OASIS

Oasis Welcomes ISS Support for Independent Investigation at Kao EGM and Responds to Kao's Latest Disclosures: Why Every Shareholder Should Vote FOR Independent Investigators on April 30

More information available at www.ProtectKao.com

HONG KONG - Oasis Management Company Ltd. ("Oasis") is manager to private funds owning 12.5% of Kao Corporation ("Kao" or the "Company").

We are encouraged that proxy advisor ISS has recommended shareholders vote FOR the appointment of independent investigators at the upcoming Kao EGM. In its analysis, ISS highlights "serious, valid concerns" regarding the material supply chain risks, regulatory enforcement exposure, and governance adequacy that form the basis of our proposal.

An independent investigation is a necessary step toward resolving legitimate questions about Kao's supply chain oversight. We believe that the views of ISS reflect the assessment that informed institutional investors are reaching when they examine the evidence in full.

Oasis's Position on Kao's Latest Materials

Oasis has reviewed Kao's Supplementary Explanation of the Board of Directors' Opinion on the Shareholder Proposal released on April 8, 2026. Kao's latest disclosure adds no material transparency to address concerns that management is incurring a far higher degree of reputational and operational risk in its procurement policies than peers tolerate. The Company has again failed to address the substance of Oasis's concerns and in several instances contradicts its own prior statements.

Based on Kao's own disclosure and media and NGO reporting, we believe that there is a material risk to Kao's supply chain management that threatens overseas revenue growth. The Company's latest promises of enhanced disclosure and new commitments miss the point entirely. A core issue has been its persistent failure to do what it has publicly committed to, from NDPE commitments to ethical sourcing.

Given that President Hasebe continues to chair the ESG Managing Committee, oversees compliance, and is exposed to a significant amount of ESG-linked compensation, asking Kao to investigate itself would be structurally inadequate.

The Company has said nothing in recent weeks to suggest this risk is being appropriately managed by Kao's board.

First, the Board claimed an unpublished three-week internal audit covering nearly two thousand mills found "no… material deficiencies" yet without disclosing any methodology, scope, or

findings. Then, on April 8, the same Board announced it will conduct an independent third-party review of "identified areas" without any explanation as to what those areas may be.

Kao's proposed remedy of a self-selected third-party review, with no named reviewers, no defined timeline, no disclosed scope, and controlled by a management team whose compensation is directly tied to the ESG conduct under scrutiny, remains deeply inadequate versus a fully independent review to ascertain the level of material supply chain risk and oversight failures.

Shareholders are being asked to reject a shareholder-mandated investigation with named investigators, defined duration, and public accountability in favor of an undefined process controlled by conflicted management.

More promises from a conflicted management team that has failed to act for years are not a remedy. Only a shareholder-mandated investigation, accountable to all shareholders, can establish the true level of risk this company is bearing.

Oasis continues to believe in the underlying potential of Kao.

Voting for the independent committee will protect it.

Oasis urges every shareholder to vote FOR the appointment of independent investigators at the EGM on April 30, 2026.

FGV: Remediation Does Not Absolve Risk

Kao defends its FGV relationship by asserting that it sources only from "non-problematic" mills and that engagement is ongoing. Kao's defense is both legally and factually wrong.

The U.S. Customs and Border Protection Withhold Release Order ("WRO") applied to all FGV palm oil and palm oil products at all U.S. ports of entry, regardless of mill of origin. WROs contain no mill-level carve-outs. Kao's claim that sourcing from non-flagged FGV mills provided legal protection is simply incorrect.

Indeed, rather than reducing exposure while the WRO was active, Kao expanded its FGV relationship, making FGV its largest named mill operator by 2024, and materially increased its regulatory exposure in a market it has designated for growth. Presenting this as successful "engagement" raises serious concerns over Kao's internal risk management.

More fundamentally though, Kao has still not addressed a central question that an independent review would help investors understand: on what basis does Kao onboard and retain high-risk suppliers in the first place?

No rationale for its FGV decision has ever been disclosed. That unexplained decision sits alongside a supply chain that already contains multiple other high-risk operators whose presence Kao has similarly failed to adequately justify. It suggests a supplier onboarding and retention framework that does not systematically screen for, or respond to, the flags that peers treat as grounds for suspension.

With near-total reliance on Book & Claim credits providing no physical traceability to source, and a grievance mechanism covering at best 6% of palm oil volume, Kao cannot credibly demonstrate its supply chain is free of forced labor or deforestation free inputs. **This remains an outstanding governance and compliance failure.**

Without an independent investigation, shareholders have no basis to conclude that the decision-making framework that produced these outcomes has materially changed.

The Mill List "Potential vs. Actual" Defense is an Industry Outlier

Kao distinguishes between "potential" and "actual" transacting mills to defend the presence of problematic suppliers in its published mill list and accuses Oasis of a "fundamental misunderstanding." In fact, the misunderstanding is Kao's.

The mill list is the full traceability and monitoring universe Kao claims to have 99% mapped. Under Kao's own NDPE policy, this list defines the universe of mills Kao should be monitoring for NDPE-relevant risks.

