

**Module: Introduction****Page: F0. Introduction****F0.1****Please give a general description and introduction to your organization**

Kao. The Company is a Japan-based company that operates through two business segments: Consumer Product and Chemical. The Consumer Product segment has three divisions. The Beauty Care division offers prestige cosmetics; premium skincare products such as face washes, as well as premium hair care products including shampoos, hair styling products and hair colouring products, among others. The Human Health Care division provides food and beverage products such as drinks; sanitary products including hygiene products and paper diapers, as well as personal health products such as bath additives. The Fabric and Home Care division offers fabric care products including detergents for apparel use, and home care products including detergents for kitchen use. The Chemical segment provides oil and fat products such as fatty acids; functional materials products such as surface acting agents and additives for plastic use, as well as specialty chemical products such as essences, among others.

The Beauty Care business accounted for 41.3% of total turnover in 2016; Human Health Care business 18.7%; Fabric and Home Care business 23.7%; and Chemical business 16.3%. The Company reported JPY 1,457.6b in revenues and 33,195 permanent employees at December 31, 2016.

**F0.2****Please select the stages of the value chain which best represent your organization's area of operation pertaining to forest risk commodities. If your organization is diversified or vertically integrated, please select all that apply**

Manufacturing

**F0.3****Are there any parts of your direct operations that are excluded from this disclosure?**

No

---

**F0.3a**

Please identify the parts of your direct operations that are excluded from your disclosure

Exclusion	Description of exclusion	Potential for deforestation risk	Please explain
-----------	--------------------------	----------------------------------	----------------

---

**F0.4**

Are there any parts of your supply chain that are excluded from this disclosure?

No

---

**F0.4a**

Please identify the parts of your supply chain that are excluded from your disclosure

Exclusion	Description of exclusion	Potential for deforestation risk	Please explain
-----------	--------------------------	----------------------------------	----------------

---

**F0.5**

Do you produce or use materials that contain any of the forest risk commodities? Please complete the table

Forest risk commodity	Produce/use forest risk commodity	Explanation if not disclosing but produce/use the commodity
Timber	Yes	
Palm Oil	Yes	For derivatives, we disclose about Fatty Acid. It is major material for us to purchase from suppliers. We use other derivatives such as Fatty Alcohol and Glycerine mainly made by our affiliates. We purchase Fatty Alcohol and Glycerine very limited volume (less than 3%) from suppliers.
Cattle Products	No	
Soy	No	

Forest risk commodity	Produce/use forest risk commodity	Explanation if not disclosing but produce/use the commodity
Other	No	

---

**F0.6**

**Please confirm which commodities you will be disclosing on**

Timber  
Palm Oil

---

**F0.7**

**Please state the start and end date of the year for which you are reporting data**

Reporting year
Fri 01 Jan 2016 - Sat 31 Dec 2016

---

**Further Information**

Kao's home page for outline: <http://www.kao.com/group/en/group/about.html> Annual report: <http://www.kao.com/group/en/group/reports.html>

**Module: Current State**

**Page: F1. Context**

---

**F1.1**

**How does your organization use your selected commodities? Please provide details on the form and source of the commodities you use or produce**

Forest risk commodity	Activity	Form of commodity	Source	Country of origin	% of procurement spend	Comment
Timber	Input into product manufacturing	Pulp	Contracted suppliers (manufacturers)	Canada New Zealand United States of America	1-5%	Pulp from USA for hygiene products. Pulp from Canada and New Zealand for tissue papers.
Timber	Input into product manufacturing	Paper	Contracted suppliers (manufacturers)	China Germany Indonesia Japan Thailand United Kingdom United States of America Other: Taiwan	1-5%	Packaging materials.
Timber	Other: PPC (plain paper copier)	Paper	Trader/ broker/ commodity market	China Germany Japan Thailand United States of America Other: Taiwan	<1%	Office supply
Palm Oil	Input into product manufacturing	Refined palm oil Palm oil derivatives	Contracted suppliers (manufacturers)	Malaysia	<1%	We produce Palm oil derivatives for our own use for Household products and Chemical products for sales.
Palm Oil	Input into product manufacturing	Crude palm kernel oil (CPKO)	Contracted suppliers (manufacturers)	Malaysia	1-5%	We produce Palm Kernel Oil derivatives for our own use for Household products and Chemical products.
Palm Oil	Input into product manufacturing	Palm oil derivatives Palm kernel oil derivatives	Own concessions Contracted suppliers (manufacturers)	Indonesia Japan Malaysia Other:	1-5%	Fatty Acid.

