



## **Supplementary Explanation of the Board of Directors' Opinion on the Shareholder Proposal**

- Effectiveness of Supply Chain Management, Grievance Mechanisms,  
Pulp and Paper Procurement, and Governance

April 8, 2026

**The Board of Directors  
Kao Corporation**

*This document is provided, in advance of the Extraordinary General Meeting of Shareholders to be held on April 30, 2026, to supplement the opinion of the Company's Board of Directors as set out in the Notice of Convocation of the Meeting, and is intended for proxy advisory firms, institutional investors, and shareholders.*

## Overview of Shareholder Proposal and the Board of Directors' Opinion

Item	Details
<b>Proposal</b>	Appointment of investigators to investigate the company's business and assets as provided for in Article 316, Paragraph 2 of the Companies Act
<b>Scope</b>	Alleged deficiencies in the company's risk management system, internal controls and board oversight related to supply-chain risks concerning palm oil and pulp/paper
<b>Opinion of the Company's Board of Directors</b>	<b>Oppose</b>

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## I. Executive Summary

The Board of Directors of Kao Corporation (the “Company”) opposes the proposal to appoint an investigator pursuant to Article 316, Paragraph 2 of the Companies Act, as submitted by Oasis Japan Strategic Fund Ltd. and Oasis Opportunities Fund One SPC – Echo SP (collectively, “Oasis”). The principal reasons are as follows.

First, under its NDPE (No Deforestation, No Peat, No Exploitation) policy, the Company has established and operates a comprehensive management cycle comprising policy setting, due diligence, supplier engagement, monitoring, and disclosure. As a result, the Company has achieved traceability of 99% for oil palm mills and 91% for plantations, representing a high level within the industry.

Second, the Company’s ESG initiatives have consistently received high evaluations within the industry from multiple external assessment organizations. The Company has received CDP “Triple A” ratings for six consecutive years, is included as a Yearbook Member in S&P Global’s “The Sustainability Yearbook 2026,” and has been selected by Ethisphere as one of the “World’s Most Ethical Companies” for 20 consecutive years (the only company in Asia and one of only six worldwide). If the conditions alleged by Oasis were in fact present, it would be difficult to sustain such evaluations.

Third, the Company presents specific future initiatives and quantitative targets, including the expansion of its grievance mechanisms, concrete measures toward achieving 100% traceability, and plans to enhance disclosure regarding pulp and paper.

Fourth, with respect to areas identified in the Company’s supply chain management framework, the Company will, on its own initiative, conduct reviews by independent third parties and appropriately disclose the results and any necessary improvements. Accordingly, there is no basis for appointing investigators unilaterally designated by Oasis.

Fifth, while Oasis emphasizes the “independence” of the investigation, it has selected and proposed all three investigators itself. A shareholder holding approximately 12.5% of the Company’s shares unilaterally appointing investigators is inconsistent with the principle of independence.

## II. The Board of Directors' views on Oasis's Claims

Oasis requests the appointment of investigators, alleging serious issues in supply chain management, grievance handling, disclosure, and governance. However, these assertions do not sufficiently take into account the overall structure of the Company's management framework and its effectiveness in practice. Below, the Company sets out its views on each of these claims based on specific facts.

Claims by Oasis	The Company's view
<p><b>There are serious deficiencies in supply chain management</b></p>	<p>Under its NDPE policy, the Company continues to conduct supplier due diligence, traceability identification (99% for oil palm mills and 91% for plantations), satellite monitoring, and engagement. Even when issues are identified, the Company adopts an approach of requesting improvements and verifying their effectiveness, rather than immediately excluding suppliers. The published mill list is a comprehensive list (1,722 mills) that includes mills that could potentially be connected, and <u>inclusion on the list does not in itself imply the existence of a trading relationship</u> (the actual number of trading mills is 491). <u>Oasis's assertions appear to be based on a misinterpretation of this fundamental premise.</u></p>
<p><b>The grievance mechanism is not functioning</b></p>	<p><u>The Kao Grievance Mechanism (KGM) is an additional and complementary mechanism designed to proactively engage independent oil palm smallholders (smallholders), which may be in more vulnerable positions within the supply chain.</u> Together with the Kao Compliance Hotline and other contact points, the Company operates a multi-layered system accessible to all stakeholders in the supply chain. The cumulative number of inquiries to KGM is 291, of which approximately 50% relate to production and revenue and 30% to forest protection and certification, indicating that the mechanism functions to support the prevention of environmental and human rights issues.</p>
<p><b>Insufficient disclosure of pulp and paper information</b></p>	<p>Pulp and paper are part of a multi-layered supply chain, and the Company manages risks through certifications such as FSC and PEFC (99.6% of products certified, of which 64% are FSC), dialogue with major suppliers, on-site verification, and the collection of DCF declarations. <u>The Company does not procure any pulp and paper raw materials from the RGE Group.</u> The figures in the CDP response, <u>including palm oil and palm kernel oil</u>, are based on the definitions in the questionnaire and do not indicate the Company's dependence on any specific raw material. <u>The non-disclosure of the supplier list reflects structural constraints inherent in the supply chain, and the Company will further enhance disclosures regarding</u></p>

	<u>pulp and paper procurement going forward, including through the publication of dashboards.</u>
<b>There is a conflict of interest in governance</b>	ESG initiatives are overseen by a Board of Directors in which a majority are outside directors (five out of nine), and the Chair is also an outside director. <u>The incorporation of ESG factors into compensation is deliberated by a Compensation Advisory Committee composed primarily of outside directors, and the individual evaluation of the President and CEO is conducted solely by outside directors.</u> Compliance matters involving directors, executive officers, and others are reported to the Audit & Supervisory Board members, who, where appropriate, take the lead in ensuring proper handling. Oasis’s assertions, which presume conflicts of interest, are not grounded in fact.

In addition, while Oasis emphasizes the need for an “independent investigation,” it has itself selected all three proposed investigators. The unilateral and discretionary nomination of investigators by an interested shareholder raises fundamental concerns regarding independence and neutrality.

### III. Effectiveness of Supply Chain Management and Traceability

#### 1. A two-layer management system with breadth and depth

The Company conducts responsible procurement through both the “breadth” of visualizing and monitoring the entire supply chain and the “depth” of directly engaging with independent oil palm smallholders. Oasis’s criticisms focus on individual elements without fully reflecting this two-layer structure and therefore do not appropriately assess the effectiveness of the Company’s management framework.

