

FOR IMMEDIATE RELEASE

August 31, 2022

Kao Launches Grievance Mechanism for Indonesian Oil Palm Smallholders

From September 2022, Kao Corporation, in collaboration with Caux Round Table Japan (CRT Japan Committee)^{*1}, an NPO forming a network of business leaders that promotes sustainable and socially responsible business, is launching operation of a grievance mechanism for oil palm smallholders in Indonesia. Complaints and inquiries from smallholders will be received and processed through the grievance mechanism, from their investigation to addressing and resolving them as well as follow-up and reporting. Kao will strive to resolve fundamental social and environmental issues related to palm oil, which is one of the most important natural resources for Kao's business, especially human rights issues at oil palm smallholders.

*1 Established a comprehensive initiative support program in partnership with global initiative organizations that focuses on the implementation of the United Nations Guiding Principles for Business and Human Rights in companies.



An oil palm smallholder farmer supported by the SMILE program inspects oil palm fruit harvested in Jambi Province, Indonesia in January 2022

Kao views palm oil as one of the most important natural resources for its business and aims to build a sustainable supply chain. Together with Apical Group (President: Dato' Yeo How), a leading vegetable oil processor, and Asian Agri (Managing Director: Kelvin Tio), a plantation and palm oil

company, Kao has been conducting the “SMILE” (Smallholder Inclusion for Better Livelihood & Empowerment) program since October 2020 to support productivity improvements at oil palm smallholders in Indonesia connected to Kao’s supply chain and their obtaining sustainable palm oil certification (RSPO^{*2} certification). Now Kao has launched operation of a grievance mechanism for oil palm smallholders supported by oil palm farmers who involved in the SMILE program. Operation is starting with approximately 50 farmers in Sumatra, with the number of participating farmers can grow more in the process. The content of the inquiries received and the results of their processing will be released on Kao’s website.

*2 Roundtable on Sustainable Palm Oil

News Release from October 2020

Kao, Apical and Asian Agri Launch ‘SMILE’ Program to Help Oil Palm Smallholders Improve Yields, Acquire Certifications, and Secure Premiums

<https://www.kao.com/global/en/news/sustainability/2020/20201014-001/>

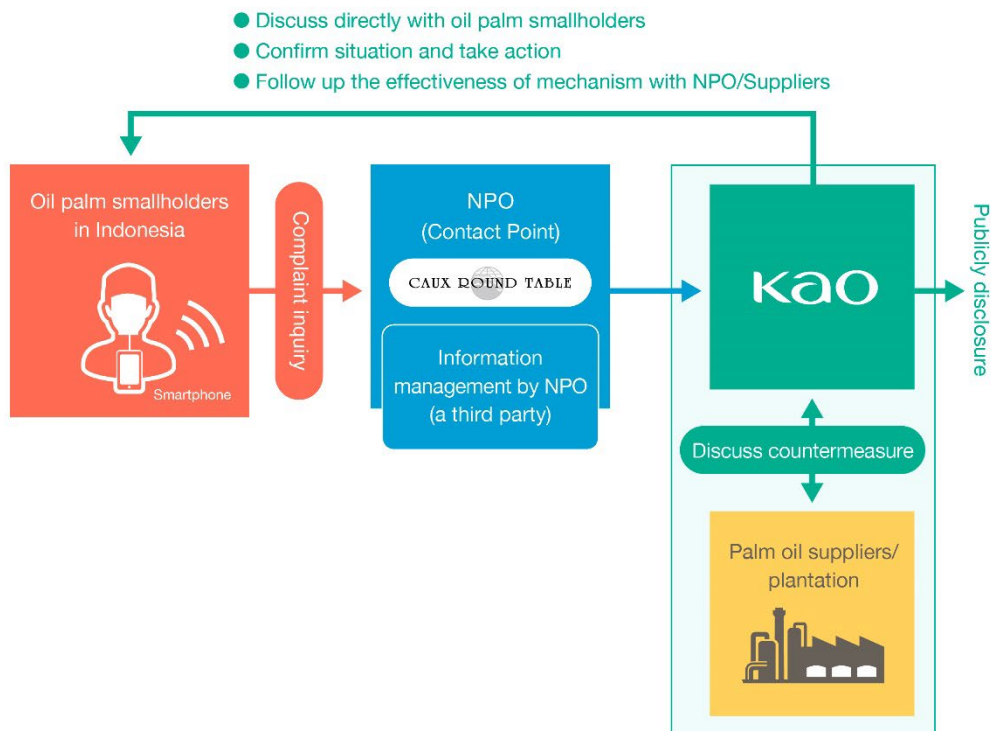
News Release from April 2022

Progress of Helping Oil Palm Smallholders in Indonesia

<https://www.kao.com/global/en/news/sustainability/2022/20220413-001/>

Kao Grievance Mechanism for Oil Palm Smallholders

【 Kao Grievance Mechanism for Oil Palm Smallholders 】



■ System

1. Oil palm smallholders access the contact point for Kao's grievance mechanism from a smartphone and enter their complaint or inquiry (Oil palm smallholders can also raise issues anonymously)
2. The CRT Japan Committee manages personal information in the system, including the content of inquiries, to ensure transparency in inquiry processing
3. Kao responds to the inquiries from oil palm smallholders. As appropriate based on the inquiry content, requests for response will be made to the vegetable oil processor (Apical Group) and/or the plantation and palm oil company (Asian Agri). Kao will discuss how to address serious matters relating to human rights and the environment together with the CRT Japan Committee, the vegetable oil processor and the plantation and palm oil company
4. The status of improvements at oil palm smallholders are verified, and progress is followed up
5. Once every six months, the content of the inquiries accepted and results of their processing are released on Kao's website

