective approach to brand portfolio management. Mr. Dineen's expertise in brand turnarounds and extensive experience as a global CMO will be of immense help to the Company in rebuilding profitable sales growth in core brands across the Company's product categories and improve long-term planning around growth investment decisions

for core brands.

(5) Ms. Anja Lagodny

Ms. Anja Lagodny has deep expertise in digital commerce, marketing transformation and organizational change management, especially in implementing digital and data strategies across global organizations in the Consumer Packaged Goods/Fast Moving Consumer Goods sector. Currently, she operates her own consulting firm, serves as Chapter Chair for the Swiss Institute of Board Directors and is Executive in Residence at the International Institute for Management Development (IMD). Prior to this Ms. Lagodny was Chief Digital Officer at JT International SA. The Company's current digital transformation plan is falling short in maximizing consumer and marketing insights, reaping operational efficiency gains in supply chain and driving increased sales. The Company has no external director with specific DX expertise and thus lacks board oversight in a fast evolving area of focus for Consumer Goods companies globally. Ms. Lagodny's experience in implementing digital transformation at both leading international and Japanese companies is invaluable in helping the Company navigate changes in consumer behavior and implement new technologies effectively to increase stakeholder value.

(1) Opinion of the Company's Board of Directors

As a result of deliberations based on the recommendations of the Committee for the Examination of the Nominees, the Board of Directors opposes this Shareholder Proposal.

(2) Reasons for opposition

Firstly, the election of the Company's Directors is carried out in accordance with a rigorous process that complies with Japan's Corporate Governance Code and the Company's Corporate Governance Policy. Regarding candidates for Outside Directors, the Committee for the Examination of the Nominees, upon inquiry from the Board of Directors, conducts thorough deliberations after document review and screening, and subsequent interviews. Based on these deliberations, the committee makes its recommendations to the Board of Directors, which then deliberates and makes a final decision. In screening and deliberation, the suitability of candidates is examined based on requirements such as independence and the number of concurrent positions held by the individuals concerned, as well as the Company's approach on the composition of the Board of Directors, including diversity, roles expected of Outside Directors and the key criteria and prioritized qualities for candidates. In accordance with these processes, the Company selects the candidate(s) that will best contribute to enhancing the corporate value.

Furthermore, the Company's Corporate Governance Policy includes the following guidelines:

- While considering a balance of diverse human resources necessary for appropriate deliberations and supervision of execution, the Company aims for a small Board of Directors to accelerate decision-making.
- Set a target of achieving 30% female representation on the Board of Directors by 2025.
- To strengthen oversight, consider making the ratio of Outside Directors a majority.

Additionally, Outside Directors are primarily expected to fulfill the roles of "oversight," "advice," and "reflecting stakeholder opinions," with particular emphasis placed on the role of "oversight." To fulfill these roles, the Board requires Outside Directors to have competencies in three key areas such as "management and supervisory experience" and "expertise" and to demonstrate high levels of "engagement".

As for "management and supervisory experience," it is considered important for candidates to have experience as a CEO or senior executives or a director at a global company, particularly publicly listed companies, to fulfill the role of overseeing the Company's management. Regarding "expertise," the Board identifies priority areas based on the Company's strategy and the existing composition of the Board of Directors. For the current fiscal year, the Board placed special emphasis on strengthening brand strategies, including corporate branding and marketing, and deliberated accordingly. Additionally, in order to engage in constructive dialogue with the management team and stakeholders, the Board prioritizes candidates' ability to be "highly engaged" and demonstrate strong communication skills, insight, initiative, and independence.

Under the strong leadership of President and CEO Yoshihiro Hasebe, and with the appropriate oversight and advice from the current Outside Directors, the Company formulated K27 in 2023, aiming for global expansion and improved capital efficiency with 2027 as the final year of the plan.

As part of K27, the Company conducted an analysis of its business operations and categorized them into three segments: Stable Earnings, Growth Drivers, and Business Transformation. Based on this classification, the Company introduced and promoted management strategies aligned with a business portfolio centered on ROIC (Return on Invested Capital). In terms of quantitative targets, for the final fiscal year of the plan, 2027, the Company aims to

achieve a ROIC of 11% or more, EVA of ¥70 billion or more, operating profit surpassing the previous record high of ¥211.7 billion achieved in fiscal year 2019, and overseas sales exceeding ¥800 billion. Since the formulation of the K27 mid-term plan and the subsequent implementation of these initiatives, the indicators have shown remarkable improvement. For fiscal year 2023, the Company achieved an ROIC of 4.1%, EVA of ¥14.9 billion, operating profit of ¥114.7 billion (core operating income), and overseas sales of ¥655.8 billion. By fiscal year 2024, these figures improved significantly to an ROIC of 9.2%, EVA of ¥33.2 billion, operating profit of ¥146.6 billion, and overseas sales of ¥705.5 billion. Looking ahead to fiscal year 2025, the Company aims to achieve a ROIC of 9.4%, EVA of ¥37.0 billion, operating profit of ¥160.0 billion, and overseas sales of ¥730.0 billion. The Company is showing remarkable progress toward achieving the goals set for the final fiscal year of K27 in 2027, with a robust framework to enhance these metrics further.

The steady progress of K27 can largely be attributed to the contribution of oversight and advice made by the current Outside Directors. They possess a broad and well-balanced set of skills, including risk management, a global perspective, expertise in the industry to which the Company belongs, human capital strategies, governance reforms, and responsiveness to capital markets.

Furthermore, following the appropriate processes mentioned above, the Company's Board of Directors has decided to nominate **Sarah Casanova**, given her extensive management experience and proven track record at companies including McDonald's Holdings Company (Japan), Ltd. As a candidate for Outside Director. Ms. Casanova is highly regarded for her leadership skills, particularly for successfully leading the recovery of business performance and rebuilding the brand during her tenure as Representative Director, President, and CEO of McDonald's Holdings Company (Japan), Ltd. Her leadership and management expertise are expected to contribute greatly to Kao's Board of Directors. Specifically, her knowledge of consumer-oriented business models and brand revitalization is anticipated to provide new perspectives for Kao's marketing strategies and product development. Additionally, her management experience in multicultural environments is expected to contribute to formulating strategies for Kao's global expansion. Furthermore, Ms. Casanova currently serves as an outside director and a member of the governance committee at MITSUI & CO., LTD., and her participation on Kao's Board of Directors is expected to enhance the independence and objectivity of the Board of Directors, thereby contributing to further strengthening Kao's governance structure.

The Company has also decided to nominate **Lisa MacCallum** as an Inside Director candidate. Ms. MacCallum has extensive experience in the consumer goods market and a wealth of expertise in marketing, corporate branding, and ESG communications. As a member of the ESG External Advisory Board of the Company since July 2019 and a Corporate Executive Fellow (a position given to those who have built extensive experience outside the company and developed excellent knowledge and skills in a particular area of expertise) of the Company since September 2021, she has been providing advice on the Group's ESG activities and communication strategies from the stakeholders' perspective. Once Ms. MacCallum, who has the knowledge to integrate an advanced ESG strategy and corporate branding as described above, joins the Board, she will play a role that further complements Kao's expertise in global brand strategies, including marketing, and contribute to the oversight of the Company's global growth strategy and sustainability initiatives.

Based on the above, the Company's Board of Directors has determined that the Board of Directors, including the Company's proposed Director candidates, has the appropriate number of directors and mix of skills.

In addition to the Board's own selection criteria for new Directors detailed above, in the Company's Mid-term Plan K27, the global growth strategy is undoubtedly one of the key elements. For the Company to grow its global business faster, it is important to seek advice supported by deep understanding of what leads Japanese companies to global success. The Company's business is fundamentally based on the Japanese market, and it is necessary to advance global expansion while deepening its understanding of the needs of Japanese consumers and building strong relationships with business partners in Japan. From this perspective, it is desirable for Directors to possess knowledge and experience related to Japanese companies and the Japanese market. With regard to the candidates proposed by the Shareholder Proposal, the Board of Directors concluded that they generally lacked direct experience with Japan's business culture and consumer needs.

The Committee for the Examination of the Nominees carried out rigorous evaluations per the appropriate processes described above regarding the Outside Director candidates proposed under the Shareholder Proposal. After this evaluation process it was determined that they lacked certain abilities and qualities expected of and required for Outside Directors of the Company. Based on the above recommendations from the Committee for the Examination of the Nominees, the Board of Directors deliberated on each of the proposed Outside Director candidates in this Shareholder Proposal and decided to oppose all candidates proposed under the Shareholder Proposal.

The specific reasons are as follows.

- 1) Yannis Skoufalos has no experience as CEO or senior executives of a global listed company, and he lacks a deep understanding of and experience advising on Japanese companies. Furthermore, although he possesses

experience as the Global Product Supply Officer at The Procter & Gamble Co, the Company's Board of Directors has not designated supply chain management as a skill area for strengthening, considering our current adequate executive structure. The Company's Board of Directors has determined that appointing this candidate as an Outside Director is unnecessary. Moreover, the assertion by Oasis in its Shareholder Proposal that "The Company lacks essential supply chain expertise on its board" is entirely unfounded. The Company's Board of Directors believes that the Company's supply chain system is already at a sufficient level as outlined above, and there is no need for further enhancements.

According to the website of Sandoz Group AG, where Mr. Skoufalos serves as a director, it is stated that he has been an advisor to Oasis Management Company since November 2024. During our interview with Mr. Skoufalos, we inquired about his relationship with Oasis and his position as an advisor; however, we could not obtain clear answers. Oasis is a large shareholder that actively submits shareholder proposals to the Company, and the participation of its advisor on the Board of Directors poses a risk of compromising neutrality in management decisions and raises concerns that the interests of Oasis as a shareholder may be given undue priority.

Additionally, through our interview with Mr. Skoufalos by the Chair and Members of the Committee for the Examination of the Nominees, the Company's Board of Directors found that his remarks regarding various aspects of the Company, including the business environment surrounding the Company, his views on the Company's future, and his knowledge and outlook on the industry to which the Company belongs, often lacked specificity. This led us to conclude that he does not understand the Company sufficiently.

Based on these reasons, the Company's Board of Directors opposes the proposal to appoint Yannis Skoufalos as a candidate for Outside Director.

- 2) Martha Velando has no experience as a CEO or senior executives, or Director of a global listed company, and she lacks a deep understanding of and experience advising on Japanese companies. Her tenure as a CMO (Chief Marketing Officer) is also relatively short. The Company's Board of Directors believes that it will be difficult for her to fully exercise supervisory and advisory functions as a director. She has expertise in marketing, product development, and business expansion for beauty brands, however the current slate of Company-proposed Director candidates is expected to strengthen the global brand strategy (including corporate branding) functions. Therefore, there is no necessity to appoint Ms. Velando as an Outside Director. Furthermore, our interview with Ms. Velando showed no particularly noteworthy insights or suggestions, leading us to determine that she is unsuitable for recommendation as an Outside Director of the Company.