Forest risk commodity	Activity	Form of commodity	Source	Country of origin	% of procurement spend	Comment
				Philippines		

**F1.2**

Please indicate the percentage of your organization's revenue that was dependent on each of your selected forest risk commodities in the reporting year

Forest risk commodity	% of revenue dependent on commodity in the reporting year	Comment
Timber	81-90%	Most of Hygiene products use pulp and papers. And packaging material such as corrugated carton and/or paper box for consumer products which consist around 82% of our total revenue.
Palm Oil	81-90%	We purchase Palm and Palm Kernel oil and its derivatives for many consumer products and chemical products for industrial use. Although the dosage ratio is limited for many consumer products but its coverage is very wide range.

**F1.3**

Has your organization experienced impacts related to forest risk commodities that have generated a substantive change in your business operations, revenue or expenditure in the reporting year?

Yes

**F1.3a**

Please identify the impacts related to forest risk commodities that have generated a substantive change in your business operations, revenue or expenditure in the reporting year

Forest risk commodity	Impact driver	Impact	Description of impact	Estimated financial impact	Response strategy	Description of response strategy
Palm Oil	Other: Suspension of RSPO certification for supplier	Supply chain disruption	In March 2016, RSPO certification for our palm oil supplier was suspended. We couldn't purchase sufficient certified palm oil. And we were faced with inquiry and criticism with this matter from NGO and media.	Impact not quantified financially	Engagement with suppliers	Based on our principles of conduct in the Guidelines for Sustainable Procurement of Raw Materials, we have verified the situation with the supplier and requested resolution of the problems. We also suspended purchases of certified raw materials from them. We will not purchase from them until the rectification plan approved by the RSPO has been objectively verified by a third party and improvements have been confirmed.

#### F1.4

Please describe why you do not know if your organization experienced any impacts related to forest risk commodities that have generated a substantive change in your business operations, revenue or expenditure in the reporting year

Primary reason for being unaware of impacts	Comment

#### Further Information

**Module: Risk Assessment**

**Page: F2. Risk assessment**

#### F2.1

Please select the option that best describes your procedures with regard to assessing deforestation risks and opportunities

Forest risk commodity	Deforestation risk assessment procedure	Operational coverage	Please explain
Timber	Integrated into a comprehensive, company-wide risk assessment process	Direct operations Supply chain	We appropriately manage the various risks that could occur throughout our overall business activities including supply chain in accordance with the Kao Risk and Crisis Management Policy. As for the effectiveness of the risk management, we confirm it regularly in Internal Control Committee (chairperson is CEO). We surely conduct progress management to achieve our objective to purchase only pulp that is traceable to the source by 2020.
Palm Oil	Integrated into a comprehensive, company-wide risk assessment process	Direct operations Supply chain	We appropriately manage the various risks that could occur throughout our overall business activities including supply chain in accordance with the Kao Risk and Crisis Management Policy. As for the effectiveness of the risk management, we confirm it regularly in Internal Control Committee (chairperson is CEO). We surely conduct progress management to achieve our objective to purchase only sustainably sourced palm oil that is traceable to the plantation by 2020.

#### F2.1a

Please provide further details on your risk assessment procedures with regard to deforestation risks and opportunities

Forest risk commodity	Frequency of monitoring	To whom are results reported?	Scale of risk assessment	How far into the future are risks considered?	Please explain
Timber	Six-monthly or more frequently	Board or individual/ sub-set of the Board or committee appointed by the Board	Whole company	3-6 years	We recognize the risk of using unsustainable paper and pulp for all our business. We conduct purchase of certified paper and pulp and confirmation of the traceability using WWF check list in accordance with our "Sustainable Paper and Pulp Procurement Guidelines". We purchase paper derived from the rain forest in Indonesia. The risk for illegal deforestation of tropical rain forest is very high but we can't predict when it is actualized. So we monitor it at least once every six months.
Palm Oil	Six-monthly or more frequently	Board or individual/ sub-set of the Board or committee appointed by the Board	Whole company	3-6 years	We recognize the risk of using unsustainable palm oil for all our business. We conduct purchase of certified and/or traceable palm oil in accordance with our "Sustainable Palm Oil Procurement Guidelines". As for confirmation of the traceability, we identify palm kernel crushing mills and palm oil mills using the information which is provided from our suppliers in cooperation with third-party organizations and will strive to identify

Forest risk commodity	Frequency of monitoring	To whom are results reported?	Scale of risk assessment	How far into the future are risks considered?	Please explain
					plantations by 2020. We will also work to obtain RSPO SCCS certification of Kao Group factories in order to build a traceable supply chain for the Kao Group by 2020. We purchase palm kernel oil derived from the palm plantation in Indonesia. The risk for illegal deforestation of tropical rain forest is very high but we can't predict when it is actualized. So we monitor it at least once every six months.

**F2.1b**

**Please identify which of the following criteria are factored into your organization's deforestation risk assessments**

Criteria	Timeframe	Relevance	Please explain
Changes in availability and quality of forest risk commodities	Current Future	Relevant, included	We recognize that it is possible to assess the availability of palm oil by confirming its traceability to plantations. So we verified supplier information using third-party organizations and confirmed the traceability of palm kernel oil back to the palm oil mills that supply palm kernels in 2016. The supply of pulp for hygiene products is limited in the world. So we keep watch the capacity of each supplier.
Impact of activity on the status of ecosystems and habitats	Current Future	Relevant, included	We recognize that it is possible to assess the impact on ecosystems of palm oil and paper by confirming their traceability to the source. In the palm oil more difficult there, we verified supplier information using third-party organizations and confirmed the traceability of palm kernel oil back to the palm oil mills that supply palm kernels in 2016.
Regulation	Current Future	Relevant, included	We recognize that it is possible to assess the regulation risk of palm oil and paper by confirming their traceability to the source. In the palm oil more difficult there, we verified supplier information using third-party organizations and confirmed the traceability of palm kernel oil back to the palm oil mills that supply palm kernels in 2016.
Tariffs or price increases	Current Future	Relevant, included	We monitor market price and adjust it. Our priority in SCM is sustainable and stable supply. We negotiate with our suppliers and customers for chemical materials every month.
Loss of markets	Current Future	Relevant, included	We recognize the importance for certification and traceability and monitoring the obtaining status of certification. In near future, we can not sell every palm oil related products without certification. So we



Criteria	Timeframe	Relevance	Please explain
			joined the RSPO and are aggressively promoting the obtainment of SCCS certification and the procurement of certified sustainable palm oil.
Stakeholder conflicts concerning forest risk commodities	Current Future	Relevant, included	We have announced our sustainability policy. We are keeping good and close relationship with our suppliers and customers. We review the progress of suppliers every two month.
Brand damage related to forest risk commodities	Current Future	Relevant, included	Some campaign shows our position is not very good. We disclose our activity as much as possible in sustainability report and are improving our activity to prevent deforestation. We held meeting and explained them and monitor their score for us.
Corruption	Current Future	Relevant, included	We consider suppliers as our business partners vital to Yoki-Monozukuri and select them based on our Policies for Procurement in accordance with these Guidelines for Supplier's Assessment. And we monitor suppliers' compliance status using Sedex and CSR self-assessments.
Other	Not applicable		

#### F2.1c

##### Please provide any additional information about your approach to assessing deforestation risks here

"Cooperation with Suppliers"

[http://www.kao.com/jp/en/corp\\_csr/procurement\\_02.html](http://www.kao.com/jp/en/corp_csr/procurement_02.html)

[http://www.kao.com/jp/en/corp\\_csr/procurement\\_07.html](http://www.kao.com/jp/en/corp_csr/procurement_07.html)

"Monitoring of Supplier" Since 2008, we monitor suppliers.

Kao has established Guidelines for Supplier's Assessment covering measures to deal with compliance, human rights, and labour issues concerning the environment, safety, laws and social norms. We monitor the self-assessment of suppliers' compliance status. If a supplier is not meeting Kao standards, we visit the supplier, share concerns about the issues, and implement measures to correct the situation.

In 2016, we monitor 1,616 suppliers in Japan and 838 in Asia. 94% and 97% of suppliers respectively, meeting our Guidelines for Supplier's Assessment.

#### F2.1d

If you have conducted a partial risk assessment, please identify any exclusions in the following table

Forest risk commodity	Exclusion	Please explain
-----------------------	-----------	----------------

---

## F2.2

Please explain why you do not have a process in place for assessing and managing deforestation risks, and whether you plan to introduce such a process in the future

Forest risk commodity	Primary reason for not having a process	Do you plan to introduce a process?	Timeframe	Comment
-----------------------	---	-------------------------------------	-----------	---------

---

## Further Information

In February 2015, Our purchasing division has set up a organization in Singapore to monitor the sustainability for Palm and Palm Kernel Oil suppliers in South East Asia. Person in charge station there and conduct audit and survey for each supplier. We survey nursery of timber and forest for pulp suppliers in USA, as well as their pulp mills.

---

## Attachments

[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F2.Riskassessment/Guidelines for Sustainable Procurement of Raw Materials.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%202017/Shared%20Documents/Attachments/Forests2017/F2.Riskassessment/Guidelines%20for%20Sustainable%20Procurement%20of%20Raw%20Materials.pdf)

## Module: Implications

### Page: F3. Risks

---

## F3.1

Have you identified any inherent risks related to producing, marketing or sourcing forest risk commodities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Please select all that apply

Forest risk commodity	Risk
Timber	Operational risks driven by changes in physical parameters Risks driven by changes in regulation Reputational risks
Palm Oil	Operational risks driven by changes in physical parameters Risks driven by changes in regulation Reputational risks

**F3.1a**

For your selected forest risk commodities, please describe any inherent operational risks in your direct operations or supply chain driven by changes in physical parameters that have the potential to generate a substantive change in business operations, revenue or expenditure

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
Timber	Tropical cyclones (hurricanes and typhoons)	Country	Hurricane often landing on Southern part of USA. Every mill of our suppliers	Increased operational cost Reduction/ disruption of	3-6 years	Direct operations and supply chain	More likely than not	Medium	Purchase from multiple mills/ suppliers to prevent shortage. We verified the materials from two or three mills

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
			located in this Area.	supply					in each supplier for back up (alternative supply).
Palm Oil	Tropical cyclones (hurricanes and typhoons)	Global	In 2013, big typhoon landed on Philippines. Damage of Coconuts oil production affected Palm Oil market price. We have plant in Philippines to purchase Coconuts oil as well as Palm Oil.	Increased operational cost	3-6 years	Direct operations and supply chain	Likely	Medium-high	Adjust purchase price and keep stable supply. We keep good relationship with multiple suppliers and secure the supply.
Palm Oil	Reduced crop yields	Country	El Nino event in 2010 affected Coconuts oil production. Market price hike for Palm Oil as well. The event happened in 2015 also. We have plant in Philippines using Coconuts oil as well as Palm oil.	Increased operational cost	3-6 years	Direct operations and supply chain	Likely	Medium-high	Adjust purchase price and keep stable supply. We keep good relationship with multiple suppliers and secure the supply.
Palm Oil	Loss of ecosystem services	Region	Not sustainable development	Wider social disadvantage	1-3 years	Direct operations and supply chain	Virtually certain	High	By 2020, We commit to zero deforestation at the source of palm oil. Purchase the materials from only traceable and/or certified

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
									sustainable supplier. All of our production site will get RSPO SCCS certification by 2020.
Palm Oil	Availability of certified sustainable material	Region	Limited availability of certified sustainable materials	Increased operational cost Reduction/ disruption of supply	1-3 years	Direct operations and supply chain	Virtually certain	High	By 2020, we commit to zero deforestation at the source of palm oil. With regard to procurement of palm oil, we joined the RSPO and are promoting the obtainment of SCCS certification and the procurement of certified sustainable palm oil. Request the materials from only traceable and/or certified sustainable supplier. We encourage suppliers to get certification and/or traceability. Our staff station in Singapore is auditing the mills. From 2016 the person is going to confirm not only mills but also plantations.

**For your selected forest risk commodities, please describe any inherent risks in your direct operations or supply chain driven by changes in regulation that have the potential to generate a substantive change in business operations, revenue or expenditure**

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
Timber	National legislation	Country	In May 2015, Indonesian Government has announced new regulation, that is we can purchase only certified or traceable pulp and paper. Indonesia is one of our most expecting countries to expand the business.	Increased operational cost Reduction/ disruption of supply	Up to 1 year	Supply chain	Virtually certain	Medium-high	We redognize that Indonesia is one of the most important markets for Kao and is high risk country for deforestation. So we have requested every pulp and paper suppliers to provide certification or traceability information not later than ETD Nov. 2015 to follow new Indonesian regulation.
Palm Oil	Reporting obligations	Global	As a RSPO member, we have committed to purchase certified and/or sustainable materials by 2020. We will purchase sustainable and traceable to mill of Palm and Palm Kernel oil by end of 2020. Some customer for our chemical business prefer and/or request certified materials.	Increased operational cost Reduction/ disruption of supply Wider social disadvantage	1-3 years	Direct operations and supply chain	Very likely	Medium-high	A higher alcohol derived from palm kernel oil and its derivatives are very important in our chemical business. Most of affiliate for chemical business have been certified SCCS by end of 2015. We consider that it is important to follow our Guidelines for "Sustainable Palm oil" in "Policies for Procurement" in company-wide. Some

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
									customers for our Chemical business prefer and/or request certified mark in our products.