Allowing mills linked to forced labor, violent land seizures, and active deforestation to sit within that universe, then claiming their presence implies no wrongdoing because no direct transaction is confirmed, is an admission that Kao's monitoring universe contains actors it knows to be problematic and has chosen NOT to remove. Responsible companies do not allow flagged suppliers onto that list in the first place for precisely this reason.

The deeper issue is one of risk management and governance culture. Kao sustained -- and in some cases expanded -- commercial relationships with suppliers that peers suspended, even as red flags multiplied.

Recent statements provide no evidence that Kao has changed, or that controls are being implemented to prevent this recurring. This is precisely the conduct that creates significant regulatory exposure in the Western markets that Kao has designated for growth and could derail its K27 plan.

The pattern is consistent: hiding behind interpretations not recognized as industry practice, from grievance lists, to FGV's WRO, to mill lists. In each case, Kao's position rests on narrow and incorrect technicalities; none of this reflects responsible supply chain governance.

Traceability Without Enforcement is Not Risk Management

Kao cites mill-level traceability of 99% as evidence of robust supply chain management. This is not a satisfactory answer.

If Kao's traceability was functioning as claimed, then it should have identified the risks posed by FGV, AAL, PT ATAK and others (suppliers that Unilever, Nestlé, and P&G all suspended). If it had identified the issues and continued working with these companies, then it's a further demonstration that Kao's governance framework is broken. If it failed to identify those risks

entirely, then its traceability is not functioning effectively. Either outcome represents a serious deficiency, and the evidence points to both.

Satellite monitoring: Kao states it uses satellite data to detect real-time deforestation. However, Abdi Budi Mulia cleared 11,630 hectares through 2025 and Citra Borneo Indah deforested 4,470 hectares after Kao's own NDPE cutoff date. Both were visible in public satellite imagery that other companies identified and acted on.

Site inspections: Kao states that it inspects high-risk mills; however, its own CDP disclosure shows no evidence of any site visit since 2019, no list of mills currently classified as high-risk, and no account of corrective actions taken.

Kao appears to have confused maintaining a very large spreadsheet with enforcing a clean supply chain.

Low-Grade Certification and the PKO Defense

Kao states that it has achieved 100% RSPO-certified sourcing. What it does not explain is that 88% of that volume is via Book-and-Claim credits, the lowest tier of RSPO certification.

This is the only tier with no physical traceability to a specific mill or plantation. In the context of a supply chain already shown to contain mills linked to forced labor and deforestation, the absence of any physical traceability is not a mere technicality but is a significant problem.

Kao attempts to justify this reliance on a number of arguments that fail to withstand scrutiny. First, it claims physically segregated PKO is structurally difficult to source at scale, however, Lion, Unilever, and Henkel all procure PKO at meaningful volumes under higher certification grades. If structural unavailability were a genuine constraint, it would apply equally to Kao's peers, yet it does not.

Second, Kao also argues Book-and-Claim credits serve a social purpose by directing funds to smallholders. This can be true, **BUT crucially it is NOT true for Kao**. Kao's own procurement data shows 90% of its B&C credits are sourced from mills and large producers, NOT smallholders. This is the exact opposite of Unilever -- all the B&C credits it sources are procured from smallholders, not mills and large producers.

Using smallholder support as a justification for low-grade certification while simultaneously sourcing from mills linked to violent land seizures and forced labor and barely purchasing any credits from smallholders is utterly contradictory with Kao’s espoused stance.

The April 30 EGM

At the April 30 EGM, every shareholder has the opportunity to protect Kao by voting FOR the independent investigation. Oasis’s proposal is narrow, time-bound, and will be led by three independent investigators with a defined scope and public accountability. The alternative is to accept that the same Kao management team that expanded its relationship with FGV during an

active forced labor order, allowed deforestation-linked suppliers onto its monitoring list, and has spent weeks providing answers that contradict its own disclosures, whose President chairs the ESG Managing Committee while a portion of his variable compensation is tied to the ESG metrics under scrutiny, is the right group to assess these issues. Only a shareholder-mandated investigation, accountable to all shareholders, can establish the true level of risk this company is bearing. **Oasis urges every shareholder to vote FOR the appointment of independent investigators at the EGM on April 30, 2026.**

Full materials are available at www.ProtectKao.com.

We welcome all stakeholders to contact us at info@protectkao.com.

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Oasis Management Company Ltd. ("Oasis") is the manager to private funds owning over 12.5% of the shares in Kao Corporation ("Kao" or the "Company"). Oasis has adopted the Japan FSA's "Principles for Responsible Institutional Investors" (a/k/a Japan's Stewardship Code) and, in line with those principles, monitors and engages with its investee companies. Oasis manages private investment funds focused on opportunities in a wide array of asset classes across countries and sectors. Oasis was founded in 2002 by Seth H. Fischer, who leads the firm as its Chief Investment Officer. More information about Oasis is available at https://oasiscm.com/. Oasis has adopted the Japan FSA's "Principles of Responsible Institutional Investors" (a/k/a the Japan Stewardship Code) and, in line with those principles, Oasis monitors and engages with our investee companies.

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Media Contact
For all inquiries, please contact:
Taylor Hall
media@oasiscm.com