Her background makes it difficult for her to adequately oversee the Company's management, and her appointment is considered likely to negatively impact the balance and efficiency of the Board as a whole due to the overlap in experience and expertise.

For these reasons, the Company's Board of Directors opposes the proposal to appoint Martha Velando as an Outside Director candidate.

- 3) Lanchi Venator has experience as a CFO, but is limited to a short of time at a non-listed company, and it must be said that she lacks sufficient experience as an executive. Therefore, she is not considered to possess the level of oversight skills required of an Outside Director at the Company and lacks a deep understanding of or experience in advising Japanese companies. Furthermore, Ms. Venator has no experience at all as a director, so it is considered highly unlikely that she would be able to contribute directly to the oversight and advisory functions as an Outside Director for the Company's management. The Company's Board of Directors has not designated finance as a skill area for further strengthening, considering the adequate composition of the board of directors proposed by the company. Regarding the selection process, the Company first conducted a thorough review based on document screening, as was done for the other shareholder-proposed Outside Director candidates, to assess her suitability for the role. As a result, at the document screening stage, it was confirmed that, as mentioned above, her expertise and career do not align with the needs of the Company. Consequently, it was determined that proceeding with her selection as a Director candidate would be difficult, even without conducting an interview.

For these reasons, the Company's Board of Directors opposes the proposal to appoint Lanchi Venator as an Outside Director candidate.

- 4) Hugh G. Dineen has never served as CEO or senior executives and does not have the level of management or supervisory experience that the Company expects. Through interviews by the Chair and Members of the Company's Committee for the Examination of the Nominees and Mr. Dineen, The Company's Board of Directors has determined that he does not possess a sufficient understanding of various aspects of the Company, including the business environment surrounding the Company, the Company's outlook and perspectives on its future, and insights and perspectives on the industry to which the Company belongs. Furthermore, as stated above, the Company has defined the criteria required for Outside Directors and appropriately evaluates the suitability of Outside Director candidates. During the interview, however, Mr. Dineen's statements reflecting an integrated perspective necessary for management oversight and a stakeholder-oriented viewpoint were limited. Additionally, it could not be said that the discussions were active and constructive. As a result, it was determined that Mr. Dineen did not meet the expectation in the area of engagement, which together constitute one of the required criteria.

In addition, if Mr. Dineen, who served as President of Global Brands and Global Chief Marketing Officer at Wella Company, were to join the Company as an Outside Director, considering the composition and skill balance of the Company-proposed Director candidates, it is believed that the overlap in experience and expertise would negatively impact the balance and efficiency of the Board of Directors as a whole. Oasis, in proposing Mr. Dineen as a shareholder-proposed Outside Director candidate, states that “the Company lacks expertise in brand management and transformation” and “not only does the Company have far too many brands, but also numerous key brands that are underperforming their potential.” Oasis asserts that “the Company would benefit from a much more proactive and selective approach to brand portfolio management.” However, under K27, with the leadership of President and CEO Yoshihiro Hasebe and the significant contributions of appropriate oversight and advice from the current Outside Directors, the Company has been accelerating its structural reforms. For example, the Company has undertaken a restructuring in the baby diapers business to respond to the increasingly competitive market environment. In the Cosmetics Business, the Company has been reviewing its brand portfolio, consolidating and eliminating unprofitable brands, and strengthening resource allocation to key brands, resulting in profit improvement effects starting in fiscal year 2024 and continuing beyond.

For these reasons, the Company’s Board of Directors opposes the proposal to appoint Hugh G. Dineen as a candidate for Outside Director.

- 5) Anja Lagodny has no experience serving as a director of a publicly listed company and is therefore unlikely to be able to fully fulfill the supervisory and advisory role expected of an Outside Director. The Company’s Board of Directors places significant importance on experience overseeing management as a director of a publicly listed global company, as well as practical experience in executive decision-making and a deep understanding of governance. In this regard, concerns remain regarding Ms. Lagodny’s suitability. When a candidate lacks experience as a director, it may be difficult for them to make effective decisions on complex management issues or to contribute smoothly to the decision-making process alongside other directors. The Company’s current Board of Directors is already composed of members with a high level of expertise and experience, and as a complementary candidate, Ms. Lagodny’s appointment is deemed inappropriate.

Furthermore, through our interview with Ms. Lagodny by the Chair and Members of the Committee for the Examination of the Nominees, the Company’s Board of Directors determined that it remained unclear whether she has a deep understanding of the Company’s key markets and consumer behavior characteristics, leading to concerns about her ability to contribute to the Company’s medium- to long-term growth strategy. The Company has already established a dedicated executive structure to drive its DX Strategy, and thus there is no clear reason to believe that adding Ms. Lagodny to the Board would complement or strengthen the existing structure.

For these reasons, the Company’s Board of Directors opposes the proposal to appoint Anja Lagodny as an Outside Director candidate.

Based on the above, the Company’s Board of Directors, following the recommendations of the Committee for the Examination of the Nominees and deliberating, has concluded that the Board structure proposed by the Company is optimal and **opposes** any structural changes resulting from appointing the shareholder-proposed candidates.

Proposal 5: Revision of Compensation for Outside Directors

1) Proposal

The total annual monetary compensation for all directors shall not exceed 780 million yen and the compensation of outside directors should not exceed 250 million yen.

2) Reason for Proposal

With regard to the monetary compensation (including bonuses) for the Company’s directors, it was resolved at the 101st Annual General Meeting of Shareholders held on June 28, 2007, that the total annual monetary compensation shall not exceed 630 million yen. Of this amount, it was resolved at the 110th Annual General Meeting of Shareholders held on March 25, 2016, that the compensation for outside directors shall not exceed 100 million yen annually. Currently, the resolved amount reflects the amount for the Company’s four current outside directors.

In light of the proposed expanded representation of outside directors on the Company’s board of directors, the current 100 million yen allocation for outside directors would be insufficient in the case that all of the Company’s incumbent outside directors are re-elected and both the Company’s newly nominated outside director and the five Oasis nominated outside directors are appointed. Taking these factors into account, Oasis proposes increasing the

total monetary compensation for directors by 150 million yen, setting the annual amount at 780 million yen, with a maximum limit of 250 million yen specifically allocated for monetary compensation to outside directors.

(1) Opinion of the Company's Board of Directors

As a result of deliberations based on the recommendation of the Compensation Advisory Committee, the Board of Directors has decided to oppose this Shareholder Proposal.

(2) Reasons for opposition

The Company's executive remuneration is designed with the following objectives:

- (i) To attract and retain diverse and talented individuals to build and enhance competitive advantages.
- (ii) To drive concerted initiatives to promote the sustainable growth of corporate value
- (iii) To share interests in common with shareholders

The remuneration system and remuneration levels for Directors and Executive Officers, including individual compensation for each Director, are reviewed by the Compensation Advisory Committee which is inquired by the Board of Directors, to ensure objectivity and transparency in the decision-making process. The final decision is then made by resolution of the Board of Directors based on the recommendations of the Compensation Advisory Committee.

Regarding determining individual compensation for Directors for the current fiscal year, the Compensation Advisory Committee conducted a comprehensive review of the proposed plan, including its alignment with the objectives of the Company's executive remuneration policy, and submitted its recommendations. After reviewing and deliberating the committee's findings and recommendations, the Board of Directors confirmed that the remuneration structure is consistent with the stated objectives of executive remuneration, and has approved them.

As stated in the Board of Directors' opinion on Shareholder Proposal 4, the Company's Board of Directors has been delivering steady results, and the composition of the Company-proposed Outside Director candidates—comprising new candidates who possess the required skills at an exceptionally high level—is considered appropriate in terms of both skill set and balance. Given the current structure, further additions to the Board pose a high risk of disrupting this balance. Therefore, the Company's Board of Directors opposes the election of the five candidates proposed by Oasis.

Accordingly, the Board believes that this proposal, which is premised on the assumption that the Oasis-proposed Director candidates are selected, intends to guarantee their base remuneration amount, and is made for their benefit, does not contribute to the enhancement of the Company's corporate value.

Based on the above, the Company's Board of Directors opposes this Shareholder Proposal.

Proposal 6: Grant of Restricted Stock Units (RSU) for Outside Directors

1) Proposal

Currently, the Company does not provide stock-based compensation to outside directors. However, to enhance the Company's long-term corporate value, it is essential for all directors, including outside directors, to collaborate in formulating strategies to enhance corporate value and to proactively and decisively implement necessary measures.

Therefore, regardless of whether the five candidates for outside directors proposed by Oasis are appointed or not, Oasis proposes granting non-performance-based Restricted Stock Units ("**RSU**") to all outside directors, including current outside directors, under a framework separate from the monetary compensation.

This proposal provides that outside directors be annually allotted RSU set an annual upper limit of 50 million yen (5 million yen per person) and the equivalent of 10,000 common shares of the Company ("**Kao Shares**") (1,000 shares per person) (the "**RSUs**").

(1) Grant of Stock Units

The Company will grant stock units to all outside directors serving at that time, at the first meeting of the Board of Directors held following the conclusion of the Annual General Meeting of Shareholders. The number of stock units

granted to each director will be calculated by dividing 5 million yen by the Reference Stock Price (as defined below), with any fraction less than one being rounded down.

The Reference Stock Price refers to the closing price of Kao Shares on the Tokyo Stock Exchange on the business day preceding the resolution date of the Board of Directors (or, if no transaction is conducted on that day, the closing price on the most recent trading day). Additionally, the maximum number of stock units to be granted to each outside director will be 1,000 units (equivalent to 1,000 shares). For a three-year period from the date of grant, the percentage of share dilution in the event that each outside director is allotted 1,000 shares will not exceed 0.06 %.

(2) Vesting of Rights

The granted stock units shall vest proportionally over a three-year period from the date of grant. However, if, prior to the final vesting, an outside director is not reappointed against their will or is dismissed due to a change in control, all of the reference units shall vest at the time of such resignation.

(3) Issuance of Shares without Payment

When an outside director holding vested stock units resigns from their position, the Company shall issue Kao Shares to the resigning individual without requiring payment, based on the number of stock units held, at a conversion rate of one share per stock unit, within two months after their resignation, following the procedures stipulated in Article 202-2 of the Companies Act. Any unvested stock units at the time of resignation shall be forfeited.

In the event that an outside director passes away before receiving the shares, the rights under this program will be inherited by their legal heirs.

Additionally, if it is deemed difficult to issue Kao Shares to the resigning director or their heirs in a timely manner, the Company may provide monetary compensation equivalent to the value of the shares in lieu of issuance.

(4) Adjustment of Share Numbers

If a stock split (including a gratis allotment of shares) or reverse stock split of Kao Shares occurs after the resolution date of this proposal, the Company shall make reasonable adjustments to the maximum number of shares to be granted to outside directors, as well as to the stock units held by outside directors, in accordance with the ratio of such stock split or reverse stock split.

(5) Others

The details of the RSUs shall be determined by a resolution of the Board of Directors following consultation with the Compensation Advisory Committee for Directors and Executive Officers.

2) Reason for Proposal

The purpose of this proposal is to enhance alignment between shareholders and outside directors and incentivize the outside directors to improve the corporate value of the Company. RSUs have been preferred over Performance Stock Units to balance the need to incentivize outside directors and align them with shareholders and their oversight function. For this reason, Oasis proposes granting 5 million yen worth of RSUs annually to all of the Company's outside directors.

(1) Opinion of the Company's Board of Directors

As a result of deliberations based on the recommendation of the Compensation Advisory Committee, the Board of Directors has decided to oppose this Shareholder Proposal.

(2) Reasons for opposition

The Company's Outside Directors are responsible for overseeing and providing advice to management from an independent standpoint. Given their independent position, the remuneration for Outside Directors is limited to fixed monthly compensation.

The stated objective of this proposal is to strengthen the alignment between shareholders and Outside Directors and to enhance incentives for Outside Directors to contribute to the Company's corporate value growth. However, there are concerns that applying such stock-based compensation could compromise the independence of the Outside Directors and weaken their oversight function. The Board believes it should not be hastily introduced at this stage until the Board has studied the effects and received sufficient feedback from shareholders.

Based on the above, the Company's Board of Directors opposes this Shareholder Proposal.

Proposal 7: Approval of the Equity Compensation Plan for Directors (Excluding Outside Directors)

1) Proposal

1. Summary of the Proposal

Oasis proposes freezing the K27 Equity Compensation Plan (as defined below) and introducing a new more generous long-term incentive compensation plan in its place. The new internal director compensation scheme emphasizes sustained value creation tied to targets for organic sales growth, gross profit margins, segment-specific return on invested capital ("**ROIC**"), peer group total shareholder return ("**TSR**") and ESG metrics.

2. Proposal Details

The proposed plan is based on feedback from other institutional investors, peer group long-term incentive plans and input from third-party executive compensation consultants. Under the Oasis proposed plan, directors (excluding outside directors, hereinafter referred to as "**Eligible Directors**") are granted deferred PSUs (the "**PSUs**") and deferred RSUs (the "**RSUs**") as long-term incentive ("**LTI**") compensation for the FY2025-FY2028 (hereinafter referred to as the "**Period**").

To incentivize Eligible Directors to enhance corporate value, we seek to increase the weight of the long-term incentive plan as part of overall compensation and emphasize the PSU component by linking it directly to organic sales growth rates, business segment gross profit margins and ROIC, peer group TSR performance and quantitative ESG metrics.

We believe these metrics are the best yardsticks for measuring the Company's successful transition towards a more stable and profitable growth trajectory.

Consequently, the number of LTI grants will be determined by setting the ratio of basic compensation to equity compensation for Eligible Directors at 1:2, with 85% of LTI allocated as PSUs and the remaining 15% as RSUs.

The total amount of the PSUs for the Period if all key performance indicators ("**KPI**") achieve their maximum targets will not exceed 2.28 billion yen or 455,900 shares; and the total amount of the RSUs will not exceed 268 million yen or 53,600 shares.

However, in the event of a stock split (including an allotment of shares without contribution) or a reverse stock split of Kao Shares after the resolution of this proposal, the maximum number of shares will be adjusted in accordance with the split or consolidation ratio.

For the Period, the percentage of share dilution in the event that all KPIs achieve their maximum targets will not exceed 0.11%.

This compares to a current 1:1 weight with 70% linked to PSUs and 30% in RSUs.

The difference between the current and proposed schemes in terms of maximum payout are illustrated below:

		Base Salary	Short Term Incentive	Long Term Incentive		TOTAL MAX PAYOUT
				RSU	PSU	
PRESIDENT	CURRENT	100	200	30	140	470
	PROPOSED	100	200	30	255	585
OTHER DIRECTORS	CURRENT	100	140	21	98	359
	PROPOSED	100	140	30	255	525

Additionally, the delivery of shares under this plan will, in principle, be made only after the completion of the Period, except in cases of accelerated vesting due to a change in control. Shares will not be delivered during the Period.

If this proposal is approved, the existing K27 Equity Compensation Plan will be frozen, and no new points will be granted under this scheme. Meanwhile, equity compensation for fiscal years beyond the Period will be deliberated and separately approved at the Annual General Meeting of Shareholders to be held for FY2028.

This plan will apply to the 4 internal directors on the Board. However, upon approval this scheme should be applied to the Company's executive officers who do not sit upon the Board so as to align and incentivize the entire management team to grow long-term corporate value.

[Details of the PSUs]

(1) Overview of the Plan

The new PSU is based on measurable performance-related KPIs with specific numerical targets over the Period. Following the completion of the Period, the number of Kao Shares corresponding to the achievement rate of those KPIs will be granted to Eligible Directors free of charge.

(2) Granting of Reference Units

After the conclusion of this Annual General Meeting of Shareholders, the Company will grant reference units to the Eligible Directors in office at the first Board of Directors meeting held thereafter. The number of reference units granted will be calculated by dividing an amount equivalent to 680% of the basic compensation of each Eligible Director (170% per fiscal year) by the Reference Stock Price, with fractions below one unit rounded down.

The Reference Stock Price refers to the closing price of Kao Shares on the Tokyo Stock Exchange on the business day preceding the resolution date of the Board of Directors (or, if no transaction is conducted on that day, the closing price on the most recent trading day). However, the total number of reference units granted to all Eligible Directors will be capped at 455,900 units.

In the event after the granting of the reference units, a stock split (including an allotment of shares without contribution) or a reverse stock split is conducted, the number of reference units held by each Eligible Director will be adjusted in accordance with the ratio of such split or reverse split.

(3) KPI and Target Values

The KPIs and respective weights used in the PSUs are as follows.

For each KPI, quantitative "Maximum Target", "Standard Target", and "Minimum Target" will be set:

① Average Organic Sales Growth Rate for Existing Businesses in Consumer Products (Evaluation Weight: 23%)

Average Organic Sales Growth Rate Targets for the Consumer Products Business during the Period:

- Maximum Target: 6%
- Standard Target: 4%
- Minimum Target: 3%

Note: Currency exchange rate fluctuations will not be considered in the calculation of growth rates.

② Gross Profit Margin for the Consumer Products Business

(Evaluation Weight: 23%)

Average gross profit margin over the last two consecutive fiscal years within the Period:

- Maximum Target: 45%
- Standard Target: 44%

- Minimum Target: 43%

Note: Currency exchange rate fluctuations will not be considered in the calculation.

③ Segment-Specific Return on Invested Capital (ROIC)

(Total Evaluation Weight: 23%)

- **Consumer Products Business**

(Evaluation Weight: 17%)

Average ROIC for the Consumer Products Business during the Period:

- Maximum Target: 15%
- Standard Target: 13%
- Minimum Target: 11%

- **Chemical Division**

(Evaluation Weight: 6%)

ROIC for the Chemical Division during the Period:

- Maximum Target: 10%
- Standard Target: 8%
- Minimum Target: 6%

④ Relative TSR (Total Shareholder Return)

(Evaluation Weight: 23%)

TSR ranking among a peer group of domestic and international companies during the Period:

- Maximum Target: Top rank
- Standard Target: Within the top 20%
- Minimum Target: Within the top 50%

Note: The peer group will consist of at least 10 companies, including Beiersdorf AG, The Procter & Gamble Co, Unilever Plc, L’Oreal SA, Unicharm Corp, Kimberly-Clark Corp, Kenvue Inc, Colgate-Palmolive Co, Rohto Pharmaceutical Co and Kose Corp, or as otherwise determined in advance by the Board of Directors based on the recommendations of the Compensation Advisory Committee for Directors and Executive Officers.

⑤ ESG Metrics

(Total Evaluation Weight: 8%)

- **Reduction in Greenhouse Gas Emissions Scope 1 & 2** (Evaluation Weight: 6%)

Reduction in Scope 1 and Scope 2 emissions from existing business operations compared to 2020 levels:

- Maximum Target: 60% reduction by 2028
- Standard Target: 50% reduction by 2028
- Minimum Target: 40% reduction by 2028

- **Reduction in Greenhouse Gas Emissions Scope 3** (Evaluation Weight: 2%)

Reduction in Scope 3 emissions from existing business operations compared to 2020 levels:

- Maximum Target: 25% reduction by 2028
- Standard Target: 20% reduction by 2028
- Minimum Target: 15% reduction by 2028

(4) Compensation Payment Rate

Under the proposed scheme KPI compensation rates are:

- 150% for reaching Maximum Target
- 100% for Standard Target
- 50% for Minimum Target
- 0% if below Minimum Target

For non-ESG metrics, PSU payout rates scale linearly between the targets. For instance, achieving halfway between:

- Standard and Maximum Target earns 125%
- Standard and Minimum Target earns 75%

(5) Vesting and Allocation of Shares

Within one month after the first Annual General Meeting of Shareholders following the Period's end, the Company will calculate final PSU compensation rates using the weighted KPI achievements outlined in (4) above and, award Eligible Directors (those serving continuously through the Period) their shares calculated using the following formula, per Article 202-2 of the Companies Act, rounding down fractional shares:

Number of Allocated Shares = Reference Units × Compensation Payment Rate

Directors who retire before the end of the Period forfeit their PSUs grants unless the Board and Compensation Committee approve their departure. In such cases, shares are prorated by months served (the "Tenure Ratio" with partial months counting fully). In the event an Eligible Director dies, their plan rights transfer to their heirs.

(6) Vesting Due to Change in Control

If a resolution regarding a merger agreement in which the Company becomes the disappearing company, a share exchange agreement in which the Company becomes a wholly owned subsidiary, an organizational restructuring plan such as a share transfer, or a change in control is approved at a shareholders' meeting of the Company (or, if such approval is not required, at a meeting of the Board of Directors), and such restructuring or change in control becomes effective before the completion of the Period, and if an Eligible Director is forced to resign against their will before the completion of the Period, the Period shall be deemed to have been completed at the time of such resignation. The number of shares to be allocated shall be calculated based on a compensation payment rate of 250%, and the shares shall be allocated to the respective Eligible Director.

(7) Claw back Due to Restatement of Financial Statements

If all or part of the financial statements for the Period are restated within four years after the completion of the Period, and the restatement results in changes to the figures of the KPIs used to calculate the PSUs, the Company shall recalculate the compensation payment rate based on the revised KPIs. The Company will then take measures to recover the excess shares that were allocated (including the demand for the return of vested equity compensation and any measures necessary to effectuate such return, hereinafter collectively referred to as "**Recovery Measures**"). Each Eligible Director must comply with such measures.

Furthermore, the impact of the restatement on the share price and TSR shall be reasonably determined by the Board of Directors based on credible grounds.

[Details of the RSUs]

(1) Overview of the Plan

The RSU is an equity compensation plan under which a predetermined number of Kao Shares are granted to Eligible

Directors regardless of performance. The allocation of Kao Shares to Eligible Directors will, in principle, be made after the completion of the Period.

(2) Granting of Reference Units

After the conclusion of this Annual General Meeting of Shareholders, the Company will grant reference units to the Eligible Directors in office at the first Board of Directors meeting held thereafter. The number of reference units granted will be calculated by dividing an amount equivalent to 120% of the basic compensation of each Eligible Director (30% per fiscal year) by the Reference Stock Price, with fractions below one unit rounded down. The Reference Stock Price refers to the closing price of Kao Shares on the Tokyo Stock Exchange on the business day preceding the resolution date of the Board of Directors (or, if no transaction is conducted on that day, the closing price on the most recent trading day). However, the total number of reference units granted to all Eligible Directors will be capped at 53,600 units.

(3) Allocation of Shares

Within one month after the conclusion of the first Annual General Meeting of Shareholders convened following the end of the Period, the Company will calculate the number of Kao Shares to be allocated to each Eligible Director using the formula below (fractions of less than one share will be rounded down). The Company will then allocate the shares without payment in accordance with the procedures set forth in Article 202-2 of the Companies Act of Japan.

Number of Allocated Shares = Reference Units × Tenure Ratio

The Tenure Ratio refers to the proportion of months during the Period in which each Eligible Director has served as a director (even partial months will be treated as full months).

In the event an Eligible Director dies, their plan rights transfer to their heirs.

[Common Provisions for PSUs and RSUs]

(1) Forfeiture Due to Voluntary Resignation

If an Eligible Director voluntarily resigns as a director or refuses reappointment before the completion of the Period, all reference units granted to that Eligible Director will be forfeited.

(2) Malus and Claw back Due to Misconduct

If it is determined that an Eligible Director has committed a significant violation of laws, regulations, the Articles of Incorporation, or the Company's internal rules, or has engaged in any other serious compliance violations or acts that severely damage the Company's social credibility during their tenure, the Company may forfeit all or part of the unvested reference units granted to the Eligible Director. Additionally, the Company may implement Recovery Measures for all, or part of the Kao Shares allocated under this plan.

(3) Other

The details of this plan shall be determined by a resolution of the Board of Directors following consultation with the Compensation Advisory Committee for Directors and Executive Officers.

2) Reason for proposal

The Company's current and previous director compensation schemes have rewarded senior management for poor performance.

On March 26, 2021 at the 115th Annual General Meeting of Shareholders, the Company introduced a new equity compensation plan to promote key initiatives outlined in its then medium-term management plan ("K25"). The K25

plan lacked detailed performance benchmarks, while the K25 Equity Compensation Plan failed specify how KPIs were weighted.

In 2023, the Company abandoned the K25 plan, yet it still awarded Directors 80% of their equity bonuses for the period despite falling far short of hitting financial KPIs.

At the 118th Annual General Meeting of Shareholders held on March 22, 2024 shareholders approved a proposal by the Company to allocate up to 1.16 billion yen annually over fiscal years FY2024 to FY2027 as funding for a trust to acquire Kao Shares for performance-linked long-term incentive equity compensation for Directors ("**K27 Equity Compensation Plan**").

The K27 Equity Compensation Plan allocates 30% of the LTI into RSUs with the remaining 70% paid based on the Company’s performance in hitting targets outlined in the K27 Medium-term Management Plan (PSUs), among other factors.

Oasis believes the K27 Equity Compensation Plan’s PSU component relies far too heavily on non-quantitative performance metrics including "management evaluation indicators" (including evaluations by the Company employees regarding management activities) and poorly defined ESG metrics.

We estimate that less than 42% of the LTI framework is tied to operational performance-related quantitative benchmarks. ESG, accounting for 28%, is based on ambiguous and esoteric indicators of the Kirei Lifestyle Plan (KLP) such as to empower 1 billion people "to enjoy more beautiful lives" by 2030.

Oasis considers these benchmarks to lack measurability and are not long-term value drivers.

CATEGORY	SCOPE	LTI WEIGHT	
Growth		28%	Quantitative
Management	TSR Employee Engagement Survey	14%	Only Partially Quantitative
ESG	External Evaluation Achievement of Kirei Lifestyle Plan	28%	Non-Quantitative
RSUs		30%	FIXED

A further issue is flawed incentives: 30% of long-term incentives are awarded unconditionally (RSUs) and the number of shares issued as PSUs can fluctuate between 0–200% based on the subjective metrics outlined above.

We wish to encourage the Company’s senior management team to focus on creating long-term stakeholder value and achieving continuous profitable growth over the FY2025-FY2028 period.

The new plan provides directors with clear and measurable targets based on metrics known to drive long-term value creation in the Fast-Moving Consumer Goods industry with a much stronger link to company performance and an increased focus on transparency and objectivity.

(1) Opinion of the Company’s Board of Directors
As a result of deliberations based on the recommendation of the Compensation Advisory Committee, the Board of Directors has decided to oppose this Shareholder Proposal.

(2) Reasons for opposition
 The remuneration for Directors other than Outside Directors and Executive Officers consists of (a) a base salary, (b) short-term incentive compensation in the form of bonuses, and (c) long-term incentive compensation in the form of performance-based share compensation. This structure is designed to drive continuous performance improvement in

each fiscal period and incentivize mid- to long-term growth.

Kao Group’s Mid-term Plan K27, covering the four fiscal years from 2024 to 2027, aims to fully implement ROIC across the Company, execute structural reforms, and establish itself as a company that fosters “Global Sharp Top” businesses. With these goals in mind, the Company has set ambitious targets. To enhance the incentive structure for achieving corporate value growth and performance targets, the Board of Directors proposed a partial revision to the stock-based compensation system for Directors other than Outside Directors and Executive Officers at the 118th Annual General Meeting of Shareholders held on March 22, 2024. This proposal was approved with an overwhelmingly high approval rate of 96.84%. Since this Proposal would freeze the K27 stock compensation system and introduce a new compensation system with a target period from 2025 to 2028, the Company’s Board of Directors has determined that it is not necessary to introduce a replacement incentive compensation plan, during the target period of K27.

Regarding this Shareholder Proposal, Oasis stated that it ‘relies far too heavily on non-quantitative performance metrics including “management evaluation indicators” ... and poorly defined ESG metrics.’ However, in calculating the coefficient of variation for long-term incentive compensation, the Company has been using “Business Growth Evaluation” (which assesses the growth rate of overall business revenue and profit, etc.), “ESG Activities Evaluation” (which includes evaluations based on external indicators, the achievement status of internal indicators, etc.), and “Top Management Activities Evaluation” (which considers evaluations of management activities by the Company’s employees, etc.) as evaluation indicators to promote proactive governance in order to achieve the goal established in K27. In 2024, the Company added new indicators including EVA (Economic Value Added) and TSR (Total Shareholder Return). TSR is evaluated through comparison with the TOPIX growth rate (including dividends) and TSR of benchmark companies. Overall, the variable portion of compensation is designed to be primarily based on quantitative evaluations.

”Evaluation Indicators and Weighting for Long-Term Incentive Compensation”

Evaluation Indicators		Weighting	Evaluation Categories
Business Growth Evaluation	<ul style="list-style-type: none"> • Overall business revenue growth and operation profit growth • EVA (ROIC) 	40%	Five-Point Scale
ESG Activities Evaluation	<ul style="list-style-type: none"> • Achievement level of KLP priority targets <ul style="list-style-type: none"> ✓ Decarbonization (CO₂ emissions reduction rate) ✓ Zero Waste (Plastic recycling rate) ✓ Ratio of female managers ✓ Number of serious compliance violations, etc. • External evaluation results by major ESG rating agencies 	40%	Seven-Point Scale
Top Management Activities Evaluation	<ul style="list-style-type: none"> • Relative TSR evaluation <ul style="list-style-type: none"> ✓ Comparison with TOPIX (including dividends) ✓ Comparison with benchmark companies • Employee engagement survey results 	20%	Seven-Point Scale

Note also that the rate of variable compensation has been increased in order to enhance the incentive nature of the compensation system.

The Shareholder Proposal states that the ratio of base salary to stock-based compensation should be set at 1:2. However, the “Practical Guidelines for Corporate Governance Systems (CGS Guidelines),” published by the Ministry of Economy, Trade and Industry on July 19, 2022, note that when introducing performance-linked compensation or stock-based compensation, it is beneficial to consider elements tailored to the company’s specific circumstances. Among these considerations, the appropriateness of the proportion of such compensation within the overall remuneration package has been identified as a key factor for evaluation. In Japan, where the absolute level of executive compensation tends to be relatively low, the CGS Guidelines emphasize that introducing performance-linked compensation without first reviewing the overall compensation level may result in an inadequate incentive structure. The guidelines also state that the introduction of performance-linked compensation should be considered as part of a broader review of both the compensation level and the overall compensation structure. The compensation levels for the Company’s Directors, Executive Officers, and Audit & Supervisory Board Members are determined annually based on executive compensation survey data provided by external research institutions. These surveys compare the Company’s compensation levels with those of major manufacturing companies that are similar in size, industry, and business model, as well as with companies that have similar business strategies and

structures. The Company will continue to review the Compensation System for Directors, Executive Officers, and Audit & Supervisory Board Members while considering the shareholders' views.

Based on the above, the Company's Board of Directors opposes this Shareholder Proposal.

BUSINESS REPORT

(From January 1, 2024 to December 31, 2024)

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, 2024* 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 the reinforcement, streamlining, maintenance and renewal, etc. of production and research facilities in each business, the Company restructured 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 outside Japan.

In the Chemical Business, the Company has been expanding its production capacity mainly outside Japan 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.

4. Issues for Management

In 2024, while the economy was returning to where it was before the COVID-19 pandemic, international communities continued to become more multipolar and divided with further expansion of geopolitical risks. In Japan, although we see bright signs in its economy, such as the number of inbound travelers exceeding the pre-pandemic level, its outlook still remains uncertain. In fact, we still need to keep watching closely the weakening yen and soaring costs of living as these trends could negatively affect consumer sentiment.

Amid these circumstances, the Kao Group is pressed to address social challenges and break away from the existing mass-production, mass-consumption business model, which has a negative environmental footprint. Now, the Company 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.

As part of the efforts to realize such a business model, in August 2023, the Company announced the Mid-term Plan "K27" which is centered on structural reforms and growth strategies. Based on the plan, the Company will revise the prices of its products by adding more value to them, enhance its Total Cost Reduction (TCR) initiative, and introduce the Return on Invested Capital (ROIC) metrics across the organization to decisively implement large-scale structural reforms to ultimately further globalize its operations. Aiming to be a company that sustains "Global Sharp Top" businesses, the Company will swiftly forge ahead with investments and acquisitions for growth and restructuring of its businesses along with the strategic management of its portfolio.

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

**Global Sharp Top: Contribute as global No.1 with leading-edge solutions that address the critical needs of customers.*

Vision
Saving future lives

Mid-term Plan “K27”

【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.

(Billion yen)	FY2023 Results	FY2024 Revised Plan*3	FY2024 Results	FY2025 Plan*4	FY2027 Targets
ROIC	4.1%	8.8%	9.2%	9.4%	11.0% or more
EVA	14.9	27.0 or more	33.2	37.0	70.0 or more
Operating income	114.7*2	140.0	146.6	160.0	Record-high operating income (FY2019 211.7 bn)
Sales outside Japan*1	655.8	Approx. 700.0	705.5	730.0	800.0 or more (Sales CAGR +4.3%)

*1 Based on the locations where the sales were recognized. *2 Core operating income *3 Announced on August 8, 2024. *4 Announced on February 6, 2025.



Progress during FY2024 and future plan

In the fiscal year under review, the effect of the large-scale structural reforms launched last year became more visible, and as a result, profits continued to recover. Under these circumstances, the Company proactively invested in marketing, enhanced the competitive advantages of our core brands, and struck a balance between a higher market share and improved profits. As a result, in FY2024, Return on Invested Capital (ROIC), Economic Added Value (EVA), operating income, and sales outside Japan, which are target metrics in the Mid-term Plan “K27,” were all better than forecast.

In the Growth Driver areas*, in FY2023, the Company successfully paved the way to expanding its skin protection businesses globally. As a result, the business recorded net sales of 43.2 billion yen in FY2024 up from 23.3 billion yen in FY2021, backed mainly by sales growth in Japan, Europe, North America, South America, and Asia. To achieve net sales of 74.0 billion yen in 2027, the Company aims to grow further globally. In the Cosmetics Business, the Company has proactively invested in marketing to expand sales of six core brands, accelerating the sales expansion of high-value-added products globally. In the Chemical Business, from FY2021 to FY2024, net sales grew at a CAGR (average annual growth rate) of 11.6% in the overseas markets, which represent 60% of overall sales of the business. In the Stable Earnings areas*, where the Company holds an overwhelming market share, we have secured funds for investing in growth opportunities supported by a high level of profitability and a strong capacity to generate cash flows. The Company has achieved increases in sales volume, while improving the profitability of primarily the Fabric and Home Care business, by drawing on its strong brand equity and continuing to strategically increase product prices implemented ahead of competitors. In the Business Transformation areas*, the transformation of the Hair Care business has progressed, accelerating its expansion into the Growth Driver areas. With the launch of *melt* in April 2024, the Company has pushed ahead with *Yoki-Monozukuri* to shorten the time for development to a quarter of the typical time required.

The Mid-Term Plan “K27” has progressed as scheduled as all Kao Group employees have worked closely together to move ahead with the plan. The Company has maximized the power and potential of employees with decisive investment in human capital, while, at the same time, has steadily improved both the quality and pace of *Yoki-Monozukuri* through reinforcing a scrum-type management approach, in which employees capable of prompt decision-making are brought together for key tasks. Further, the Company will accelerate the maximization of the Kao Group's technological assets by building businesses through co-creation with partners, such as collaboration with the CP Group in Thailand. Through these strategies, the Company aims to further improve its earnings and realize value creation over the long term.

**Stable Earnings: Fabric Care, Home Care, Personal Health; Growth Driver: Skin care, Chemical, Cosmetics, Commercial-use hygiene products; Business Transformation: Hair care, Sanitary*

The Kao Group's initiatives on sustainability

The Kao Group aims to make “Kao” a company with a global presence that is valuable to society, as K30, its Vision for 2030. Under this vision, the Group has provided better products and services to consumers and society globally by placing ESG at the core of management. While pursuing to realize a comfortable lifestyle for

consumers, the Group has aimed to create social and economic value by striving to reduce the environmental footprint of its products throughout the entirety of the product lifecycle.

As we expect to experience growing complexities in the business environment surrounding the Kao Group and ever-increasing social issues globally, to realize K30, it is essential that the Kao Group accurately identifies risks and opportunities associated with sustainability, reflects them in its business strategies, and swiftly and steadfastly execute these strategies. To this end, the Group has built a flexible and robust ESG governance structure. The Board of Directors is responsible for supervising sustainability, including risks and opportunities. Under this responsibility, the President and Chief Executive Officer, and subordinate organizations, mainly the ESG Managing Committee, are responsible for business execution. We have also established the ESG External Advisory Board consisting of external experts, which submits reports and proposals in response to consultation by the ESG Managing Committee to reflect perspectives outside of the Company in our business strategies.

Under the Kao's ambitious ESG strategy, Kirei Lifestyle Plan, which is based on the perspectives of consumers, the Kao Group will work steadily to achieve its goal of making 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 fifth consecutive year

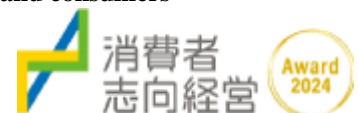
The Kao Group was rated A in each of Climate Change, Forests, and Water Security of the CDP's global survey of businesses, and as a result, included in the A List for five consecutive years. We believe that our continued efforts to reduce environmental footprint through the entirety of the product lifecycle,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



Awarded the Cabinet Office Minister of State for Special Missions commendation in selection of companies practicing consumer-oriented management friendly to both the environment and consumers

Kao Corporation received the Cabinet Office Minister of State for Special Missions commendation at the fiscal 2024 Good Practices of Consumer-Oriented Management Awards organized by the Consumer Affairs Agency. This award is granted to companies making best practices to improve social value through co-creation and collaboration with consumers.



Specifically, Kao Corporation was highly evaluated for its approach to development involving consumers, which caters to the needs of consumers and their growing awareness of the environment and encourages their environment-conscious activities. These products include a refill pack named "Ecopeco Bottle for the Future" from the *CuCute* dishwashing detergent brand which cut down on plastic use by reducing its thickness as well as maintaining the ease of refilling and the durability; and *Biore UV Aqua Rich Aqua Protect Mist*, a non-gas, mist-type sunscreen which can be easily retouched or refilled on-the-go.

The development of *NEWTRAC*[®], a highly durable asphalt modifier, made from waste PET, was also highly evaluated as it contributes to reduction of CO₂ emissions, mitigation of traffic jam through reduction of repaving work, as well as resource circulation. The following initiatives were also highly regarded by the Consumer Affairs Agency: the effective utilization of waste fishing nets and marine plastic waste in collaboration with local municipalities, the launch of products for cold regions, and efforts toward realizing a sustainable society while expanding business.

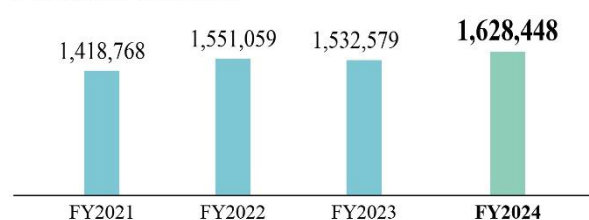
We will remain committed to promoting consumer-oriented management activities in line with our ESG strategy, Kirei Lifestyle Plan.

5. Transitions of Assets and Profits and Losses

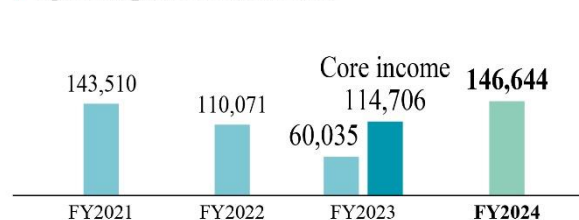
(million yen)

	FY2021	FY2022	FY2023		FY2024
Net sales	1,418,768	1,551,059	1,532,579		1,628,448
Operating income (Core operating income)	143,510	110,071	60,035	(114,706)	146,644
Income before income taxes (Core income before income taxes)	150,002	115,848	63,842	(118,513)	151,024
Net income (Core net income)	111,415	87,742	46,157	(88,262)	110,374
Net income attributable to owners of the parent (Core net income attributable to owners of the parent)	109,636	86,038	43,870	(85,975)	107,767
Total assets	1,704,007	1,726,350	1,769,514		1,867,237
Total equity	983,877	995,384	1,012,043		1,098,835
Basic earnings per share (Basic core earnings per share) (yen)	230.59	183.28	94.37	(184.95)	231.94

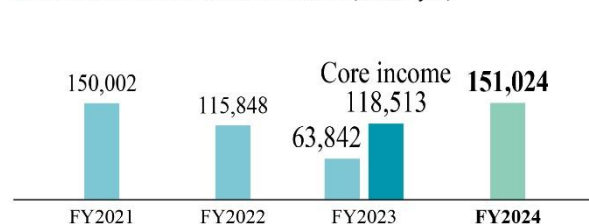
■ Net Sales (million yen)



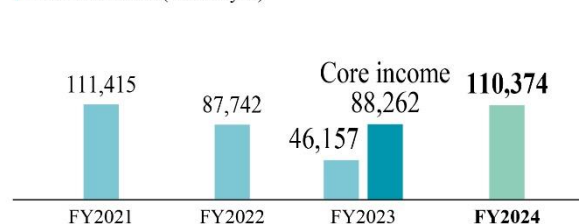
■ Operating Income (million yen)



■ Income before Income Taxes (million yen)



■ Net Income (million yen)



Notes:

- Income excluding one-time gains and losses arising due to non-recurring factors (such as gains and losses arising from business withdrawal or downsizing, or sale or disposal of assets) is presented as "core income" in the table above.
- Effective from FY2021 to FY2022, the Kao Group has adopted the Amendment to IFRS 16 "Leases," "Covid-19-Related Rent Concessions."
- Provisional accounting treatment for business combinations was finalized during the fiscal year ended December 31, 2024. Accordingly, the Consolidated Statement of Financial Position for the fiscal year ended December 31, 2023 have been retrospectively restated.

6. Main Businesses of the Kao Group (as of December 31, 2024)

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, UV care products
		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
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, 2024)

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, Life Care (Commercial-use hygiene products), Cosmetics
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	92.2%	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 4	100%	Health and Beauty Care, Cosmetics
Oribe Hair Care, LLC	USD 8,182 thousand	100%	Health and Beauty Care
Washing Systems, LLC	USD 10	100%	Life Care (Commercial-use 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
Kao Germany GmbH	EUR 25,000 thousand	100%	Health and Beauty Care
Kao Manufacturing Germany GmbH	EUR 13,000 thousand	100%	Health and Beauty Care
Kao Chemicals GmbH	EUR 9,101 thousand	100%	Chemical
Molton Brown Limited	GBP 516 thousand	100%	Cosmetics
Kao Chemicals Europe, S.L.	EUR 74,035 thousand	100%	Control of Chemical Business in Europe, etc.
Kao Corporation, S.A.	EUR 56,411 thousand	100%	Chemical

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

8. Main Offices, Plants, Laboratories, and Subsidiaries (as of December 31, 2024)

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

9. Employees of the Kao Group (as of December 31, 2024)

Business Category	Number of Employees
Consumer Products Business	27,587
Hygiene and Living Care Business	8,954
Health and Beauty Care Business	7,859
Life Care Business	970
Cosmetics Business	9,804
Chemical Business	3,969
Others	1,010
Total	32,566

Notes:

1. The employees above include full-time, indefinite-term, and non-permanent employees.
2. Of the above total number of employees, the number of the Company's employees is 7,861.

10. Main Lenders (as of December 31, 2024)

Not applicable

II. Shares of the Company (as of December 31, 2024)

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 89,268 treasury shares.

3. Number of shareholders: 181,513

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)	88,024	18.90
Custody Bank of Japan, Ltd. (Trust Account)	32,182	6.91
STATE STREET BANK WEST CLIENT - TREATY 505234	10,521	2.26
SMBC Nikko Securities Inc.	8,975	1.93
Oasis Opportunities Fund One SPC - ECHO SP	6,879	1.48
Mizuho Securities Co., Ltd.	6,858	1.47
JAPAN SECURITIES FINANCE CO., LTD.	6,799	1.46
Nippon Life Insurance Company	6,691	1.44
STATE STREET BANK AND TRUST COMPANY 505001	6,567	1.41
JPMORGAN CHASE BANK 385781	6,456	1.39

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)	5,900 shares	4 persons

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

1. Status of Directors and Audit & Supervisory Board Members (as of December 31, 2024)

Title	Name	Duties at the Company and Other Material Position(s) Held
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)
Representative Director, 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.
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	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
Outside Director	Makoto Takashima	Chairman of the Board, Director, Sumitomo Mitsui Banking Corporation
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	Saeko Arai	Certified Public Accountant; President, Acuray, Inc.; Outside Director, Sumitomo Pharma Co., Ltd.; Outside Audit & Supervisory Board Member, YKK CORPORATION; Professor, Hakuoh University

Notes:

- Osamu Shinobe, Eriko Sakurai, Takaaki Nishii, and Makoto Takashima are Outside Directors.*
- Hideki Amano, Nobuhiro Oka, and Saeko Arai are Outside Audit & Supervisory Board Members.*
- Sadanao Kawashima has had many years of experience in the Company's accounting management, and has considerable expertise in finance and accounting.*
- Hideki Amano and Saeko Arai, who are qualified as a Certified Public Accountant, have considerable expertise in finance and accounting.*
- The Company reported Osamu Shinobe, Eriko Sakurai, Takaaki Nishii, Makoto Takashima, Hideki Amano, Nobuhiro Oka, and Saeko Arai 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.*
- Personnel changes in Directors and Audit & Supervisory Board Members during this fiscal year:*
 - (1) Makoto Takashima was newly elected as Director and Saeko Arai was newly elected as Audit & Supervisory Board Member and took office at the 118th Annual General Meeting of Shareholders held on March 22, 2024.*
 - (2) Michitaka Sawada, Chiaki Mukai and Nobuhide Hayashi, Director, and Takahiro Nakazawa, Audit & Supervisory Board Member, retired from office upon the expiration of their term at the conclusion of this 118th Annual General Meeting of Shareholders held on March 22, 2024.*

(3) *Toru Nishiguchi, 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 22, 2024.*

7. *Saeko Arai, Outside Audit & Supervisory Board Member, had served as Outside Director of Tokyu Fudosan Holdings Corporation until June 26, 2024.*

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 100% of the base salary for the President and CEO, 50% to 70% of the base salary for the Executive Officers with titles other than the CEO and 30% to 50% 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 the 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, profit, and EVA 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. 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 1,680.3 billion yen, profit (gross profit minus selling, general administrative expenses) of 130.5 billion yen, with EVA single-year target of 24.0 billion yen. The actual results were sales of 1,737.9 billion yen, profit of 140.3 billion yen, and EVA of 33.2 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 139.86%.

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

With four years from 2024 to 2027 as the period applicable to the Mid-term Plan “K27,” the Company’s shares, etc., are delivered to Directors, other than Outside Directors, and Executive Officers based on factors such as the degree of achievement against the key performance targets adopted under “K27.” This performance-based share incentive plan consists of two parts: a variable portion in which Company shares, etc. are delivered in accordance with the degree of achievement against targets adopted under the mid-term plan, etc., and a fixed portion in which a certain number of Company shares, etc. are 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 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 100%, the yearly share remuneration amount is set at approximately 30% to 100% of a base salary.

The variable portion is delivered after Directors, etc. retire (or after the applicable period for Directors with foreign nationalities, etc.) depending on the level of their achievement. The fixed portion is delivered after the end of each fiscal year. A certain proportion of the amount is delivered in the Company’s shares and the remainder is delivered in the amount of the Company’s 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 “K27,” “Business Growth Evaluation (degree of growth in overall business sales, profit, and EVA, etc.)”; “ESG Activities Evaluation (evaluation by external indicators, status of realization of internal indicators, etc.)”; and “Top Management Activities Evaluation (evaluation of management potential (Total Shareholder Return (TSR) and evaluation of management activities by employees, etc.)” are used as evaluation indicators and evaluations are made based on the degree of achievement. The degree of achievement that is reflected in the variable portion will be determined within the range of 0% to 200% depending on the evaluation results of these indicators after the applicable period from 2024 to 2027.

Kao also has put in place a clawback provision, which allows the Company to reclaim the stock compensation paid through a resolution by the Board of Directors in the event that it had to correct its financial statements after filing them due to material misstatements or misconduct in accounting, or a Director or an Audit & Supervisory Board Members committed an act of disloyalty, for instance.

Evaluation indicators for the variable portion of the performance-based share incentive plan

	Evaluation indicator		Weight	Scale	Objective
Business Growth Evaluation	Degree of overall business growth, sales, profit, and EVA (ROIC)		40%	5-point scale	The degree of contribution to continued growth and sound financial management is evaluated.
ESG Activities Evaluation	Achievement level of KLP (Kao Kirei Life Plan) priority targets Decarbonization (CO ₂ emissions reduction rate), Zero Waste (Plastic recycling rate), Ratio of female managers, Number of serious compliance violations, etc.		25%	7-point scale	Solution to a variety of social issues and contribution to a sustainable society are evaluated from multiple perspectives.
	External evaluation results by major ESG rating agencies		15%	7-point scale	
Top Management Activities Evaluation	Relative TSR evaluation	Comparison with TOPIX (including dividends)	5%	7-point scale	The adequacy of corporate governance is evaluated.
		Comparison with benchmark companies	5%	7-point scale	
	Employee engagement survey results		10%	7-point scale	

Compensation for 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 Directors or Audit & Supervisory Board Members.

(2) Process for Determining the Amount of Remuneration

The compensation system and compensation standards for the Directors and Executive Officers, including details of individual remuneration for the Directors are examined by the Compensation Advisory Committee 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.

Regarding determining individual compensation for Directors for the current fiscal year, the Compensation Advisory Committee for Directors and Executive Officers conducted a comprehensive review of the proposed plan, including its alignment with the objectives of the Company's executive remuneration policy, and submitted its recommendations. After reviewing and deliberating the committee's findings and recommendations, the Board of Directors confirmed that the remuneration structure is consistent with the stated objectives of executive remuneration, and has approved them.

The levels of compensation for Audit & Supervisory Board Members are determined through discussions by 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.

The levels of compensation for Directors, Executive Officers, and Audit & Supervisory Board Members are determined each year after ascertaining the levels of 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.

(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)	11 (6)	821 (80)	402 (80)	207 (-)	149 (-)	63 (-)
Audit & Supervisory Board Members (including, in parentheses, Outside Audit & Supervisory Board Members)	6 (4)	127 (50)	127 (50)	- (-)	- (-)	- (-)
Total (including, in parentheses, Outside Directors and Outside Audit & Supervisory Board Members)	17 (10)	948 (130)	529 (130)	207 (-)	149 (-)	63 (-)

Notes:

- The above numbers of Directors/Audit & Supervisory Board Members include one Inside Director, two Outside Directors, and one Outside Audit & Supervisory Board Member who resigned at the conclusion of this 118th Annual General Meeting of Shareholders held on March 22, 2024.
- The variable portion of the long-term incentive compensation (performance-based stock compensation) will be finalized on the final year of the applicable period of four fiscal years from 2024 to 2027 of the Mid-term Plan "K27." As such, the variable portion equals the amount of provision for long-term incentive compensation recognized in the current fiscal year.
- 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 conclusion of this Annual General Meeting of Shareholders. 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 conclusion of this Annual General Meeting of Shareholders.

Based on a resolution adopted at the 118th Annual General Meeting of Shareholders held on March 22, 2024, 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 Directors. Under this share incentive plan, trust money of up to 4.64 billion yen is contributed during the fiscal years subject to the Company's mid-term plan (the initial period to be covered being the period of four fiscal years from the fiscal year ended December 31, 2024 to the fiscal year ending December 31, 2027), 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 Business Growth Evaluation indicators (such as the degree of growth in overall business sales, profit, and EVA), ESG Activities Evaluation indicators (such as evaluation by external indicators and status of realization of internal indicators), and Top Management Activities Evaluation indicators (such as TSR (Total Shareholder Return) and evaluation of management activities by the Company's employees). The Company had four Directors (excluding Outside Directors) at the conclusion of this Annual General Meeting of Shareholders.

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

An annual amount of 180 million yen (as resolved at the 118th Annual General Meeting of Shareholders held on March 22, 2024). The Company had five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) at the conclusion of this Annual General Meeting of Shareholders.

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	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.	No special relation
		Outside Director, Daiichi Sankyo Company, Limited	No special relation
Director	Makoto Takashima	Chairman of the Board, Sumitomo Mitsui Banking Corporation	The Company regularly makes bank transactions with Sumitomo Mitsui Banking Corporation; however, the amounts of such transactions account for less than 0.1% of Sumitomo Banking Corporation's net sales and the Company's net sales for the latest fiscal year, respectively.
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 as it uses our service; 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	Saeko Arai	Certified Public Accountant	No special relation
		President, Acuray, Inc.	No special relation
		Outside Director, Sumitomo Pharma Co., Ltd.	No special relation
		Outside Audit & Supervisory Board Member, YKK CORPORATION	No special relation
		Professor, Hakuoh University	No special relation

Note: The Company has no special relation with Tokyu Fudosan Holdings Corporation where Saeko Arai had served as Outside Director until June 26, 2024.

(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	14 out of 14 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 the top executive of a major global airline. He served as a member of the Committee for the Examination of the Nominees for Directors and Audit & Supervisory Board Members and as the chairperson of the Compensation Advisory Committee for Directors and Executive Officers.
Director	Eriko Sakurai	14 out of 14 meetings	–	At meetings of the Board of Directors, she made comments principally based on her considerable experience as the head of a global division and the regional head of a major U.S. chemical company. She served as the 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	Takaaki Nishii	14 out of 14 meetings	–	At meetings of the Board of Directors, he made comments principally based on his considerable experience as the top executive of a major global food 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	Makoto Takashima	11 out of 11 meetings	–	At meetings of the Board of Directors, he made comments principally based on his considerable experience as the top executive of a major global financial institution. 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	14 out of 14 meetings	10 out of 10 meetings	At meetings of the Board of Directors and meetings of the Audit & Supervisory Board, he made comments principally based on his professional opinion as a Certified Public Accountant and from a governance perspective.
Audit & Supervisory Board Member	Nobuhiro Oka	14 out of 14 meetings	10 out of 10 meetings	At meetings of the Board of Directors and meetings of the Audit & Supervisory Board, he made comments principally based on his professional opinion as an attorney-at-law and from a governance perspective.
Audit & Supervisory Board Member	Saeko Arai	11 out of 11 meetings	8 out of 8 meetings	At meetings of the Board of Directors and meetings of the Audit & Supervisory Board, she made comments principally based on her professional opinion as a Certified Public Accountant and from a governance perspective.

Note: During the current fiscal year, the Board of Directors held 14 meetings, and the Audit & Supervisory Board held 10 meetings. Since the appointment of Makoto Takashima as Director and Saeko Arai as Audit & Supervisory Board Member, the Board of Directors has held 11 meetings, and the Audit & Supervisory Board has held 8 meetings.

(For Reference) Status of Executive Officers (as of January 1, 2025)

Title	Name	Duties at the Company and Other Material Position(s) Held
President and CEO	Yoshihiro Hasebe	Chairperson, The Kao Foundation for Arts and Sciences
Senior Managing Executive Officer	Masakazu Negoro	Responsible for Management Finance Unit
Senior Managing Executive Officer	Toru Nishiguchi	Responsible for Global Consumer Care Business, Global; President, Global Consumer Care, Asia
Managing Executive Officer	Yoshihiro Murakami	Senior Vice President, Digital Strategy, Global
Managing Executive Officer	Hideaki Kubo	Senior Vice President, Research and Development, Global
Managing Executive Officer	Satoru Tanaka	Senior Vice President, Corporate Planning, Global
Managing Executive Officer	Toshiteru Komatsu	Senior Vice President, Supply Chain Management, Global; Responsible for TCR Promotion
Senior Executive Officer	Kotaro Nuriya	President, Global Consumer Care - Health Beauty Care Business, Global
Senior Executive Officer	Natsumi Hotta	President, Global Consumer Care - 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	Yoshio Nakao	Vice President, Global Consumer Care, Asia; Vice President, Global Consumer Care, Japan; Representative Director, President, Kao Group Customer Marketing Co., Ltd.
Senior Executive Officer	Motomitsu Hasumi	Senior Vice President, Product Quality Management, Global
Senior Executive Officer	Daisuke Hamada	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
Executive Officer	Naohiko Uramoto	Vice President, Digital Strategy - Data Intelligence, Global
Executive Officer	Masaru Takeyasu	Vice President, Global Consumer Care, East Asia; 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.;
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 - Business Development Research (Beauty/Healthcare), Global
Executive Officer	Dominic M. Pratt	President, Salon Business, Global; Vice President, Global Consumer Care, Global Salon; Chairperson of the Board, Oribe Hair Care, LLC; President, Kao Germany GmbH
Executive Officer	Naoshi Nakamoto	Senior Vice President, Procurement, Global
Executive Officer	Hideo Makino	Senior Vice President, Accounting and Finance, Global; President, Kao America Inc.
Executive Officer	Yasuo Toyoshima	Vice President, Research and Development - Business Development Research (Lifestyle/Chemical), Global
Executive Officer	Akiko Hasegawa	Senior Vice President, Legal, Global
Executive Officer	Joe Workman	President, Americas and EMEA Consumer Care Business, Global; Vice President, Global Consumer Care, Americas and EMEA; Chairperson of the Board & President, Kao USA Inc.
Executive Officer	Shinsuke Mori	Vice President, Supply Chain Management - Logistics Development Center, Global

Title	Name	Duties at the Company and Other Material Position(s) Held
Executive Officer	Mitsunori Saka	President, Global Consumer Care - Business Connected, Global; Vice President, Global Consumer Care - Business Connected - Global Business Planning and Management, Global; Responsible for Kao Professional Services Co., Ltd.
Executive Officer	Jun Kozuka	Vice President, Supply Chain Management - Manufacturing and Technology Development Center, Global; Vice President, Supply Chain Management - Manufacturing and Technology Development Center - Demand & Supply Planning, Global
Executive Officer	Yuki Nomura	Senior Vice President, Strategic Public Relations, Global
Executive Officer	Hikomitsu Hoshikawa	Vice President Chemical Business, Americas and EMEA; President, Kao Chemicals Europe, S.L.
Executive Officer	Junko Ohtani	Senior Vice President, ESG, Global
Executive Officer	Tomoko Uchiyama	President, Global Consumer Care - Cosmetics Business, Global; Vice President, Global Consumer Care, Americas and EMEA Cosmetics; Representative Director, President, Kanebo Cosmetics Inc.

IV. 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: 156 million yen
- (2) Aggregate amount of monetary and other proprietary benefits to be paid by the Company and its subsidiaries: 221 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 holding 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.*
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) with respect to 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.

V. Systems to Ensure Appropriate Business Operations of the Company and Implementation of Such Systems

1. Systems to Assure Appropriate Business Operations of the Company

The Board of Directors made the following resolution with respect to the “Policy Regarding the Development of the Internal Control Systems” (revised January 1, 2023).

Basic Policy Regarding the Internal Control System

The Company has established an Internal Control Committee chaired by the President and Chief Executive Officer. An important task of the committee is to develop a management structure, organization and system that facilitates legally compliant, efficient, sound and highly transparent management that aims to consistently increase corporate value, and for this objective, the Company implements the following systems:

(1) A system to ensure that execution of duties of Directors and employees of the Company and its subsidiaries conforms to laws and the Articles of Incorporation

Directors, Executive Officers and employees of the Company and its subsidiaries (Kao Group) should act with integrity based on the “Kao Business Conduct Guidelines (BCG),” which governs compliance with laws, the Articles of Incorporation, internal rules and social ethics. The Compliance Committee, chaired by the Director or Executive Officer in charge of compliance, promotes Kao Group’s compliance as a whole. On the basis of the provision of BCG which declares Kao’s position to reject any relationship with anti-social forces, the Company promotes cooperation with governmental agencies, etc. and collection and management of information regarding anti-social forces and establishes and maintains its internal system. Monitoring by each department responsible for internal control and internal audit by the Department of Internal Audit as well as notices and reports to the Compliance Reporting Hotline from concerned parties inside and outside the Company enable Kao to quickly gauge the state of compliance, work to quickly resolve any issues that arise, and take appropriate steps to prevent the recurrence of similar cases.

(2) A system for retention and management of information concerning Directors’ execution of their duties

Information (minutes, decision records and their relevant materials, account books and records, and other information and the like) related to the Directors’ execution of their duties is properly retained and managed according to the document retention and management policies and other related policies. The Directors, Audit & Supervisory Board Members and employees designated by them may access such information at any time.

(3) Rules and other systems concerning management of risk of losses by the Company and its subsidiaries

With regard to the risk of losses, the Company regards potential negative impact on management targets and business activities as “risks” and the manifestation of such risks as a “crisis,” and has established systems for appropriate risk and crisis management. Based on the Risk and Crisis Management Policy, the Risk and Crisis Management Committee, chaired by the Director or Executive Officer in charge of risk and crisis management, ascertains the progress of cross-divisional Company-wide risk management and establishes a plan for the preparation and execution of risk and crisis management activities. Based on this policy and plan, departments concerned with risk and subsidiaries and affiliates appropriately manage risks by ascertaining and assessing them, formulating and implementing necessary countermeasures, and other activities. In addition, after deliberation by the Management Board, the President and Chief Executive Officer specifies major Company-wide risks as corporate risks and appoints a person to appropriately manage them. When a crisis occurs that arises from corporate risk, the Company responds promptly by establishing an organization for countermeasures centered on this person in charge for corporate risk. For other types of crises, an organization for countermeasures is set up within departments concerned with such risk or relevant subsidiaries or affiliates. In addition, depending on the magnitude of the impact on the Group as a whole, the Company also establishes a countermeasures headquarters with the President and Chief Executive Officer or other person as its general manager. Management of the abovementioned risks and crises is reported to and discussed at the Meeting of the Board of Directors or the Management Board on a regular basis as well as in a timely fashion whenever necessary.

(4) A system to ensure that Directors of the Company and its subsidiaries efficiently execute their duties

After determining the direction to be focused on in a mid-term business plan, the Board of Directors reflects such direction in the mid-term plans of each department and subsidiary. The mid-term plans are reviewed annually by the Board of Directors and the Management Board, and necessary adjustments are made in response to the progress of the plans and changes in the business environment. The Management Board reviews, monthly or whenever appropriate, the progress of the revenue and expenditure plan and other important business plans of each division and subsidiary, extracts the main issues and then implements measures in response. In order to separate supervision and execution functions and to ensure the effectiveness of these functions and to accelerate

execution, the decision rules for the Board of Directors and the Management Board including items that arise from subsidiaries are established and reviewed as necessary.

(5) A system to ensure the appropriateness of business operations in the Company and its subsidiaries

The Internal Control Committee and related committees promote various policies to make sure that the business activities of the Kao Group conform to laws and the respective Articles of Incorporation. In addition, they promote and monitor efforts to ensure the appropriateness and efficiency of business operations throughout the Kao Group, and report regularly to the Board of Directors. Representative Directors, Directors and Executive Officers in charge of business operations provide guidance for the development of appropriate internal control systems for subsidiaries, according to their respective duties.

(6) A system concerning reporting to the Company regarding execution of duties of Directors of the Company's subsidiaries

The Company applies the Group Management rules (Policy Manual) to all subsidiaries, which require prior approvals of or reporting to the Company. The Company requires them to gain prior approvals or make a report on important management matters to the Board of Directors, Management Board or the executive officer in charge of the subsidiary in accordance with such rules as well as the decision and reporting rules for the Board of Directors and Management Board. In addition, Directors of the Company's subsidiaries, regularly or as necessary, discuss or report to the periodic meetings held every month in principle and established by each business area or functional area which supports business. Also, the Department of Internal Audit and responsible divisions, regularly or as necessary, monitor the state of implementation of prior approvals or reporting based on the rules.

(7) A system to ensure the reliability of financial reports

In order to ensure the reliability of financial reports, the Company evaluates, improves and documents in writing the state of the Company's internal control system and the process of business operations based on the principles of the Internal Control Committee and the Board of Directors confirms these activities regularly.

(8) Employees to be assigned if Audit & Supervisory Board Members request staff to assist in their duties

In the event that a request is made by Audit & Supervisory Board Members for the assignment of staff to provide assistance to conduct their audits effectively, the Directors should assign employees after discussing the selection of specific personnel with the Audit & Supervisory Board Members.

(9) Independence of employees in the preceding paragraph from Directors and ensuring effectiveness of instruction by Audit & Supervisory Board Members to such employees

In the assignment, evaluation, transfer and disciplinary action of or to employees who assist in the duties of Audit & Supervisory Board Members, the prior consent of the Audit & Supervisory Board should be obtained. Instructions by the Audit & Supervisory Board to such employees should not be restricted unreasonably, and such employees must follow the instructions.

