March 5, 2026

103-8210
1-14-10 Nihonbashi Kayabacho, Chuo-ku, Tokyo
Kao Corporation
Mr. Yoshihiro Hasebe, President and Representative Director

PO Box 309, Ugland House, Grand Cayman
KY1-1104, Cayman Islands

Oasis Japan Strategic Fund Ltd.
Director Phillip Meyer

Oasis Opportunities Fund One SPC – Echo SP
Director Phillip Meyer

Request for Convening an Extraordinary General Meeting of Shareholders

Oasis Japan Strategic Fund Ltd., and Oasis Opportunities Fund One SPC – Echo SP (collectively, the "Requesting Shareholders") have continuously held voting rights representing at least three percent (3%) of the total voting rights of Kao Corporation ("Kao" or the "Company") for at least six months. Pursuant to Article 297, Paragraph 1 of the Companies Act, the Requesting Shareholders hereby request that the Company convene an extraordinary general meeting of shareholders (the "EGM"), to be held within eight weeks from the Company's receipt of this request.

In addition, the Requesting Shareholders request that the Company provide, in writing and by March 12, 2026, its planned dates for (i) the public notice of the record date, (ii) the dispatch of the notice of convocation, and (iii) the EGM. If the Company does not respond by that date, the Requesting Shareholders will understand that there is no prospect of the Company proceeding without delay with the convocation procedures for the EGM.

This request is being made to protect and enhance the Company's long-term corporate value. The agenda item below seeks the appointment of independent investigators to assess whether there are defects in the Company's risk management, internal controls and board oversight in relation to the Company's supply-chain risks that could materially impact Kao's brands, reputation, market access, and the execution of the Company's K27 plan which was formulated as of August

2023.[1]

I. Matter to be Resolved at the General Meeting of Shareholders

To appoint independent investigators to examine the Company's business and financial condition as provided for in Article 316, Paragraph 2 of the Companies Act, including potential failures of risk management, internal controls and board oversight relating to material issues in the Company's palm oil and paper / pulp supply chains (the "Investigation").

II. Reasons for Convening

A. Whistleblower allegations and independent report raise material questions about risk management and internal controls

Following the Requesting Shareholders' public campaign to elect highly qualified external directors to improve Kao's corporate value at last year's annual general meeting, the Requesting Shareholders received numerous whistleblower allegations including allegations relating to the Company's supply chain concerning human rights, deforestation and sustainability risks. To assess the validity of these allegations, the Requesting Shareholders commissioned an independent third-party environmental expert to review the allegations and related public information.

A summary research report titled "Assessment of Kao Corporation's No Deforestation, No Peat, No Exploitation ("NDPE") Policy and Implementation Summary Report" published at www.protectkao.com (the "Report"), identifies shortcomings in the Company's supply-chain risk management, which could materially impair Kao's future corporate value and growth prospects if not fully investigated and remedied.

The Requesting Shareholders are not asking shareholders to prejudge the allegations; rather, the Report indicates that an independent, shareholder-mandated fact-finding process is warranted to protect corporate value.

B. Allegations are material and concern raw materials that underpin 100% of Kao's

[1] Please see the Company's "*Management Strategy and Mid-term Plan 2027 (K27)*" https://www.kao.com/global/en/corporate/strategy-and-mid-term-plan/ (last accessed: March 5, 2026). The Company's 2025 Integrated Report discusses their K27 plan starting at page 32, https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/kao-reports-fy2025-en.pdf#page=32 (last accessed: March 5, 2026).

revenues

The matters raised by the Report are material to Kao's financials and corporate value due to Kao's dependence on sourcing palm oil and paper. Therefore, it is vital that the allegations be investigated.

According to the Company's 2024 Carbon Disclosure Project disclosures, 100% of the Company's revenue is dependent on palm oil, and between 71% and 80% of its revenue is dependent on paper products.[2] As such, if the Company's supply-chain controls are ineffective, this could have a material impact on Kao, including reputational harm, disruption of raw material supplies, and loss of market access, each of which would impact Kao's growth and ability to achieve its K27 plan.

C. Key issues identified in the Report

1. Alleged palm oil and paper / pulp supply-chain exposures to suppliers linked with deforestation and/or human rights controversies

The Report states that the Company may be directly or indirectly transacting with suppliers in its palm oil and forestry products supply chains that have been alleged to be, or have been, linked to deforestation and human rights violations. Examples cited in the Report include (among others) Royal Golden Eagle Group, Felda/FGV Holdings, Astra Agro Lestari, First Resources/Fangiono Group, PT Aceh Trumon Anugerah Kita, Citra Borneo Indah Group, Grupo Oleoflores, Abdi Budi Mulia and Pundi Lahan Khatulistiwa. The allegations surrounding these suppliers include the use of forced labor, large-scale deforestation, that their group companies are linked to abductions of local residents and clashes with villagers leading to a number of injuries amongst women and children.[3]

The Report notes that Kao may be an outlier among its peers because a number of other consumer products companies, both domestic and international, have reportedly suspended or restricted transactions with certain suppliers referenced in the Report, whereas Kao appears to have maintained or increased exposure.[4]

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[2] Please refer to Palm Oil Section 1.22.13 and Timber products Section 1.22.13 in the Company's "*2024 CDP Corporate Questionnaire 2024*," https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/cdp2024-001.pdf (last accessed: March 5, 2026).

[3] Please refer to Sections 2.1 – 7 of the Report on each of these suppliers and the Company's association with them, with citations to various public sources.

[4] Please refer to Sections 1.3 and 2.1 – 7 of the Report with citations to various public sources.

2. Alleged weak grievance mechanism and limited stakeholder access

Strong and effective grievance mechanisms are vital in monitoring and ensuring supplier compliance throughout the supply-chain. The Report raises concerns that the Company's grievance mechanism for supply-chain compliance may be too narrow in scope.[5] Kao has stated that its grievance mechanism covers 309 smallholders,[6] however, based on the Requesting Shareholders' estimates for 2024, this may represent around only 6% of the Company's palm oil supply chain by volume. By contrast, many domestic and international peers operate publicly accessible grievance mechanisms that are open to all stakeholders and cover their full supply chains, enabling early detection, escalation and remediation of serious issues.

A grievance mechanism that is not accessible to all stakeholders can reduce the Company's ability to identify and address issues in the supply-chain before they become value-destructive public controversies.

The Report's concerns also intersect with governance and incentives. "Serious compliance violations" are a key performance metric within the Company's performance-based executive compensation framework.[7] If the grievance and reporting system is constrained, the reliability of compliance-violation metrics used for incentive pay may be compromised, raising questions about pay-for-performance alignment and the quality of oversight by the board and Compensation Advisory Committee.

3. Alleged gaps in supply-chain disclosure and certification detail

Kao adopted a "No Deforestation, No Peat, No Exploitation" ("NDPE") policy to ensure its supply chain does not contribute to deforestation or human rights abuses in 2022, with its commitment to zero deforestation dating back even earlier. In 2019, the Company affirmed its support of achieving zero deforestation of habitats during the procurement of palm oil,

[5] Please refer to Section 1.2 of the Report which describes the Company's grievance mechanism and its associated shortcomings against international standards and peer companies. An outline of Kao's grievance mechanism prepared by Caux Round Table Japan can be found at, https://www.kao.com/content/dam/sites/kao/www-kao-com/jp/ja/corporate/sustainability/pdf/kao-grievance-mechanism.pdf (last accessed: March 5, 2026).

[6] Please see the Company's Palm Oil Dashboard, which can be found on its website at, https://www.kao.com/global/en/sustainability/we/procurement/palm-dashboard/ (last accessed: March 5, 2026).

[7] Please see, *Compensation System for Directors, Audit & Supervisory Board Members, and Executive Officers*, at https://www.kao.com/global/en/corporate/policies/corporate-governance/compensation/ (last accessed: March 5, 2026).

paper and pulp, among other environmental goals, by 2020.[8] The Accountability Framework Initiative ("AFI") and other benchmarks of international best practice emphasize transparency on high-risk commodity supply chains, including disclosure of pulp and paper suppliers. The Report states that, unlike many international peers, the Company does not disclose its pulp and paper suppliers as recommended by the AFI.[9] In addition, while the Company has stated that 99.6% of the pulp and paper used in its household products is certified, the Report indicates that the Company does not provide sufficient detail on the breakdown between certification schemes or how the Company assures compliance with its stated NDPE commitments.[10]

Without full disclosure, investors cannot assess whether risk controls are appropriate or whether reported outcomes are independently verifiable.