■ Features

- **Parties and an NPO involved in the palm oil supply chain collaborate to directly handle inquiries from oil palm smallholders and resolve fundamental issues**

Kao, which uses palm oil, and the CRT Japan Committee, an NPO forming a network of business leaders that promotes sustainable and socially responsible business, will collaborate to directly handle complaints and inquiries from oil palm smallholders together with the vegetable oil processor and the plantation and palm oil company.

- **In addition to resolving issues, receiving a wide range of inquiries will lead to prevention of problems, productivity improvements, and improved living environments**

In addition to complaints such as human rights infringements and land disputes, inquiries about matters closely related to plantation operations (obtaining RSPO certification, labor safety during plantation work, the timing of replacing oil palms, how to purchase fertilizer, etc.) are also accepted, leading to the prevention of problems from arising and productivity improvements at oil palm smallholders, which in turn will lead to improved living environments.

- **Ensuring ease of access to the grievance mechanism**

A system has been implemented that makes inquiries in the local language (Indonesian) possible from a smartphone. Oil palm smallholders can easily communicate direct requests to parties involved in the palm oil supply chain at any time. The processing status of inquiries can also be directly communicated to oil palm smallholders.

- **The system can be used at local sites and incorporates the results of surveys conducted through direct dialogue with oil palm smallholders**

From April 2021, Kao conducted surveys in collaboration with the CRT Japan Committee and an Indonesian oil palm smallholders' union (SPKS)^{*3} in the provinces of North Sumatra, Riau, Jambi, and South Sumatra on the island of Sumatra. Issues faced by oil palm smallholders were identified, and inquiries that could be anticipated were considered in advance.

*3 Serikat Petani Kelapa Sawit. An Indonesian oil palm smallholders' union established in 2006. Currently, it has a network of 8,000 oil palm smallholders in seven regions of Indonesia. SPKS promotes sustainable oil palm production through data collection and mapping for small oil palm plantations, plantation organization, productivity training, and certification support such as ISPO (Indonesian Sustainable Palm Oil) and RSPO.

In April 2019, the Kao Group established the Kirei Lifestyle Plan, an ESG strategy. Since its start in 2021, the Kao Group Mid-term Plan 2025 (K25) has proclaimed “protecting future lives” and promoting “sustainability as the only path” as its vision. One of the plan’s leadership actions is to contribute to “responsibly sourced raw materials.” The Kao Group will continue to integrate its ESG strategy into its management practices. It will also develop its business, provide better products and services for consumers and society, and work toward its purpose, “to realize a Kirei world in which all life lives in harmony.”

About the Kirei Lifestyle Plan

Over the past 130 years, Kao has worked to improve people’s lives and help them realize more sustainable lifestyles—a Kirei Lifestyle. The Japanese word ‘kirei’ describes something that is clean, well-ordered and beautiful, all at the same time. The Kao Group established its ESG strategy, the Kirei Lifestyle Plan in April 2019, which is designed to deliver the vision of a gentler and more sustainable way of living. By 2030, Kao aims to empower at least 1 billion people, to enjoy more beautiful lives and have 100% of its products leave a full lifecycle environmental footprint that science says our natural world can safely absorb.

For more information please, click <https://www.kao.com/global/en/sustainability/>

About Kao

Kao creates high-value-added products and services that provide care and enrichment for the life of all people and the planet. Through its portfolio of over 20 leading brands such as *Attack*, *Bioré*, *Goldwell*, *Jergens*, *John Frieda*, *Kanebo*, *Laurier*, *Merries*, and *Molton Brown*, Kao is part of the everyday lives of people in Asia, Oceania, North America, and Europe. Combined with its chemical business, which contributes to a wide range of industries, Kao generates about 1,420 billion yen in annual sales. Kao employs about 33,500 people worldwide and has 135 years of history in innovation. Please visit the Kao Group website for updated information.

<https://www.kao.com/global/en/>

Media inquiries should be directed to:

Corporate Strategy

Kao Corporation

Tel.: +81-3-3660-7043

<Related Information>

■Kao launches new ESG Strategy “Kirei Lifestyle Plan” to support consumer lifestyle changes

<https://www.kao.com/global/en/news/sustainability/2019/20190422-001/>

■Kao's New Challenges for the Future: Accelerating Purposeful Business Commitment with ESG

<https://www.kao.com/global/en/news/business-finance/2019/20190926-001/>

■Kao sustainability website

<https://www.kao.com/global/en/sustainability/>

■About Apical Group

<https://www.apicalgroup.com/>

■About Asian Agri

<https://www.asianagri.com/en/>

■About Caux Round Table Japan

<https://crt-japan.jp/en/>

■United Nations Guiding Principles on Business and Human Rights

https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf