

# OASIS

## **Oasis Disputes Kao's Recent Public Statements, Calls on the Nomination Committee to Engage with Shareholders**

**(Securities Code: 4452 JT)**

- Kao continues not to act in good faith in its engagement with Oasis
- Kao's two-month early announcement of new directors short-circuited what should have been a robust selection process
  - Kao's statements appear to be misleading
  - Kao has failed to engage constructively with Oasis

*More information available at [www.ABetterKao.com](http://www.ABetterKao.com)*

*December 17, 2024, HONG KONG --* Oasis Management Company Ltd. ("Oasis"), the manager to funds holding over 5% of the shares in Kao Corporation (4452 JT) ("Kao" or the "Company"), strongly disputes recent statements by Kao that we believe mischaracterize Kao's level engagement with Oasis and obscure critical corporate governance issues ahead of the Company's 2025 Annual General Meeting (the "AGM"). We believe that Kao's actions reveal significant governance deficiencies, inadequate transparency, and a lack of accountability to its shareholders.

Despite efforts by Oasis to propose highly qualified, independent candidates to strengthen Kao's Board of Directors (the "Board"), the Nomination Committee has failed to engage meaningfully or provide clarity on its selection process. The abrupt announcement of its own director nominees for the 2025 AGM, made two months earlier than established practice, appears to deliberately circumvent proper consideration of shareholder input.

In addition, Kao has provided limited explanation of the governance changes it recently announced, including a "substantial delegation of authority" from the Board to executive management. This lack of transparency, combined with ineffective shareholder engagement and inconsistent communication, further undermines our confidence in Kao's governance practices and its sincere commitment to long-term value creation.

### **1. Kao's Failure to Constructively Engage with Oasis**

Oasis first engaged with Kao's Nomination Committee in early November 2024 to propose highly qualified, truly independent profiles for consideration as independent Outside Directors.

In summary, **Oasis denounces the following poor governance exhibited by Kao's Board:**

- **Delayed Responses:** Two weeks after requesting a meeting with Outside Directors, Kao offered Oasis, one of its largest holders, a meeting two months after the initial request. In the intervening period, Oasis submitted anonymized profiles for consideration (November 5), to which Kao's Nomination Committee took almost three weeks to respond (November 22), only then to announce their director nominee selection four working days after Oasis submitted detailed resumes (December 2).

- **Engagement Lacks Good Faith:** The nomination review process was communicated as “ongoing” by the Chair of Kao’s Nomination Committee (November 22), and Kao urgently requested for Oasis to submit names and resumes of candidates. Oasis did so two working days after (November 26), only for Kao to announce their director selections four working days later (December 2), three days before the engagement scheduled two months prior by the Chair (December 5).
- **Contradictory Statements:** Kao alleges (December 12) it announced director nominees two months earlier than normal for investor clarity related to the retirement of David Muenz. At no point in our engagement meeting (December 5) was the retirement of David Muenz raised by the Nomination Committee as the reason. Kao’s decision to start the nomination process earlier than previous years does not justify disclosing its nominees for the 2025 AGM two months earlier than usual without a robust process.

Oasis sets out in Table 1 below key clarifications in this release to provide shareholders with a full view of Kao’s inadequate approach to shareholder engagement.

## **2. Detailed Timeline Reveals Kao’s Lack of Constructive Engagement**

On December 12, Kao issued the following statement:

*“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.**”*

(Kao statement, December 12, 2024 - Emphasis added)

Oasis informed the Company in early November that it would like to refer five independent profiles for consideration by the Nomination Committee. The Nomination Committee took nearly three weeks to reply with a letter stating, “**the review process is already ongoing**, if your proposal requires urgent consideration, we kindly ask that you promptly submit specific candidates to the Nomination Committee.” (Emphasis added)

Oasis submitted resumes of these individuals to the Company two working days later, on November 26. However, to Oasis’s surprise and without further communication from Kao, the Board Chair then announced the Company’s two director nominees for the 2025 AGM on December 2.

As per Kao’s historical public filings, Kao has consistently announced its nominee director candidates with its full-year results in the first week of February every year for at least the past decade. However, this year, following Oasis’s submission of independent profiles to the Nomination Committee, Kao announced its candidates two months earlier than usual. **Oasis believes this timing was intentionally designed to bypass meaningful consideration of independent profiles and limit shareholder input.**

Kao has attempted to justify this year’s early announcement by citing the planned December 2024 retirement of David Muenz, an executive officer and board member, who will remain on the Board until the upcoming AGM. Yet, during Oasis’s meeting with the Nomination Committee, no member identified Mr. Muenz’s retirement as a reason for the timing change. Furthermore, as directors are only elected in March, his retirement is not reason enough for an abbreviated process and rushed disclosure to the market.

Finally, Kao did not contact any of the independent candidates that Oasis had referred for consideration until an hour and a half after Oasis filed its large shareholder report on December 10 at 17:00 Japan time.

**Table 1. Detailed Engagement Timeline Between Oasis and Kao**

<b>Date</b>	<b>Event</b>
Wednesday, October 9, 2024	Oasis sends a letter by e-mail to Chairman Shinobe asking for a meeting with Kao's outside directors.
Friday, October 25	Chairman Shinobe replies by e-mail offering to meet on December 5, 2024, <b>two months after Oasis' initial request.</b>
Tuesday, November 5	Oasis sends a letter by e-mail to the Nomination Committee offering five profiles of candidates for the Company to consider as director candidates and asked for the Nomination Committee to meet these candidates before a scheduled meeting with Oasis on December 5.
Friday, November 22	Kao responds to Oasis stating that "the <b>review process is already ongoing</b> , if your proposal requires urgent consideration, we kindly ask that you promptly submit specific candidates the Nomination Committee."
Tuesday, November 26	Oasis submits the full resumes of the independent candidates to Kao as requested.
Thursday, November 28	Oasis shares a presentation with Kao, in advance of the engagement meeting on December 5.
Monday, December 2	Kao announces its nominee directors for the 2025 AGM, two months earlier than established practice, and contacts Oasis to provide a "high level" overview of the nomination process.
Thursday, December 5	The Nomination Committee explains to Oasis the rationale for the announcement: " <i>We feel it's important for us to make the announcement... there's nobody else from our end that we'd recommend as candidates that's going through any of the procedures.</i> "
Tuesday, December 10 (17:00 JST)	Oasis files a large shareholder report with Japanese regulators.
Tuesday, December 10 (18:25 JST)	Kao's Nomination Committee contacts the five individuals referred for consideration as director candidates for the first time following Oasis' regulatory filing.

### **3. Kao Appears to be Misleading Shareholder(s)**

In early November, Oasis informed the Nomination Committee of five independent profiles it believed would enhance the Board's capacity to guide Kao's transformation into a more profitable and higher-growth company. Yet, by its own admission, Kao's "*decision was made before Oasis Management proposed any director candidates*" ([Source](#)), as stated in its press release dated December 12. This directly contradicts a statement by the Chair of the Nomination Committee on November 22 to Oasis that the process was still "*ongoing*". **We believe that Kao is either misleading shareholders today, or it misled Oasis in November. Either way, this is clearly poor governance.**

### **4. Oasis's Call to Action**

Oasis remains committed to engaging constructively with Kao's management and Board to foster sustainable growth, aligning with the vision of "A Better Kao." However, critical governance shortcomings must be addressed to realize this potential as well as establish trust with its shareholders.

**To rebuild confidence and ensure effective leadership, Kao must take decisive steps to strengthen its Board and governance practices.** This includes **prioritizing shareholder engagement** to better understand and reflect their expectations in shaping Kao's strategy, performance, and board composition.

The current director nominations for Kao's 2025 AGM fall short of addressing these concerns, signaling the need for a more inclusive and transparent approach.

Kao's Nomination Committee still has the opportunity to enhance its Board by nominating and recommending shareholders vote for these highly qualified, independent candidates proposed by Oasis.

If the **Committee genuinely considered shareholder opinions and conducted a thorough, transparent process**, it would inevitably conclude that these candidates are the best choice for Kao's long-term success and the creation of sustainable corporate value.

We welcome all stakeholders to contact us at [info@ABetterKao.com](mailto:info@ABetterKao.com) and to view the full details of our proposals at [www.ABetterKao.com](http://www.ABetterKao.com).

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### **Media Contact**

For all inquiries, please contact:

Taylor Hall

[media@oasiscm.com](mailto:media@oasiscm.com)