**F3.1c**

**For your selected forest risk commodities, please describe any inherent reputational risks in your direct operations or supply chain that have the potential to generate a substantive change in business operations, revenue or expenditure**

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
Palm Oil	Negative media coverage	Global	We have some experiences of Negative media coverage without sufficient clear evidence and eccentric demonstration by unreasonable demagogue in the past. We recognize the importance for transparency of our activity and need to show	Reduced stock price (market valuation) Inability to do business	1-3 years	Direct operations and supply chain	Very likely	High	Follow RSPO rules and purchase certified and/or sustainable materials. We are going to work together with our stake holders and explain our progress as much as possible.

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
			scientific/social evidence.						
Palm Oil	Consumer market campaigns	Global	In 2014, an NGO campaign shows our position for zero deforestation activity is not enough. In 2016, an NGO criticized that Kao continued to purchase non-certified palm oil from a supplier which was suspended RSPO certification.	Inability to do business Wider social disadvantage	1-3 years	Direct operations and supply chain	Very likely	High	As consumer products business is more than 80% of our total sales, consumer market campaigns have a significant impact on our sales. We aim to purchase not only RSPO certified Palm oil but also only sustainably sourced palm oil that is traceable to the plantation. Follow RSPO rules and purchase certified and/or sustainable materials. We hold meeting and explain them and monitor their score for us and revised our guideline and conducted sustainable procurement. Based on our principles of conduct in the Guidelines for Sustainable Procurement of Raw Materials, we have verified the situation



Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
									with the suspended supplier and requested resolution of the problems.
Timber	Consumer market campaigns	Global	An NGO campaign shows our position for zero deforestation activity is not enough. Although we updated our commitment in July 2014. They show us the risk of the business with some particular companies.	Inability to do business Wider social disadvantage	1-3 years	Direct operations and supply chain	Very likely	High	As consumer products business is more than 80% of our total sales, consumer market campaigns have a significant impact on our sales. Purchase certified and/or traceable materials. We hold meeting and explain them and taking care the business with appointed companies until they improve their negative reputation.
Palm Oil	Consumer market campaigns	Global	In recent years, an issue of human rights is very important for palm oil. Consumer goods manufacturers are need to be responsible for it in the whole supply chain. Insufficient measures can lead to boycotts our products and loss of	Inability to do business Wider social disadvantage	1-3 years	Direct operations and supply chain	Very likely	High	Follow RSPO rules and purchase certified and/or sustainable materials. We started conducting supplier monitoring by SEDEX and projects to enhance our relationship with small holders in cooperation with third-party organizations in

Forest risk commodity	Risk driver	Geographical scale	Description of risk	Potential impact	Timeframe	Direct operations/ supply chain	Likelihood	Magnitude of impact	Management methods
			our social credibility.						2016.

**F3.2**

If you indicated in question F3.1 that you do not consider your organization to be exposed to operational risks related to producing, marketing or sourcing any of your selected commodities, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain

**F3.3**

If you indicated in question F3.1 that you do not consider your organization to be exposed to risks related to producing, marketing or sourcing any of your selected commodities driven by changes in regulation, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain

**F3.4**

If you indicated in question F3.1 that you do not consider your organization to be exposed to reputational risks related to producing, marketing or sourcing any of your selected commodities, please explain why in the table below

Forest risk commodity	Primary reason for not identifying risks	Please explain
-----------------------	--	----------------

**Further Information**

**Page: F4. Opportunities**

**F4.1**

Have you identified any opportunities related to producing, marketing or sourcing these commodities sustainably that have the potential to benefit your organization?

Forest risk commodity	Opportunities?
Timber	Yes
Palm Oil	Yes

**F4.1a**

Please describe the opportunities related to producing, marketing or sourcing these commodities sustainably, and your organization's strategy to capitalize on them

Forest risk commodity	Opportunity	Scale of opportunity	Strategy to realize opportunity	Timeframe	Comment
Timber	Increased brand value	Paper box for Cosmetics and consumer products. Around 10% of our consumption of packaging materials.	We commit to purchase only sustainable paper and pulp by 2020. We started purchasing certified paper for cosmetics products in 2011, extend to corrugated cardboard in 2016. We printed FSC certification mark on the package of toothpaste and corrugated cardboard of	Last 1-3 years 1-3 years	For packaging materials, we purchased certified or traceable paper 99% of total in 2016.