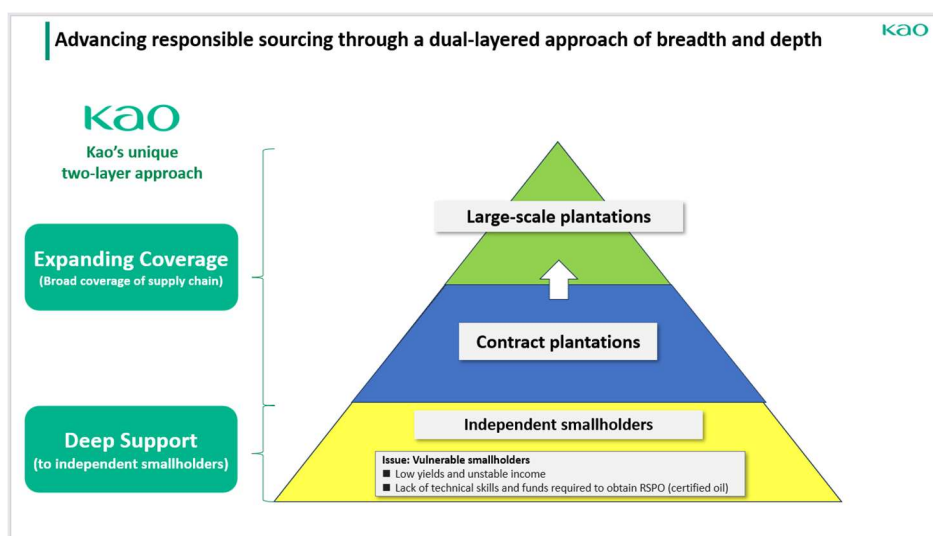


Figure 1: Kao’s dual-layered approach to responsible sourcing

## 2. Procurement structure for palm oil and PKO and use of the RSPO certification model

The Company's chemicals business manufactures surfactants and other products using palm kernel oil (PKO) as a primary raw material. By leveraging procurement channels for this business, the Company is able to maintain relatively stable access to raw materials. However, palm oil (PO) accounts for more than 90% of global palm oil and palm kernel oil production, while PKO represents only approximately 10% of the total. In addition, certified volumes account for only around 20% of total production, making it structurally difficult to secure physically segregated IP/SG-certified oil.

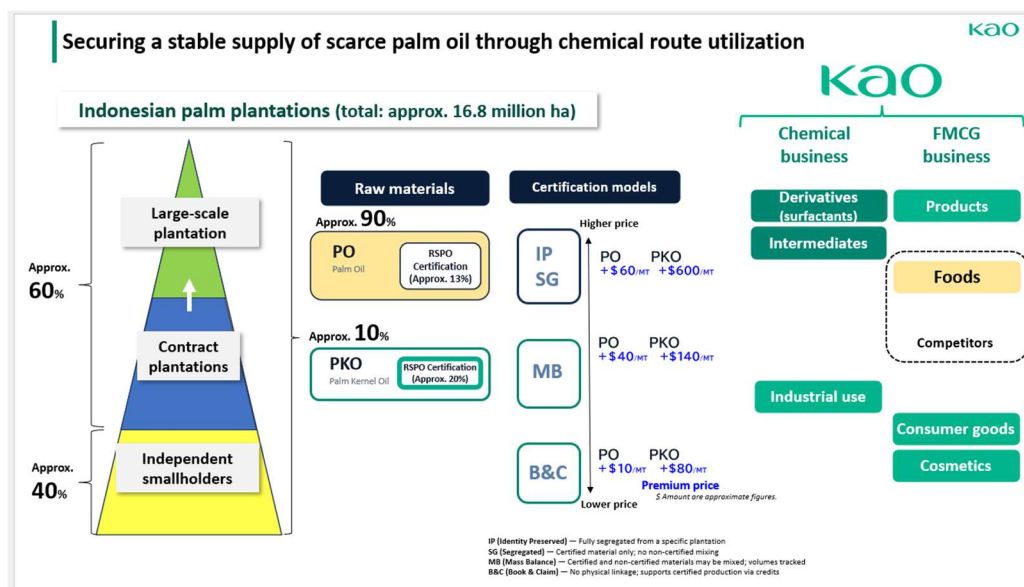


Figure 2: Kao's palm oil procurement structure: use of the chemical route

Accordingly, the Company adopts a two-layered approach consisting of 1) supporting and expanding the adoption of RSPO certification and 2) achieving 100% traceability within its own supply chain. In particular, through the B&C (Book & Claim) model, the Company contributes to the broader adoption of RSPO, especially by promoting its expansion among smallholders through targeted credit purchases.

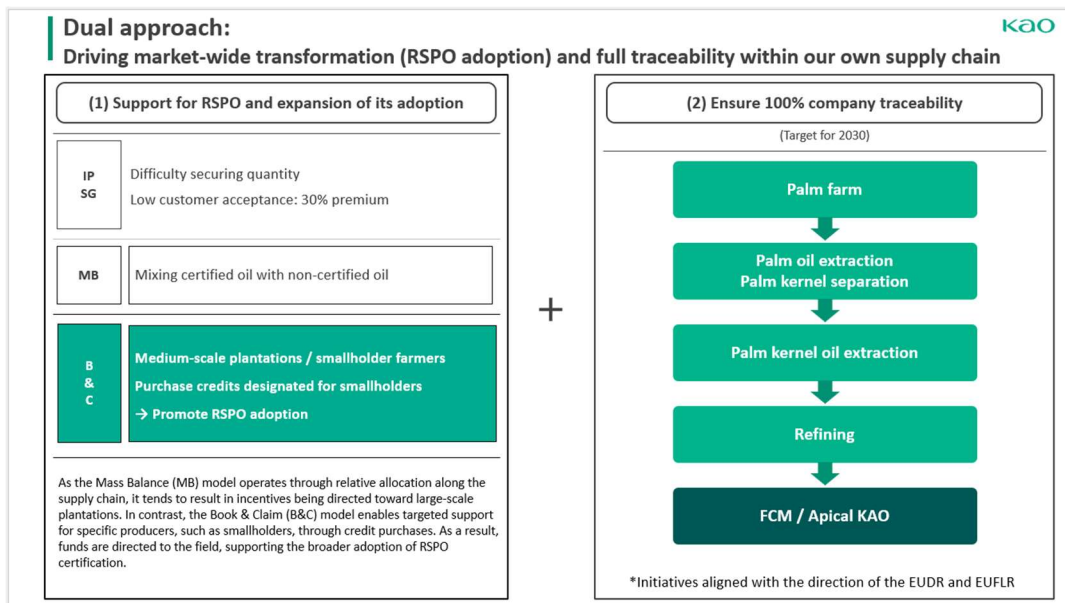


Figure 3: Two-layered approach: Expand RSPO support and adoption + 100% in-house traceability

In addition, the Company collaborates with Apical and Asian Agri since 2020 to support independent oil palm smallholders in Indonesia through initiatives such as productivity improvement, assistance with certification, and value return through the purchase of certification credits. In Indonesia, approximately 2 million independent smallholders account for around 40% of all plantations, and structural human rights and transaction-related risks are inherent in this segment. By directly supporting these smallholders, the Company aims to prevent the emergence of human rights and environmental risks while fostering a sustainable and inclusive ecosystem in which smallholders can thrive.

As of the end of 2025, the procurement ratio of RSPO-certified oil has reached 100%. In addition, 2,834 smallholders have obtained certification through the Company’s direct support, and the volume of RSPO-certified credits purchased amounts to approximately 26,000 tons. Looking ahead, the Company aims to support 7,000 smallholders and increase its RSPO-certified credit purchases to approximately 80,000 tons by 2030.

The choice of certification model is closely linked to cost structure. IP and SG models require physical segregation of raw materials, resulting in additional costs associated with storage, transportation, and maintaining traceability. These costs are largely distributed across the supply chain as part of overall management and operational expenses. In contrast, under the B&C model utilized by the Company, while engagement-related operational costs are incurred, the majority of expenditures are returned directly to smallholders through credit purchases. In other words, the costs incurred are directly linked to improvements at the operational level of the supply chain. In practice, RSPO-certified materials generated through the Company’s independent smallholder support program are utilized, through mechanisms such as B&C, in a portion of palm-based raw materials used in the Consumer Care business

### 3. Traceability Results and DCF Achievement Status

The key indicators as of the end of 2025 are as follows. Through six direct suppliers, the Company has identified and monitors 491 mills, maintaining a high level of traceability within the industry.

The Company targets achieving 100% traceability by 2030. While details such as the scope of applicable products, coverage, and implementation timelines are currently under review, this initiative is being advanced with a view to aligning with relevant European regulations, including the EU Deforestation Regulation (EUDR) and the EU Forced Labour Regulation (EUFLR).

Item	Results as of the end of 2025	Target / Timing of Achievement
Oil palm mills (TTM)	99%	100% by the end of 2030
Oil palm plantation (TTP)	91%	100% by the end of 2030
Palm kernel oil mill	82%	100% by the end of 2030
Refinery → Kao	100%	Achieved
DCF Achievement Rate	86% (previous year 75%)	100% by the end of 2030

### 4. Positioning of the Public Mill List: Inclusion in a Potential List Does Not Indicate the Start of a Business Relationship

Oasis asserts that the Company has a business relationship with certain suppliers for which issues have been identified based on the names of companies included in the Company's public mill list. However, this assertion appears to be based on a fundamental misunderstanding of the nature of the public mill list.

The mill list published by the Company is a comprehensive potential list that includes 1) mills that are direct suppliers and 2) upstream mills to which direct suppliers may potentially be connected. The number of mills currently disclosed is 1,722; however, the number of mills actually connected to the Company's fats and oils supply chain through transactions is only 491. Inclusion in the list does not in itself indicate the initiation or existence of a direct or indirect business relationship between the Company and the listed mill or its corporate group.

The Company discloses such a potential list to broadly visualize risks and assess the potential for improvement through long-term engagement. This approach is based on the view that maintaining influence and encouraging improvements, rather than simply excluding suppliers for which issues have been identified by suspending transactions, contributes to enhancing the sustainability of the entire supply chain.

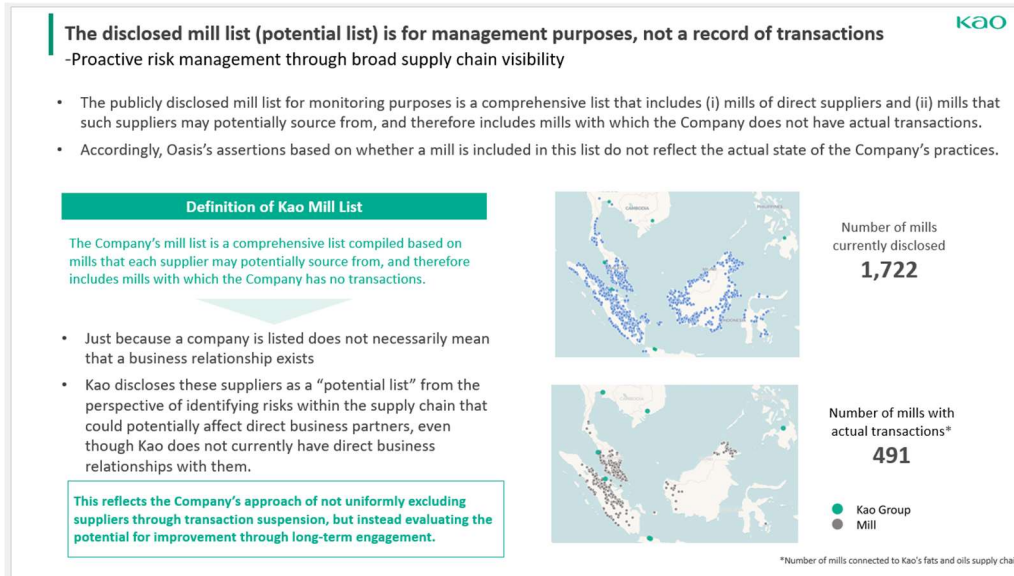


Figure 4: Inclusion in a potential list does not indicate business transactions

## 5. Clarification of Facts Regarding Individual Suppliers: The Transaction List Cited by Oasis Appears to Be Based on a Misinterpretation

Oasis identifies several plantation companies and asserts that the Company has transactional relationships with them; however, the factual situation is as follows. With respect to the suppliers identified, other than FGV and RGE, the Company has confirmed that there are no direct or indirect transactions.

Subject	Direct transactions	Indirect transactions	Our organization
FGV Holdings	None	Yes (via Tier 1)	<b>No procurement from the mills identified has been confirmed.</b> The Company continues to engage through Tier 1 suppliers.
First Resources, Astra Agro Lestari, Citra Borneo Indah, PT ATAK, Abdi Budi Mulia, Grupo Oleoflores, etc.	<b>None</b>	<b>None</b>	No trading relationships have been identified within the palm oil and palm kernel oil supply chain currently known to the Company. Oasis's assertion appears to be based on a misinterpretation of entries in the potential list as confirmed trading relationships.
RGE/Apical	Involvement through a joint venture	Involvement via a joint venture	<b>In line with the AFi framework, the Company reviews the entire group and makes determinations based not only on explanations provided by RGE but also on investigations conducted by independent third-party organizations.</b> The Company does not procure any pulp and paper raw materials from the RGE Group.

