

To Our Shareholders:

March 19, 2026

The Company's Views on the Shareholder Request to convene an Extraordinary General Meeting of Shareholders

We would like to express our sincere appreciation to our shareholders for your continued support.

As disclosed in the notice titled "Notice Regarding a Request by a Shareholder to Convene an Extraordinary General Meeting of Shareholders" dated March 5, 2026, the Company has received a request from Oasis Japan Strategic Fund Ltd. and Oasis Opportunities Fund One SPC - Echo SP (collectively, "Oasis"), one of the Company's shareholders, to convene an Extraordinary General Meeting of Shareholders.

Oasis requested that independent investigators assess the Company's responses to supply chain and risk management related to palm oil and pulp and paper, including its internal controls, and oversight by the Board of Directors. The Company is reviewing the request and is currently conducting a detailed review of the relevant claims.

This document sets out the Company's views and approach to its environmental, social, and governance (ESG) initiatives. The Company will provide additional information as appropriate.

The Kao Group regards ESG initiatives as an important management priority and conducts its business activities in accordance with various policies. ESG initiatives, including the management of raw material procurement, are advanced by management with accountability, and their status is regularly reported to the Board of Directors. The Board of Directors, of which independent outside directors constitute a majority, provides oversight of these initiatives.

The Company recognizes deforestation and human rights issues in the supply chains of raw materials as significant risks and has continuously advanced efforts toward responsible sourcing. In particular, the Company conducts due diligence and ongoing monitoring of environmental and human rights practices among its raw material suppliers. When issues are identified, the Company conducts detailed investigations and engages with suppliers to implement corrective measures. Where sufficient progress is not achieved, the Company takes appropriate measures, including the suspension of purchases. The Company confirms improvements through dialogue and engagement and resume procurement after such improvements have been confirmed. This approach is intended not to sever business relationships uniformly, but to encourage improvements and enhance sustainability across the supply chain. The Company has long regarded the development of countries and regions that produce raw materials and the growth of its own business as mutually reinforcing, and has continued long-term investment and collaboration in those regions. This philosophy continues to underpin the Company's approach to responsible procurement today.

The Company uses palm oil and palm kernel oil not for food applications, but primarily as raw materials for surfactants used in products such as detergents and shampoos. In the Chemicals business, these materials are also used in the production and sale of various chemical products derived from them. These raw materials play an important role in the Company's operations, and, in general, alternative raw materials with equivalent functionality have not yet been sufficiently established. At the same time, not all of the Company's products are based on palm-derived raw materials. As the composition and use of raw materials differ among companies, companies whose businesses focus primarily on food applications differ from the Company in their uses of palm oil, required quality specifications, and business structures. Accordingly, when comparing palm oil usage across companies, it is important to take these differences into consideration.

With respect to the treatment of raw materials in sustainability reporting, there are cases where the entire supply chain is broadly captured, and such disclosures do not necessarily directly indicate the actual quantities used or the degree of operational dependence on a particular raw material. Therefore, when evaluating the Company's use of raw materials, it is important to consider not only disclosure definitions and assumptions but also the actual purposes and conditions of use.

For all raw material procurement, the Company advances responsible sourcing in accordance with its Procurement Basic Policy.*¹ In fiscal 2025, the Company achieved a 100 percent RSPO-certified*² procurement rate for palm oil and palm kernel oil. For pulp and paper, the Company's basic policy is to source materials through third-party certification schemes and to ensure traceability to their origins.

With respect to the Company's long-term incentive compensation (LTI), while financial performance serves as the primary basis, ESG elements are incorporated with a view to enhancing medium- to long-term corporate value creation. This compensation system is deliberated and determined under the supervision of the Board of Directors and the Directors and Executive Officers Compensation Advisory Committee, which is chaired by an outside director and composed of a majority of outside directors. Within the Company's overall compensation framework, ESG metrics are incorporated as one component of the compensation system. Further details are disclosed in the Company's Securities Report*³ and other filings.

The Company will continue its efforts to respect human rights, protect the environment, advance responsible sourcing, ensure transparency, and strengthen governance.

The Company is currently reviewing the request from the shareholder to convene an Extraordinary General Meeting of Shareholders and the proposal to appoint independent investigators pursuant to Article 316, Paragraph 2 of the Companies Act. The Company will inform shareholders of its response policy in a timely manner once a decision has been made.

*1 [Policies for Procurement](#)

*2 RSPO certification (the Roundtable on Sustainable Palm Oil) is an international multi-stakeholder certification scheme that promotes sustainable palm oil production in a manner that respects the environment and human rights.

*3 [Annual Securities Report, From January 1, 2024 to December 31, 2024](#)