Forest risk commodity	Opportunity	Scale of opportunity	Strategy to realize opportunity	Timeframe	Comment
			consumer products. We strive to improve the brand value on our products.		
Timber	Increased transparency	Over 80% of our total business.	We purchase certified or traceable paper and pulp for many packaging materials and most of hygiene products. We have requested all suppliers to provide us sustainable certified or traceable materials. We conduct purchase of certified paper and pulp and confirmation of the traceability by WWF check list.	Last 1-3 years 1-3 years	Indonesian Government requested to purchase only certified or traceable pulp and paper materials by Jan 2016. Other countries may follow.
Palm Oil	Increased brand value	Around 65% of our total business.	Kao aims to purchase only sustainable palm oil traceable to plantations for use in consumer products as soon as possible, but no later than 2020. As of the end of 2016, 30% of palm oil, palm kernel oil and their derivatives were RSPO certified materials. We had been able to establish the traceability of palm kernel oil and its derivatives to the palm kernel crushing mill.	Last 1-3 years 1-3 years	We will print certification mark on products package. Kao also aims to purchase only sustainable palm oil traceable to plantations for use in Kao Group consumer products as soon as possible, but no later than 2020.
Palm Oil	Driving demand for sustainable materials	Most of chemical business around 16% of our total business.	Customers for chemical products request us to supply RSPO certified materials. We worked to obtain RSPO SCCS certification of our chemical plants and offices. Our all 20 chemical plants and offices have got the certification by the end of 2016. We supply certified materials on the RSPO market.	Last 1-3 years 1-3 years	We inform to the customers for our status of certification. We were able to obtain SCCS certification for 24 sites including plants for consumer products by the end of 2016. We currently plan to complete the process by the end of 2018 by continuing to obtain certification for our remaining manufacturing sites and offices.

#### F4.2

Please explain why you do not consider there to be any opportunities for your organization associated with producing, marketing or sourcing these commodities sustainably

Forest risk commodity	Primary reason for not identifying opportunities	Please explain
-----------------------	--	----------------

F4.3

Please explain why you don't know if there are any opportunities for your organization associated with producing, marketing or sourcing these commodities sustainably

Forest risk commodity	Primary reason for not knowing if there are opportunities	Please explain
-----------------------	---	----------------

Further Information

**Module: Measure & Monitor**

**Page: F5. Measurement**

F5.1

Do you own or manage land used for the production of any of your selected commodities? Please complete the table

Forest risk commodity	Own and/or manage land?	Size (Hectares)	Type of control	System in place to monitor deforestation?	Recent infractions?	Please explain
Timber	Don't own or manage land	Not applicable	Not applicable	Not applicable	Not applicable	
Palm Oil	Don't own or manage land	Not applicable		Not applicable	Not applicable	

---

**F5.2**

Does your organization collect production and/or consumption data for your selected commodities?

Forest risk commodity	Production and/or consumption data available?
Timber	Consumption data available, disclosing
Palm Oil	Consumption data available, disclosing

---

**F5.2a**

Please disclose your production and/or consumption data using the table below

Forest risk commodity	Production/ consumption data	Volume	Metric	Full/Partial data?	If partial data, please explain
Timber	Consumption data	290000	Metric tons	Full commodity production/consumption	
Palm Oil	Consumption data	340000	Metric tons	Full commodity production/consumption	

---

**F5.3**

Please explain why your organization is not disclosing production and/or consumption data for your selected commodities

Forest risk commodity	Primary reason for not disclosing production/consumption data	Please explain
-----------------------	---	----------------

---

**F5.4**

Please explain why production and/or consumption data is not available for your selected commodities

Forest risk commodity	Primary reason for not having production/consumption data	Please explain
-----------------------	---	----------------

---

**Further Information**

**Page: F6. Traceability**

---

F6.1

Do you have a system in place to track and monitor the origin of raw materials for your selected commodities?