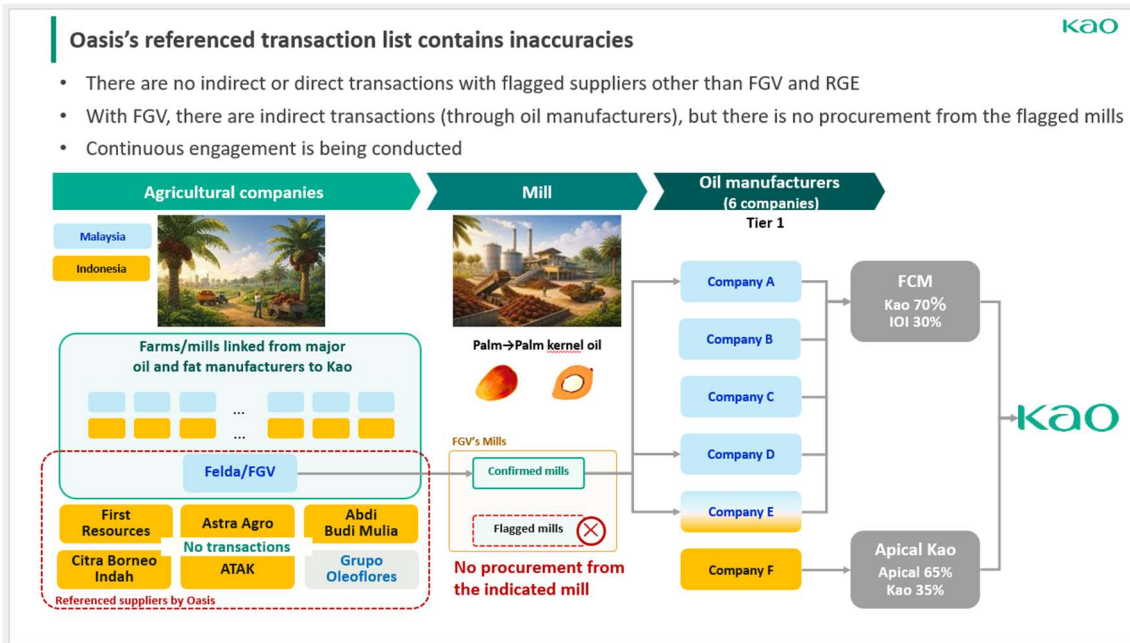


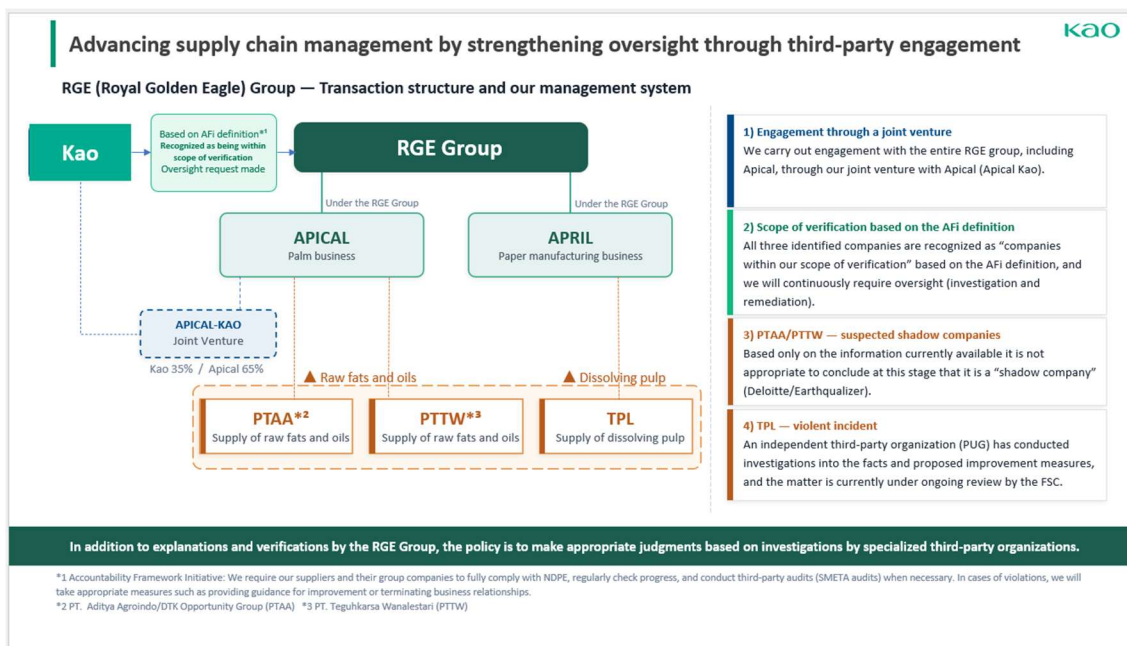
Figure 5: Oasis's referenced transaction list contains inaccuracies (supply chain structure)

## 6. Governance framework for the RGE Group

The Company's relationship with the Royal Golden Eagle (RGE) Group is based on a joint venture with Apical (35% owned by the Company), which is an important partner producing and supplying fatty acids, a key raw material for the Company's products.

Through its involvement via Apical, the Company is able to seek explanations, promote improvements, and conduct necessary verification. The Company considers that the essence lies not in the existence of relationships, but in the management and improvement of risks. In line with the principles of the Accountability Framework Initiative (AFi), which the Company has supported since 2023, the Company conducts effective management through verification, engagement, and requests for corrective action. With respect to the RGE Group, the Company clearly distinguishes between facts that have been confirmed and matters that remain under ongoing verification.

Through supplier-level monitoring and engagement, the Company has confirmed that, for its direct business partners, management in accordance with the Company's standards is functioning effectively. On the other hand, certain group-level issues cannot be conclusively determined at this stage. The Company therefore continues targeted verification, and where concerns are identified against its standards, it engages for remediation and takes appropriate measures, including suspension of transactions. Precisely because uncertainties exist, the Company believes it is important to maintain relationships in order to secure visibility and influence, and thereby promote improvements.



*Figure 6: RGE (Royal Golden Eagle) Group — Transaction structure*

## 7. Rationale for the Engagement Approach

In the palm oil supply chain, the immediate exclusion of suppliers with identified issues is not the only effective solution. Maintaining influence while seeking improvements and verifying their implementation contributes to enhancing the sustainability of the entire supply chain. In cases of serious violations, the Company suspends procurement and manages the process within its governance framework, including setting improvement conditions, verifying their fulfillment, and determining whether procurement should be resumed. The Company’s response to the IOI Group in 2017 serves as a concrete example in which the cycle of “engagement → suspension → verification of improvements → resumption” has functioned effectively. An exclusion-only approach risks eliminating suppliers’ incentives to improve and reducing visibility. The Company’s approach is consistent with internationally recognized best practices.