D. Why these allegations pose a threat to Kao's long-term corporate value

If proven to be true and unremedied, the allegations above could be severely damaging for Kao's corporate value because:

1. Kao is a consumer products group whose long-term earnings power depends heavily on brand trust, and ineffective supply chain monitoring could thus impact Kao's ability to achieve its K27 plan.

As part of its K27 plan, Kao has emphasized international growth with disclosures highlighting U.S. and European expansion and particularly mentioning retail distribution gains for Bioré UV, ORIBE's direct-to-consumer growth, and a plan to expand the Curél brand by targeting pharmacies across Europe.[11]

However, these plans could be threatened by inadequate or ineffective supply chain monitoring, particularly in light of tightening global regulations. The EU Deforestation

[8] Please see the Company's 2019 Sustainability Report, "*Kao Sustainability Data Book 2019*," https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/sustainability/pdf/sustainability2019-e-all.pdf (last accessed: March 5, 2026).
[9] Please refer to Section 1.7 of the Report which discusses the Company's lack of transparency regarding its supplier lists for pulp and paper.
[10] Please see Section 1.5 of the Report and the Company's 2025 Sustainability Report, "*Sustainability Report 2025*," sustainability2025-e-all.pdf (last accessed: March 5, 2026).
[11] Please see the Company's 2025 Integrated Report which discusses the strategy for these brands, https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/kao-reports-fy2025-en.pdf#page=32 (last accessed: March 5, 2026). See also "*Kao Group Cosmetics Business Growth Strategy Briefing Q&A Session Summary*" at page 5, discussing targeting pharmacies for Curél's expansion in Europe, https://www.kao.com/content/dam/sites/kao/www-kao-com/global/en/investor-relations/pdf/kao-ir2025-02-qa-en.pdf (last accessed: March 5, 2026).

Regulation reflects EU consumer expectations for trusted consumer brands, and in addition, will likely increase regulatory risk. Supply chains with links to deforestation ultimately could lose access to the European market on top of the increased reputational brand risk of association with suppliers engaged in poor labor and sustainability practices.

Additionally, Kao's growth initiatives depend on maintaining brand trust and on strong relationships with retailers, pharmacies and e-commerce platforms, many of which apply stringent expectations regarding deforestation- and human-rights-related supply-chain controls for commodities like palm oil and paper. Accordingly, if the allegations and risk-control gaps described in the Report are substantiated and remain unremedied, the resulting reputational and compliance risks could directly undermine the Company's ability to secure and expand distribution, delay or constrain product rollouts, and impair the execution of the Company's growth strategy in these markets. Moreover, investments in these growth areas would be a waste of company assets unless underpinned by strong compliance.

2. Kao's management framework and internal controls may not be operating effectively, and/or the Company's public disclosures could be viewed as incomplete or misleading which could lead to further incidents.

If the matters raised in the Report are accurate and remain unaddressed, there is a risk that (i) the Company's risk management framework and internal controls are not operating effectively, and/or (ii) the Company's public disclosures could be viewed as incomplete or misleading. This can undermine investor confidence and require restatements that would damage management's credibility.

E. An independent, shareholder-mandated investigation is necessary and proportionate to prevent further damage

Given the potential financial materiality of these issues, shareholders need an independent assessment of whether the Company's risk management, internal controls and board oversight are effective in practice.

An investigation by independent investigators appointed by shareholders under Article 316, Paragraph 2 of the Companies Act can provide a credible fact-finding team to assess Kao's internal controls, investigate the allegations, identify further potential breaches, clarify whether corrective actions are required, and help restore confidence for investors, customers and other stakeholders. The requested investigation is designed to be proportionate and to minimize burden on the Company. It is time-bound, focused on material risk and disclosure

controls, and requires the investigators to consider costs and resource allocation so as not to cause significant adverse effects on corporate value. Further, to limit financial impact, the Requesting Shareholders undertake to compensate the investigators for any portion of investigation costs that exceeds reasonable compensation to be borne by the Company (see Section III.4 below).