Forest risk commodity	System to track and monitor origin of raw materials?
-----------------------	--

---

F6.1a

Please describe the system you have in place to track and monitor the origin of raw materials for your selected commodities

Forest risk commodity	System	System coverage	If partial, % of total production/consumption tracked/monitored	Please explain
-----------------------	--------	-----------------	---	----------------

---

F6.2

Please explain why you do not have a system in place to track and monitor the origin of raw materials for your selected commodities

Forest risk commodity	Primary reason for not having a system in place	Please explain
-----------------------	---	----------------

**F6.3**

**Please provide details on the level of traceability your organization has for your selected commodities**

Forest risk commodity	% of total production/consumption traceable	Traceability system	Point to which traceable	Exclusions	Exclusion description, if applicable	Comment
Timber	91-99%	FSC,PEFC,FSI by written information (quotation or invoice) for each material. And individual certifications (i.e. WWF Check List)	Country	Specific supplier(s)	We are tracing to first and/or second tier suppliers. Not yet trace papers for timber land.	For virgin pulp, we are tracing to timber land. For paper for packaging material, most of materials using recycled paper. Then we request suppliers for traceability up to paper mill and their materials suppliers.
Palm Oil	91-99%	For RSPO SCCS: Certified by "Control Union". For purchasing materials: "Survey Report" with B/L and invoice. For the location of palm kernel crushing mills: Supplier information which is verified by third-party organizations.	Mill	Specific supplier(s)	We were unable to establish the traceability of some of the derivatives that we had no choice but to purchase from other companies.	We made and disclosed a map of palm cursing mills which supply palm kernel oil to us. And we confirmed the traceability of about 80% palm oil mills supply both palm kernels and palm oil in 2016. We are working towards completion by the end of 2018.

**F6.3a**

**Please describe your organization's approach to establishing traceability**

Timber:

We purchase certified and/or traceable paper and pulp. We confirm the traceability by supplier information using WWF Check List.



Palm:

We purchase RSPO certified and/or traceable materials. We confirm the traceability to palm kernel crushing mill by supplier information verified by third-party organizations. And we confirm the traceability to palm oil mill and plantation by risk mapping of palm oil mills in cooperation with NGO.

---

## Further Information

### Attachments

[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F6.Traceability/2016 Progress Report.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%2017/Shared%20Documents/Attachments/Forests2017/F6.Traceability/2016%20Progress%20Report.pdf)

## Module: Response

### Page: F7. Governance and strategy

---

#### F7.1

Please indicate where the highest level of direct responsibility for deforestation risk lies within your organization and detail the frequency and nature of engagement on the issue

Highest level of responsibility	Name/position of individual or name of committee	Frequency of briefing	Nature of engagement
Board or individual/sub-set of the Board or committee appointed by the Board	Sustainability Committee (Chairperson is CEO)	Quarterly	Promote and Monitor the progress of certification and traceability achievement.

---

#### F7.2

Have you evaluated how the availability or quality of forest risk commodities could affect your organization's growth strategy?

Yes, evaluated over the next 5 years

---

**F7.2a**

**Please explain how you evaluated the effects of the availability or quality of forest risk commodities on the success (viability, constraints) of your organization's growth strategy**

Kao recognizes the importance of global issues and risks such as scarcity of resources, global warming, degradation of biodiversity and other environmental problems, as well as human rights, and, to contribute to resolution of global issues, Kao strives for sustainable procurement of raw materials.

Timber: Expansion of the products with certified paper:

1) Cosmetics products, 2) Skin care products, 3) Corrugated cardboard:

We are monitoring latest status in every three month by the committee.

Palm: Expansion of business and region by RSPO SCCS certification:

1) Oleo chemical plants, 2) Chemical products plants, 3) Consumer products plants:

We are monitoring latest status in every three month by the committee.

It makes good influence for more than 80% of our business.

---

**F7.3**

**Please explain why you have not evaluated how the availability or quality of forest risk commodities could affect the success (viability, constraints) of your organization's growth strategy**

Primary reason for not evaluating potential impact on growth strategy	Please explain
---	----------------

---

**Further Information****Attachments**

[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F7.Governanceandstrategy/Guidelines for Sustainable Procurement of Raw Materials.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%202017/Shared%20Documents/Attachments/Forests2017/F7.Governanceandstrategy/Guidelines%20for%20Sustainable%20Procurement%20of%20Raw%20Materials.pdf)

[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F7.Governanceandstrategy/2016 Progress Report.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%202017/Shared%20Documents/Attachments/Forests2017/F7.Governanceandstrategy/2016%20Progress%20Report.pdf)

F8.1

**Does your organization have a policy that recognizes the role of reducing deforestation for climate change mitigation and sets out clear goals and guidelines for action?**