Oasis asserts that the IOI case is outdated and attributable to the efforts of other parties. However, the Company refers to this case solely as an example demonstrating the effectiveness of its supplier monitoring framework and does not attribute the entirety of the reform achievements to itself. The Company suspended procurement of PKO from IOI, which had a significant impact by resulting in the loss of approximately 30% of IOI’s sales. At the same time, through ongoing dialogue and requests for improvement at the board level of the joint venture, the Company strongly encouraged the resolution of identified issues. Over the ten years since the IOI case, the Company’s management framework has been further strengthened through initiatives such as third-party NDPE assessments, disclosure of mill lists, and the expansion of smallholder programs. Accordingly, the assertion that the case is no longer relevant solely due to the passage of time does not adequately reflect the current context.

The Company engages directly with key suppliers on a regular basis, led by senior leaders from its Procurement and Chemical Business divisions. These engagements enable early identification of relevant information and timely requests for improvement, and will continue to be further strengthened. The ESG Division provides expert advice throughout the process. Oversight of these processes and key matters is exercised by the Board of Directors through the ESG Managing Committee, which receives advice from an external advisory board.

## **IV. Track Record and Expansion Plan of the Grievance Mechanism**

### **1. Two-Layer Grievance Framework: Differences from General Mechanisms**

Oasis claims that the Company's grievance mechanism is inadequate. However, this criticism does not reflect a full understanding of the overall structure of the Company's grievance response framework.

The Company's grievance handling framework has a two-layer structure, consisting of channels such as the Kao Compliance Hotline, which is available to all stakeholders including those across the supply chain, and the Kao Grievance Mechanism (KGM), which is specifically designed for smallholders. KGM is not intended as a substitute for grievance handling across the entire supply chain, but rather as a proprietary mechanism established by the Company to address the needs of vulnerable smallholders.

A key feature of KGM is its proactive approach to grievance identification. Typical open grievance mechanisms operate on a passive model, in which claimants access company websites to report issues, and users are often limited primarily to NGOs and media organizations. Grievances originating from upstream supply chain actors are therefore relatively limited. By contrast, KGM provides registration support and data-entry assistance at the time of registration and conducts on-site visits every two years to proactively identify any concerns. The mechanism also supports submissions in Indonesian language and enables consultations to be received directly from smallholders that may be in more vulnerable positions.

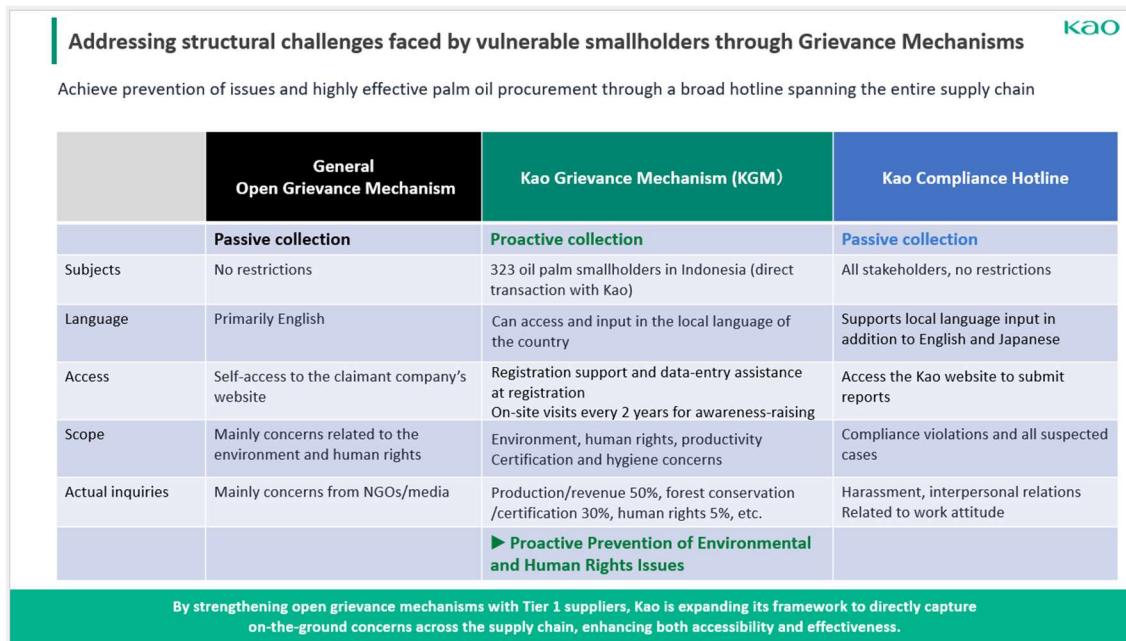


Figure 7: Grievance mechanisms

## 2. KGM Achievements

As of the end of 2025, the number of farms covered by KGM was 323, and the cumulative number of inquiries since its introduction in September 2022 is 291. The breakdown of inquiries is as follows: approximately 50% relate to production and revenue, approximately 30% to forest protection and certification, approximately 5% to human rights and land disputes, approximately 4% to hygiene and livelihoods, and approximately 10% to other matters.

This performance indicates that KGM functions not only to address environmental and human rights issues but also to support the early identification of day-to-day challenges. Through support for productivity improvement and certification among smallholders, the Company has established a proactive approach that contributes to the prevention of environmental and human rights issues before they arise.

In addition, in 2025, the Company individually addressed 28 supply chain-related grievances received from NGOs and customers through other contact points.

## 3. Expansion Plan

By 2030, the Company aims to expand KGM coverage to 2,000 plantations (approximately six times the current level) while further strengthening open grievance mechanisms with key suppliers. In addition, the Company will develop and disclose a public grievance log to enhance transparency in grievance handling. This represents an advanced approach that combines both breadth and depth, and clearly demonstrates that the Company's grievance framework is not in the "insufficient" state asserted by Oasis.

## V. Sustainable Procurement of Pulp and Paper

### 1. Basic Policy and Current Status

Oasis claims that the Company’s disclosure regarding the procurement of pulp and paper is insufficient. However, as described below, the Company is steadily advancing the sustainable procurement of pulp and paper by combining third-party certifications such as FSC and PEFC, dialogue with major suppliers, on-site verification, and the collection of DCF declarations.

Indicators	Current Status
Third-Party Certified Product Ratio	<b>99.6% (FY2024 result, independently assured by KPMG Azusa Sustainability)</b>
Breakdown of Certified Products	FSC 64% / PEFC 36%
Procurement of Pulp and Paper Raw Materials from the RGE Group	<b>None</b>

In the pulp and paper sector, it is common to manage forest resources and related grievance processes through certification systems such as FSC and PEFC, and the Company utilizes these certification systems to manage forest-related risks. In addition, the Company confirms forest management practices through dialogue with major pulp and paper manufacturers, site visits, and the collection of DCF declarations from suppliers.

