

FOR IMMEDIATE RELEASE

December 12, 2024

Regarding Shareholder Statement

Oasis Management Company Ltd. (hereinafter referred to as “Oasis Management”), an investment management firm and a shareholder of our company, released a statement regarding Director candidates to be proposed at our 119th Ordinary General Meeting of Shareholders.

Kao's Board of Directors and management team strive to increase shareholder value from a long-term perspective based on our business strategy. For the purpose of enhancing our corporate value, we are committed to engaging directly and constructively with all our stakeholders and welcome new perspectives to address challenges.

Kao is constantly evolving its selection process to ensure an optimal composition of the Board of Directors. This year, the Committee for Examination of Nominees for Directors and Audit & Supervisory Board Members spent more than six months discussing the matter before reaching a final decision, and the decision was made before Oasis Management proposed any director candidates.

The timing of the announcement of Director and Auditor candidates was set for December 2nd, the standard date for announcing Executive Officers, to clearly indicate that David Muenz, a Director also serving as an Executive Officer, is retiring from his Executive Officer role at the end of December while continuing as a Director until the General Meeting of Shareholders in March.

Our selection process has been thoroughly explained to Oasis Management. In addition, regarding the director candidates for which we received specific names from the company at the end of November, we are proceeding with the appropriate screening in accordance with the selection process of the Committee for Examination of Nominees for Directors and Audit & Supervisory Board Members, and have directly communicated this to Oasis Management. Nevertheless, the recent claims include inaccurate statements, such as “the Directors refused to be transparent”, “Kao’s offer to interview the candidates...is clearly disingenuous”, and that Kao has taken “an approach to director nominations that falls well short of the due process expected from public companies.”

Oasis Management claims that "Kao has announced that it has significantly delegated authority to management, and thus abandoned its oversight function," in reaction to a statement in the announcement that Kao released on December 2nd. This reflects our existing approach of delegating authority within the scope permitted under Japan’s Companies Act while further strengthening supervisory functions to enable swift and decisive decision-making. It does not involve changes to our governance structure.

Kao will continue to pursue highly transparent and effective governance, while at the same time implementing the K27 strategy and making every effort to increase its corporate value.

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