(10) A system for Directors, Executive Officers and employees of the Company and Directors, Auditors and employees, etc. of the Company's subsidiaries to report to Audit & Supervisory Board Members of the Company

Audit & Supervisory Board Members may attend meetings of the Management Board, the Internal Control Committee and related committees, and may access the minutes, decision records and other documents of important meetings at any time. They may also receive activity reports from the head of each division and subsidiary regularly or as necessary, and have periodic exchanges of views with Representative Directors of the Company and its subsidiaries and exchanges of views with Representative Directors of the Company's subsidiaries when conducting an audit. In addition, Directors, Executive Officers and employees of the Company and Directors, Auditors and employees of subsidiaries, etc. should promptly report to Audit & Supervisory Board Members when they become aware of any fact that may potentially cause significant harm to the Company or to Group companies, a serious violation of laws or the Articles of Incorporation or when they receive a report of any of the foregoing. The Compliance Committee reports information delivered to Compliance Hotline and Department of Internal Audit reports audit results to Audit & Supervisory Board Members regularly or as necessary. Auditors of subsidiaries share audit results with Audit & Supervisory Board Members of the Company at a regular meeting to exchange opinions among auditors of Kao Group.

(11) A system to ensure that those who make reports in the preceding paragraph shall not receive any disadvantageous treatment as a result of having made such report

Directors and employees of Kao Group who make reports to the Compliance Hotline or to Audit & Supervisory Board Members, etc. shall not receive any disadvantageous treatment as a result of having made such report in

good faith. The Company expressly prohibits any disadvantageous treatment in the Kao Business Conduct Guidelines and ensures compliance with this rule.

(12) Policy concerning payment or reimbursement of expenses pertaining to execution of duties by Audit & Supervisory Board Members including advance payment of expenses and reimbursement procedure, etc.

In the event of requests for appropriation to the fiscal year budget for the payment of expenses and other expenditures arising in the execution of the duties of Audit & Supervisory Board Members, a budget is accordingly provided. When expenses provided for in the budget arise, or when the necessity arises for the execution of non-budgeted emergency or additional auditing or other duties and Audit & Supervisory Board Members charge expenses pertaining to execution of their duties or debt disposal, the Company shall promptly accept such requests, except in the cases set forth in Article 388 of the Companies Act.

(13) A system to ensure that audits by Audit & Supervisory Board Members are conducted effectively

In order to conduct efficient and effective audits, Audit & Supervisory Board Members maintain a close cooperative relationship (including through exchanges of information) with the Accounting Auditor, Department of Internal Audit, internal auditing departments, as well as with auditors and internal auditing departments of the Group companies. In addition, Audit & Supervisory Board Members are entitled to hold meetings with Outside Directors to exchange information and opinions and independently receive support from outside specialists such as lawyers and certified public accountants when necessary.

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

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

2. Implementation of Systems to Ensure Appropriate Business Operations

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 a thorough 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 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 is put in place both outside (lawyers) and inside the Company. During the current fiscal year, we received 427 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 makes 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, the Chairperson of the Compliance Committee posted posters 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. 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 Kao Group's intranet, and in Japan, it builds compliance awareness using posters with a four-panel 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 FY2024 include: (1) implementing a process to verify, after a certain period of time, whether the measures to prevent the reoccurrence of compliance violations conducted by the department that committed compliance violations and dug into the root cause of such violations have been effective, (2) sharing the information about reported/consulted incidents, communicating the lessons learned 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, (3) 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 (4) continuing to conduct self-evaluation on compliance activities to identify issues and consider measures to be taken to improve the situation in the future.

Efforts Concerning Risk and Crisis Management

By defining risks that have a particularly large impact on management and require enhanced responses as “corporate risks,” we have determined the themes and owners of such risks (those responsible for addressing these themes: Executive Officers) at the Management Board. Specifically, in 2024, the Company worked to strengthen measures against risks, including social issues; geopolitical risks; major earthquakes, natural disasters, and BCP; serious quality issues; cyber-attacks and protection of personal information; reputation risks; and pandemic.

With regard to material risks that may hamper the achievement of the Mid-Term Plan “K27,” through the investigation into these risks and interviews with management, we made clear what the material risks for our Global Sharp Top strategy are. Although we have addressed many of these risks, we will address other risks that we have yet to fully respond to as corporate risks for 2025.

On the basis of our response to the 2024 Noto Peninsula Earthquake, we strengthened our support to send relief supplies to the region in cooperation with the Tsunami Response Headquarters, government agencies, and industrial associations. In addition, we promptly responded to the alert about a possible megaquake around the Nankai Trough issued by the Japanese government the other day, as we had been preparing for how to respond to any emergency information.

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 and Executive Officers' 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

The Kao Group has worked to introduce ROIC company-wide and has decisively implemented structural reforms, aiming to be a company that sustains Global Sharp Top businesses. With a shared sense of urgency and necessity of reforms recognized by management, the Company has adopted a policy to audit the progress of implementation of the K27 Strategic Framework and the management's responses to management environmental risks, while conducting auditing activities, including sustainability related activities, in view of the requests and views of society and shareholders.

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

- Lively exchange of opinions

In the course of auditing the execution of duties by Directors and Executive Officers, the Audit & Supervisory Board Members put importance on expressing opinions concerning decision-making processes and resolutions at meetings of the Board of Directors, the Management Board and other important meetings, as well as lively exchange of opinions with management, including unfettered discussions at meetings to exchange opinions with management.

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

The Audit & Supervisory Board Members conduct on-site audits on and interviews with each division and each group company, placing emphasis on understanding the degree of how well corporate strategy is being shared, whether their proactive efforts are being made, the challenges they are facing, their requests and opinions to management through dialogues in such onsite audits and interviews. They also share the results of these audits and interviews with management, as appropriate.

After the on-site audits and interviews, these divisions and group companies makes use of the comments of the Audit & Supervisory Board Members in their initiatives through a PCDA cycle in which they add these comments to the lists of guidance and request items, and share the contents of these lists divided into advice and excellent initiatives across their organizations to improve the effectiveness of auditing. At least one Outside Audit & Supervisory Board Member has participated in approximately 80% of the on-site audits/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 experience playing leading roles and a high level of professional expertise and insights share audit-related information in a timely manner and conduct deliberations from various perspectives. In addition, the Office of the Audit & Supervisory Board is established directly under the Audit & Supervisory Board to allow the members of the Office to assist the Audit & Supervisory Board Members in fulfilling their duties and to serve concurrently as auditors of subsidiaries.

3. Deliberations by the Audit & Supervisory Board

Number of meetings held: 10	Attendance rate of Audit & Supervisory Board Members: 100% by all members	Duration: Average of two hours
Main agenda of the Audit & Supervisory Board		
24 resolutions: Audit policy, division of duties, critical auditing items, annual plan, audit report, policy on selection of candidate Audit & Supervisory Board Members, internal control matters, Accounting Auditor matters (including agreement on compensation, and deliberation on reappointment), appointment and compensation of Audit & Supervisory Board Members, etc.		14 matters considered: Audit findings, revision of the policy on selection of candidate Audit & Supervisory Board Members, a process of auditing internal control system, exchange of opinions with Representative Directors and Outside Directors, confirmation of the effectiveness evaluation process, etc.

Besides agenda items discussed at the Audit & Supervisory Board meetings, the members freely exchange opinions regarding the skills of the Audit & Supervisory Board Members, management and other issues they are concerned about 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 and feedback from Representative Directors, Outside Directors and other related parties, it was concluded that the system of the Board as a whole was functioning effectively.

In the process of evaluating the implementation status of the K27 Strategic Framework and the progress of structural reforms, the Audit & Supervisory Board Members confirmed that initiatives aimed at improving capital efficiency and profitability had been put in place and identified specific outcomes of these initiatives through on-site audits. The members will keep track of the progress in the development of the Global Sharp Top businesses including the development of growth strategies for the Cosmetics Business. With regard to the Group governance, they will continue to closely examine the horizontal management of the overseas governance structure by the Headquarters.

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 and efforts	Activity results and evaluation of effectiveness	Division of audit	
			Full-time	Outside
Status of execution of duties by Directors and Executive Officers	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 (four times) Important subsidiaries: Representative Directors (two times) • With Representative Directors, exchanged opinions mainly on the implementation status of the K27 Strategic Framework and the progress of structural reforms. • With Outside Directors, had in-depth discussions on critical issues and reported the results of such discussions to Representative Directors.	✓	✓
	On-site audits and interviews at worksites, divisions, domestic and overseas subsidiaries and affiliates (During on-site audits and interviews, we also confirm critical audit items such as internal control.)	113 times • Confirmed the degree of awareness about ROIC activities and the progress of structural reforms in each business • Reported the risks and concerns identified in the process of auditing and the feedback, such as worries and opinions, from worksites to management	✓	At any 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	6 times	—	✓

Critical auditing items	Audit method and efforts	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"> Maintained a structure in which members of the Office of the Audit & Supervisory Board concurrently serve as auditors of subsidiaries Held meetings to exchange opinions among all auditors of subsidiaries and affiliates (three times) Conducted effectiveness evaluation of auditors at important subsidiaries and shared issues and risks identified with the directors of these subsidiaries 	✓	At any time
	<ul style="list-style-type: none"> Exchange opinions between the Accounting Auditor, Audit & Supervisory Board Members and related departments Report accounting audit results of the Accounting Auditor to the Board of Directors meetings 	<p>Exchanged opinions (12 times), and reported to the Board of Directors meetings (two times)</p> <ul style="list-style-type: none"> 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 	✓	✓
	Strengthen collaboration in Three Types of Audits (between the Audit & Supervisory Board Members, the Accounting Auditor, and the Department of Internal Audit)	<p>Held meetings (three times) to share audit plans and critical audit issues</p> <ul style="list-style-type: none"> Exchanged opinions on the disclosure of non-financial information, a medium- to long-term issue 	✓	—
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 	<p>Every quarter or semi-annually</p> <ul style="list-style-type: none"> Confirmed that voluntary inspection and monitoring were firmly in place and issues had been improved Confirmed that the regulations for the Compliance Hotline were established and put in place. Expressed opinions on matters reported to the hotline and how these matters were handled 	✓	At any 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, to share audit findings and the awareness of risks 	✓	At any time
	Evaluate the construction and operation status of the internal control system using a checklist	Generally valid	✓	—
Proactive disclosure	Investigate 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 division mainly responsible for the disclosure of non-financial information had responded to such requests Promoted the disclosure of activities of the Audit & Supervisory Board Members 	✓	At any time

For a summary of the Audit & Supervisory Board's effectiveness evaluation, please see the following website:
www.kao.com/content/dam/sites/kao/www-kao-com/global/en/corporate/policies/pdf/audit_2025.pdf

- End -