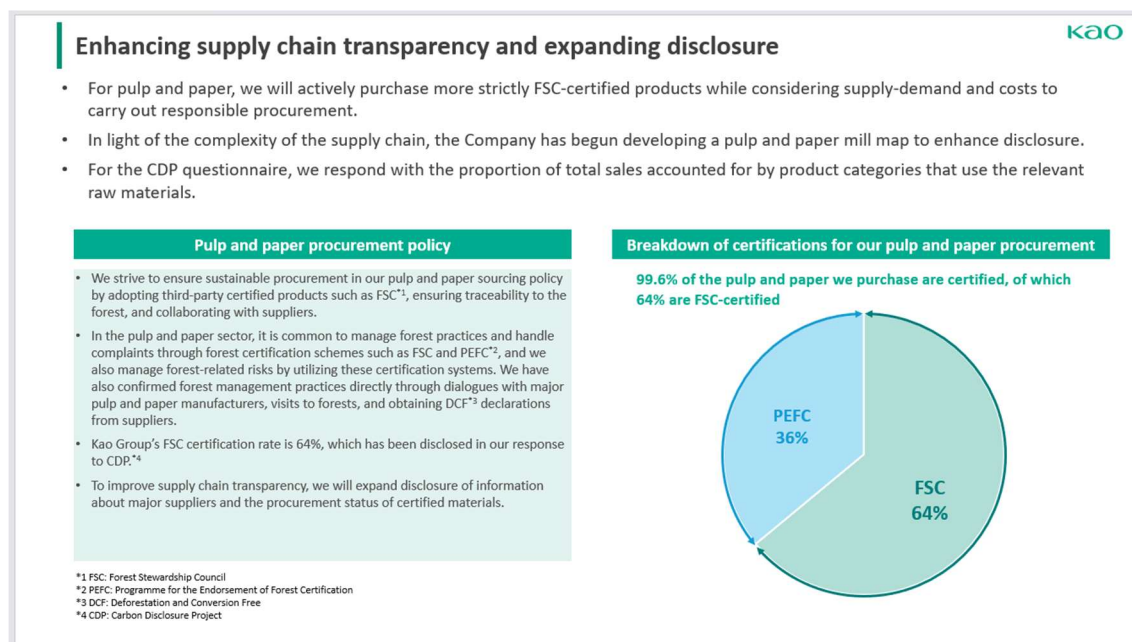


Figure 8: Disclosure on the supply chain and certification

## 2. Policy on disclosure

The supply chain for pulp and paper is a multi-layered structure comprising forest operators, pulp manufacturers, paper manufacturers, and packaging material manufacturers, and there are structural limitations that prevent brand companies from directly identifying and disclosing all upstream entities. The Company's decision not to uniformly disclose a supplier list reflects these structural characteristics of the supply chain and is not intended to provide preferential treatment to any specific company or to conceal information.

The figures reported in the CDP questionnaire, based on the definitions of the questions, indicate the proportion of total sales accounted for by product categories that use raw materials such as palm oil or timber, and do not directly represent the Company's dependence on specific raw materials. At the same time, as the purpose of this question is to confirm the relationship with commodities, the Company recognizes that it has responsibility for risk management across the entire palm oil supply chain. Based on this understanding, as outlined in this document, the Company has established concrete management practices, including ensuring traceability at 99% of mills and 91% of plantations, applying the NDPE policy across the entire supply chain, and improving the DCF achievement rate to 86%. The Company intends to progressively enhance its disclosures toward 2030.

Timing	Disclosure contents and initiatives
2027	Development and publication of dashboards, implementation of satellite monitoring, preparation of pulp and paper mill maps, and enhanced disclosure of certified material procurement
2030	100% achievement rate of DCF

## VI. Governance Structure and External Evaluation

### 1. Governance Structure

Oasis asserts that conflicts of interest exist in the Company's ESG initiatives. However, the Company's ESG activities, compensation design, and compliance matters are subject to appropriate oversight and review under a governance framework led primarily by outside directors, ensuring that any conflicts of interest are appropriately prevented. The Compensation Advisory Committee, composed of a majority of outside directors, met seven times annually in both 2024 and 2025, and is chaired by an outside director.

In addition, key ESG initiatives are discussed and determined by the ESG Committee, which is composed of senior management. At the same time, the Company has established an ESG External Advisory Board, consisting of independent external experts, to provide recommendations and advice in response to the Committee's deliberations since 2019. The Advisory Board currently includes Ms. Rika Sueyoshi, Representative Director of the Ethical

Association in Japan; Mr. Mike Jefferson, a specialist in European resource circularity and regulatory frameworks; and Ms. Noemie Bauer, a business professional in sustainability regulation and governance in Europe. To further accelerate the Company’s sustainability initiatives, the Company will enhance the composition of this Advisory Board and establish a framework under which it provides independent recommendation and advice directly to the Board of Directors. This will further strengthen the effectiveness of the Board’s oversight function.

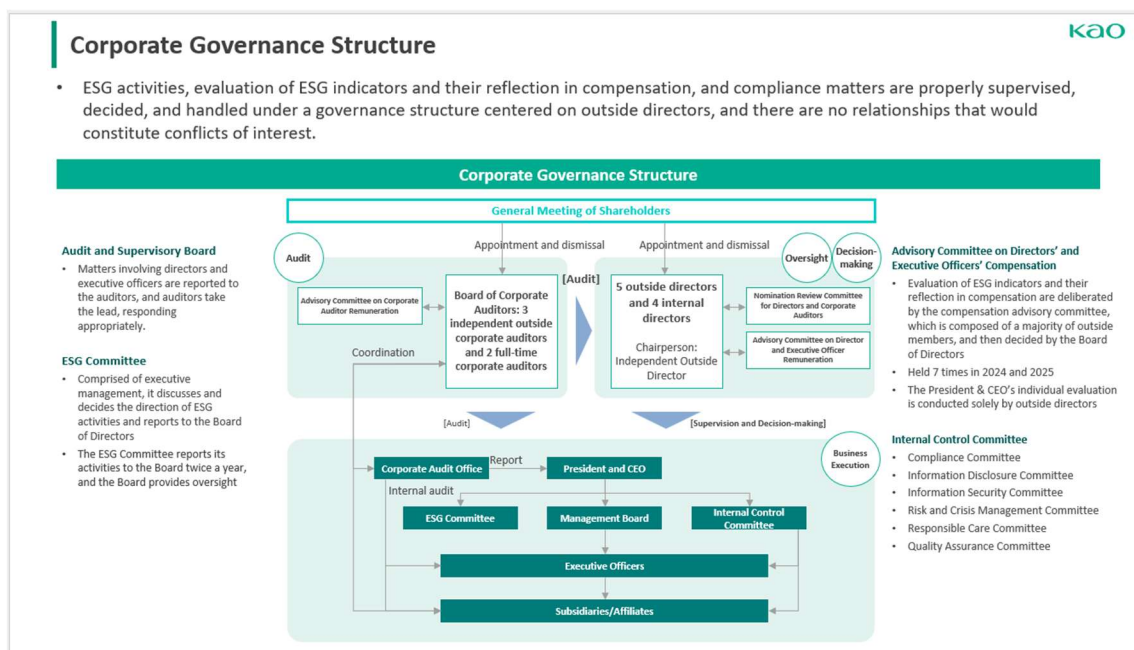


Figure 9: Corporate Governance Structure

Perspective	Details
<b>Board Composition</b>	Five outside directors and four internal directors. The Chair is an outside director. A majority of the Board consists of outside directors.
<b>ESG oversight</b>	The ESG Committee reports its activities to the Board twice a year, and the Board provides oversight. The Company will further strengthen the ESG External Advisory Board.
<b>Compensation and Evaluation</b>	ESG factors account for approximately 9% of total compensation. The incorporation of ESG factors into compensation is deliberated by the Compensation Advisory Committee, which is primarily composed of outside directors, and the individual evaluation of the President and CEO is conducted solely by outside directors.
<b>Compliance</b>	Compliance matters involving directors, executive officers, and others are reported to the Audit & Supervisory Board and are handled appropriately, with the Audit & Supervisory Board taking the lead where necessary.

## 2. ESG factors in Executive Compensation

With respect to long-term incentive compensation, while maintaining a primary focus on financial performance, the Company incorporates ESG factors from the perspective of promoting medium- to long-term corporate value creation. ESG factors account for approximately 9% of total compensation. In addition to evaluation items linked to the Kirei Lifestyle Plan’s priority goals (decarbonization, zero waste, ratio of female managers, and number of serious compliance violations), the results of major ESG rating agencies are also quantitatively assessed on a seven-point scale.

These evaluations and their reflection in compensation are deliberated by the Compensation Advisory Committee, which is primarily composed of outside directors, and are then approved by the Board of Directors. The individual evaluation of the President and CEO is conducted solely by outside directors, thereby eliminating any potential bias arising from self-evaluation by management.

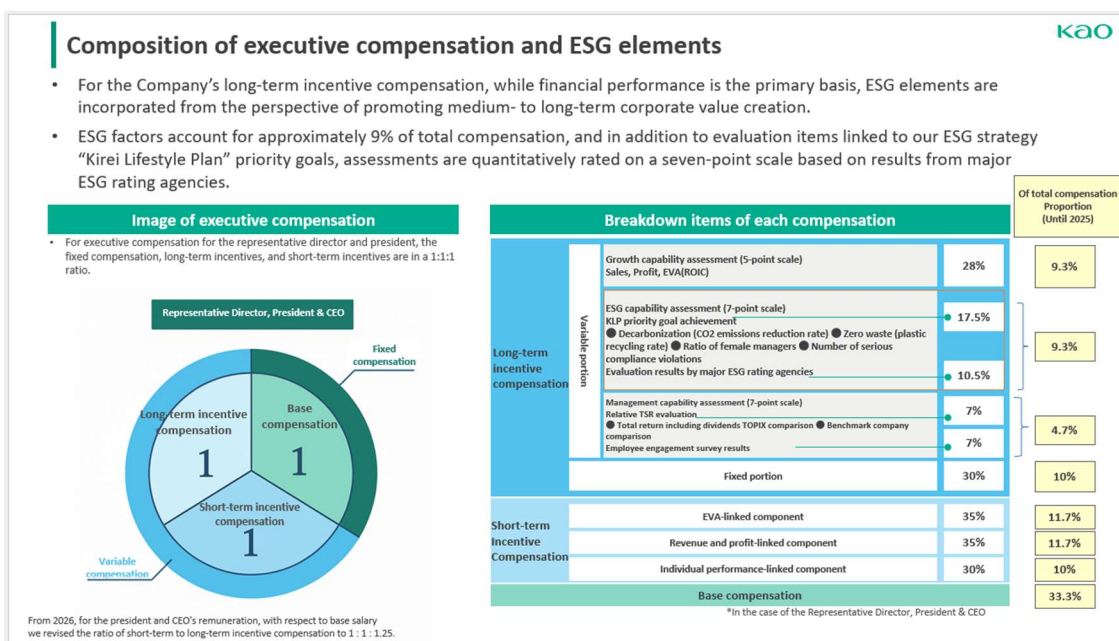


Figure 10: Executive compensation structure and ESG components

## 3. External Evaluation

The Company’s ESG initiatives have consistently received high evaluations within the industry from multiple external rating agencies.

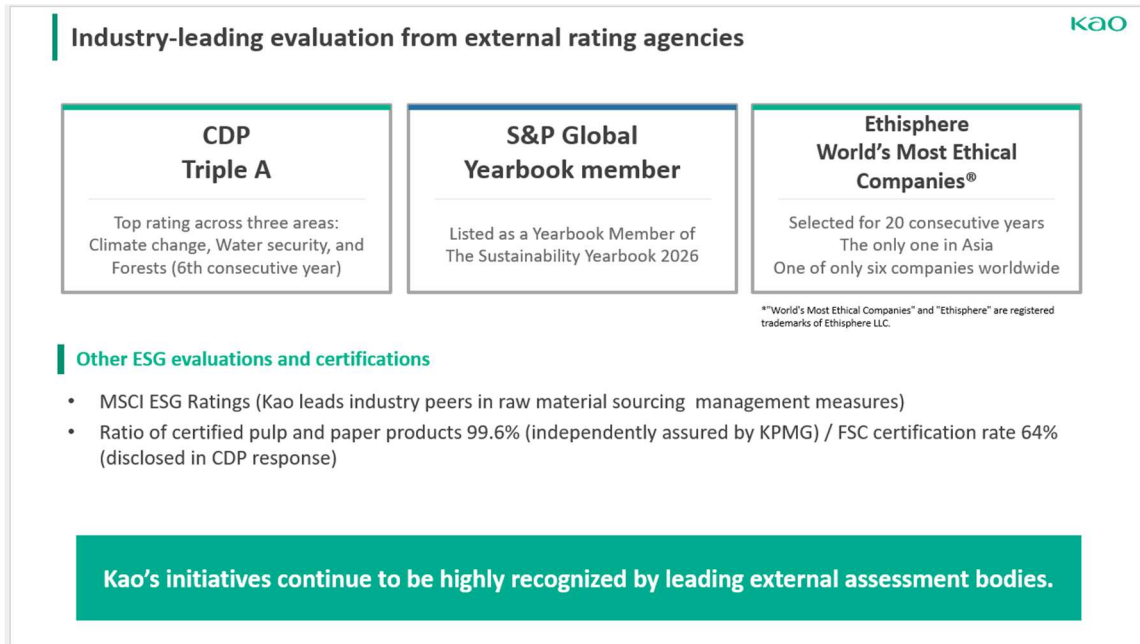


Figure 11: Evaluation from external rating agencies

Oasis has raised concerns regarding the downgrade of the Company's MSCI ESG rating as a Business Ethics and Raw Material Sourcing issue. However, the underlying factors of the downgrade are as follows:

The primary driver of the downgrade was not related to raw material sourcing, but rather to a specific issue within the Business Ethics category, namely concerns regarding Sun Protection Factor labeling of sunscreen products from an acquired company. Sales of the relevant products have already been discontinued, and corrective actions have been completed. It is also explicitly stated in the MSCI report that the Company is recognized as an industry leader in raw material sourcing and chemical risk management. With respect to raw material sourcing scores, the Company's management score has been maintained at the same level as the previous year. Any changes in scoring are attributable to a revision in MSCI's methodology in March 2026, particularly changes in risk calculation. The Company continues to maintain the highest scores across key categories, including commitments, traceability, and future targets related to palm oil and timber. The Company will continue to address areas for improvement identified by external assessments in a sincere and proactive manner. MSCI ratings are dynamic evaluations that reflect a company's responses over time. Accordingly, the argument that a point-in-time rating change undermines the Company's overall ESG management framework does not adequately reflect the nature of such evaluations.

In addition, the Company has received the highest rating of "Triple A" from CDP, an independent global platform that evaluates corporate performance on climate change, forests, and water security.\* This distinction is awarded to only 23 companies, or approximately 0.1 percent, out of around 20,000 companies assessed. In particular, in the forest category, the Company has consistently been recognized at the highest level for traceability in raw material

sourcing, ESG procurement practices, and human rights initiatives.

Oasis questions the credibility of the Company’s overall ESG strategy based on a temporary fluctuation in MSCI ratings. However, the Company’s continued recognition by CDP at the highest global level for six consecutive years suggests that such claims lack sufficient objective basis.

*\*The 2025 CDP results are available on the CDP official website.*

<https://www.cdp.net/en/data/scores>

The Company has not made a formal announcement at this time.

## VII. Commitments and Future Initiatives

The Company will not only maintain its current initiatives but also plans to advance the following targets and disclosure enhancement measures with clearly defined timelines.

Item	Target	Current status / Details
100% traceability of oil palm plantations	End of 2030	Currently 91% (end of 2025)
100% traceability of palm kernel oil mill	End of 2030	Currently 82% (end of 2025)
2,000 farms targeted by KGM	End of 2030	Currently 323 farms (end of 2025) → approximately 6-fold expansion
Support for 7,000 smallholders	End of 2030	Ongoing
Pulp and paper dashboard publication	In 2027	Enhanced disclosure
DCF achievement rate 100%	End of 2030	Currently 86% (end of 2025, improved from 75% the previous year)
Strengthening external expert knowledge on ESG	In 2026	Continued enhancement of the ESG External Advisory Board

} Targeting 100% full traceability from plantations to mills

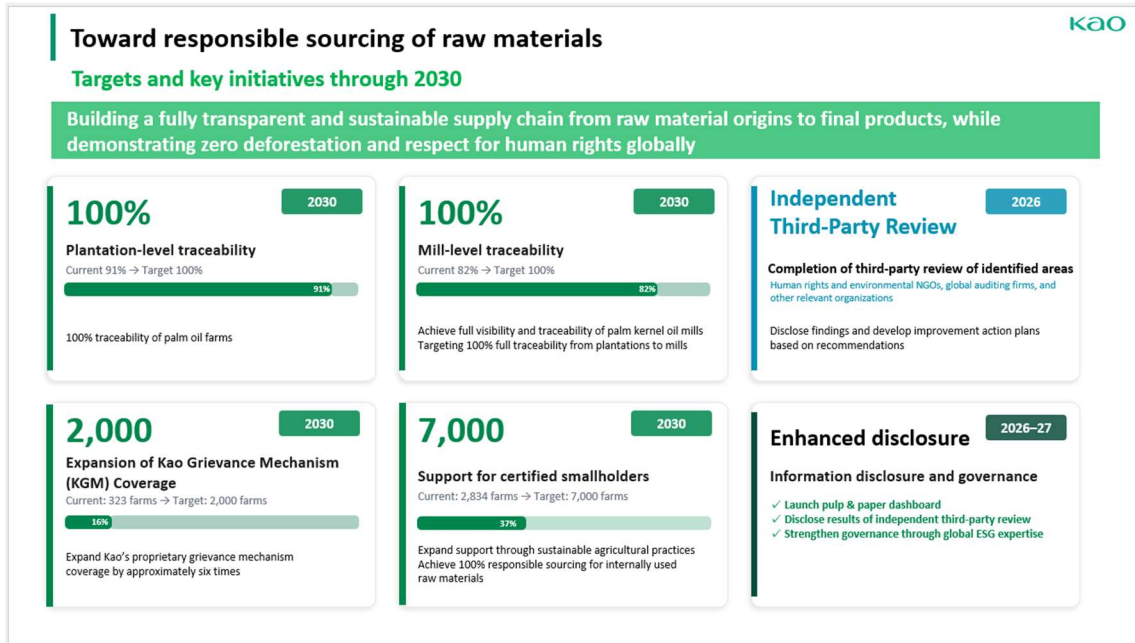


Figure 12: Targets and key initiatives through 2030

## Implementation of an Independent Third-Party Review

The Company has determined that it is unnecessary to appoint investigators unilaterally selected by stakeholders, as proposed by Oasis. At the same time, in order to further enhance the effectiveness and transparency of its supply chain management framework, the Company has decided, on its own initiative, to conduct an independent third-party review of identified areas.

The results of the review and the corresponding improvement measures will be appropriately disclosed. This review is undertaken as the Company's own commitment, as part of its ongoing commitment to continuous improvement.

## VIII. Conclusion

For the reasons stated above, the Company considers that the appointment of an investigator as proposed by Oasis is neither necessary nor appropriate.

The Company will continue to execute its Mid-term Plan "K27" and enhance medium- to long-term corporate value, including ESG. The Company respectfully requests that shareholders base their judgments not on unilateral assertions, but on verifiable facts and the interests of all shareholders.