The Requesting Shareholders do not believe that the Company can investigate itself, as they have identified conflicts of interest that could compromise a comprehensive investigation. These conflicts of interest include:

- President Hasebe heads and is responsible for the ESG Managing Committee, which is also responsible for overseeing the Company's compliance, and he also sits on the Compensation Committee; and

- both management and President Hasebe's long-term stock-based compensation include significant portions that are linked to ESG metrics, the validity and accuracy of which are the subject of the Investigation.[12]

When the executive responsible for ESG performance controls how that performance is defined, measured, and reported, and oversees compliance generally, shareholders cannot rely on internal processes for an objective assessment.

F. An independent investigation will increase Kao's corporate value

Regardless of the outcome, independent fact-finding can be value-supportive. If the Company's controls are found to be robust, the Investigation can validate the Company's systems and strengthen stakeholder trust. If weaknesses are identified, a clear diagnosis and recommendations can enable timely remediation, reduce the risk of future controversies, and support sustainable improvement in corporate value. For these reasons, the Requesting Shareholders believe that a vote FOR this proposal is warranted and aligned with the long-term interests of the Company and its shareholders.

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[12] A significant portion of Management's long-term stock-based compensation, especially that of President Hasebe, is tied to ESG metrics including "Number of Serious Compliance Violations" and "Results of Evaluations from Major ESG Assessment Bodies" and as such they may have a bias against identifying any compliance failures. Thus, there is a potential conflict of interest and therefore an independent investigation team should be established. Please see, *Compensation System for Directors, Audit & Supervisory Board Members, and Executive Officers*, at https://www.kao.com/global/en/corporate/policies/corporate-governance/compensation/ (last accessed: March 5, 2026).

Therefore, we request the convening of an extraordinary general meeting of shareholders in order to appoint an investigator to examine the business and financial status of the company as stipulated in Article 316, Paragraph 2 of the Companies Act.

III. **Summary of Proposal**

1. Investigators to examine the Company's business and financial condition

To investigate the matters described in the Purpose of Investigation section below, Mr. Maekawa, Mr. Kusuda and Mr. Carr-Howard※ shall be appointed as the investigators to examine the Company's business and financial condition as stipulated in Article 316, Paragraph 2 of the Companies Act (the "Investigators"). The appointment of the Investigators shall take effect upon the approval and passage of this proposal, and no separate agreement with the Company is required.

Name (Date of Birth)	Brief Biography, Position and Responsibilities, and Significant Concurrent Positions	
Akira Maekawa October 9, 1972	April 1999	Registered as Attorney (Dai-Ichi Tokyo Bar Association), joined Okamura General Law Office
	February 2006	Financial Securities Inspector at the Kanto Local Finance Bureau of the Ministry of Finance
	January 2008	Joined Masuda Partners Law Office
	August 2009	Established the Akira Maekawa Law Office
	February 2011	Joined Iota Law Office
	April 2016	Vice President, Dai-ichi Tokyo Bar Association (until March 2017)
	June 2021	Auditor, Kanagawa Shinkin Bank (current position)
	Significant Concurrent Positions: Partner, Iota Law Office Auditor, Kanagawa Shinkin Bank	

※Mr. Maekawa does not hold any shares in the Company.

Name (Date of Birth)	Brief Biography, Position and Responsibilities, and Significant Concurrent Positions	
Shinji Kusuda September 21, 1979	April 2005	Joined Nomura Securities Co., Ltd.(formerly Lehman Brothers Japan Inc.)
	December 2013	Registered as Attorney (Dai-Ichi Tokyo Bar Association), joined O'Melveny & Myers LLP
	April 2014	Director, Tsuzuki International Scholarship Foundation (current position)
	April 2018	Adjunct Professor, Keio University (current position)
	October 2025	Established the Hillford Law Office
	<u>Significant Concurrent Positions:</u> Managing Partner, Hillford Law Office Director, Tsuzuki International Scholarship Foundation Adjunct Professor, Keio University	

※Mr. Kusuda does not hold any shares in the Company.

Name (Date of Birth)	Brief Biography, Position and Responsibilities, and Significant Concurrent Positions	
Maxwell Carr-Howard April 30, 1966	1996	Registered as Attorney, served as a Judicial Law Clerk for the United States District Court, District of New Mexico
	1999	Assistant United States Attorney, U.S. Department of Justice
	2002	Partner, Husch Blackwell LLP
	2013	Partner, Dentons US LLP
	<u>Significant Concurrent Positions:</u>	

	Partner, Dentons US LLP

※Mr. Carr-Howard does not hold any shares in the Company.

2. Purpose of Investigation

The purpose of the Investigation is to:

(a) assess the adequacy and effectiveness of the Company's risk management, internal controls and board oversight relating to palm oil and paper / pulp supply-chain risks raised by the Report and any other information made available to the Investigators;

(b) assess the completeness and reliability of related sustainability, supply-chain and compliance disclosures;

(c) assess whether any weaknesses identified could reasonably be expected to be material to the Company's business and financial condition, including through impacts on brand equity, market access and the execution of the Company's growth strategy in key markets outside Japan (including the United States and Europe); and

(d) compile an Investigation Report summarizing findings, conclusions and recommendations for corrective actions (if any).

3. Method of Investigation and Reporting

(a) The Investigators shall conduct the Investigation independently from both the Company and the Requesting Shareholders.

(b) The Investigation period shall be three months from the date the Investigators are appointed by the EGM; provided, however, that the period may be extended within a reasonable range not to exceed an additional three months if the Investigators deem it reasonably necessary.

(c) By the end of the Investigation period, the Investigators shall conduct the necessary Investigation, submit a written report to the Company (the "Investigation Report") and publicly release the Investigation Report. The Investigators shall also describe the results of the Investigation Report at the first general meeting of shareholders held after its release.

(d) The Investigators may request disclosure or submission of documents and other materials deemed necessary for the Investigation from the Company's officers and any other relevant parties, and may request its officers to prepare reports on matters deemed necessary for the Investigation. The Company's officers may not refuse such requests.

(e) If the Company's officers, employees or other related parties do not cooperate with the Investigation, refuse or obstruct the Investigation, or if the Investigators or their assistants are directly or indirectly pressured by the Company, the Investigators shall describe such circumstances in the Investigation Report.

(f) The Investigators may, as necessary, conduct interviews with the Company's officers and employees to determine the scope of the Investigation (the "Investigation Scope").

(g) The Investigation Scope shall be necessary and sufficient to achieve the purpose for which the Investigators were appointed. The Investigators may, at their discretion, expand, modify, or otherwise alter the investigation scope as necessary, and in such cases, shall explain the relevant circumstances in the Investigation Report.

(h) In determining the Investigation Scope, the Investigators shall consider the Company's costs and resource allocation so as not to cause any significant adverse effects on the Company's corporate value.

(i) The Investigators may appoint external experts or other parties as investigation assistants and may charge the Company for their reasonable expenses.

4. Compensation

(a) The Company shall compensate the Investigators (including daily allowances for the Investigators and their assistants) for the Investigation within a reasonable range. If the Investigators or their assistants claim compensation based on appropriate time charges for their usual work, such compensation shall be deemed reasonable.

(b) If the Company refuses to pay all or part of the compensation for the Investigation claimed by the Investigators, the Requesting Shareholders shall compensate the Investigators for the unpaid portion.

IV. **Reasons for the Proposal**

The Report raises serious material questions regarding the Company's supply-chain risk management, internal controls and related disclosures. If weaknesses are not promptly identified and addressed, the Company could face reputational harm, disruption of supply, loss of consumer trust, and higher financing costs, each of which could impair the Company's long-term corporate value.

These risks are heightened by the Company's publicly stated strategy to accelerate growth outside Japan, including through expanded distribution and brand rollouts in the United

States and Europe. If supply-chain controls and disclosures are not robust, controversies involving palm oil and paper / pulp could impede market access and damage brand trust in these key growth markets, undermining the Company's long-term growth plans.

Accordingly, investigating these matters through an independent process is in shareholders' interests and supports sustainable enhancement of corporate value.

Oasis Japan Strategic Fund Ltd.

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Title: Director

Name: Phillip Meyer

Opportunities Fund One SPC – Echo SP

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Title: Director

Name: Phillip Meyer