Policy	Please explain
<p>Yes, a publicly available company-wide policy with performance standards for direct operations including supplier, procurement and contracting best practices</p>	<p>In 2011 we have released "Kao Sustainability Statement" and in 2014 we have revised "Guidelines for Sustainable Procurement of Raw Materials". &gt;Kao Sustainability Statement: Kao commits to reduce our environmental impacts, to conserve biodiversity and to conduct environmental activities through community engagement so that we contribute to the conservation of the planet, as stated in the Kao Environmental Statement. We work to understand and reduce the environmental impacts of our business activities through the whole lifecycle of the products, from raw materials procurement to production, logistics, sales, use and disposal. &gt;Guidelines for Sustainable Procurement of Raw Materials: Kao recognizes the importance of global issues and risks such as scarcity of resources, global warming, degradation of biodiversity and other environmental problems, as well as human rights , and, to contribute to resolution of global issues, Kao strives for sustainable procurement of raw materials. Kao commits to zero deforestation in its palm oil , paper and pulp procurement, in consideration of preservation of biodiversity. The guidelines are applied to all Kao group. We consider the mitigation of climate change because we declare that we will not purchase palm oil that contributes to development of any high conservation value (HCV) forests, high carbon stock (HCS) forests or peatlands, regardless of the depth in the guidelines.</p>

F8.2

**Has your organization made a commitment to reduce or remove deforestation and forest degradation from your direct operations and/or supply chain?**

Yes

F8.2a

**Please identify which of the following criteria are specifically stated in your organization's commitment to reduce or remove deforestation and forest degradation from your direct operations and/or supply chain**

Criteria	Commodity coverage	Operational coverage	% of total production/ consumption covered by commitment	Commitment timeframe	Please explain
Zero deforestation and forest degradation High Conservation Value (HCV) management High Carbon Stock (HCS) management No peatland conversion Free, Prior and Informed Consent (FPIC) Certification	Timber Palm Oil	Direct operations and supply chain	100%	2020	We commit zero deforestation in accordance with the result of global discussion including NGOs. This commitment describes that we would accelerate our speed to achieve the goal to satisfy our customers and NGOs.

**F8.3**

Please explain why your organization has not made a commitment to reduce or remove deforestation and forest degradation from your direct operations and/or supply chain, and whether you plan to do this in the future

Primary reason for not having made a commitment	Do you plan to introduce a commitment?	Please explain

**F8.4**

**Do you have commodity specific sustainability policies?**

Forest risk commodity	Commodity specific sustainability policies?	Criteria	Cut-off date, if applicable	Please explain
Timber	Yes	Zero deforestation and forest degradation High Conservation Value (HCV) management High Carbon Stock (HCS) management No peatland conversion Free, Prior and Informed Consent (FPIC) Certification	2013	By 2020, Kao will purchase only recycled paper or sustainably sourced paper and pulp for use in its products, packaging and office. In the event Kao uses pulp that is not recycled (virgin pulp): • By 2020, Kao commits to zero deforestation at the source of wood fiber for raw materials. Kao will not contribute to development of any high conservation value (HCV) forests, high carbon stock (HCS) forests or peatlands, regardless of the depth. • By 2020, Kao will purchase only pulp for raw materials that is traceable to the source. Methods for confirming sustainable sourcing are as follows: Third-party certification must be obtained that the paper and pulp were produced under proper management, such as forest certification from the FSC, PEFC or other reliable certification body. Coordinate with various stakeholders, including suppliers, non-governmental organizations, specialists and third-party organizations to ensure traceability to the land of origin.
Palm Oil	Yes	Zero deforestation and forest degradation High Conservation Value (HCV) management High Carbon Stock (HCS) management No peatland conversion Free, Prior and Informed Consent (FPIC) Certification	2011	By 2020, Kao commits to zero deforestation at the source of palm oil through cooperation with plantations, suppliers (mills and refineries) and third-party organizations. We will not contribute to development of any high conservation value (HCV) forest, high carbon stock (HCS) forest or peat lands. By 2020, Kao will purchase only sustainably sourced palm oil that is traceable to the plantation for use in Kao Group consumer products. By 2020, Kao will work to obtain RSPO SCCS certification of Kao Group factories in order to build a traceable supply chain for the Kao Group.

---

**Further Information**

"Sustainable Raw Materials Procurement" published in 2013. [http://www.kao.com/jp/en/corp\\_csr/procurement\\_02.html](http://www.kao.com/jp/en/corp_csr/procurement_02.html): Kao procures sustainable raw materials, with the keen awareness of risks related to sustainable development, such as limited natural resources and environmental issues, and human rights. These initiatives require engagement of the supply chain comprehensively. In particular, we work toward climate change mitigation by participating in CDP, a supply chain project, while requiring most suppliers to disclose and reduce greenhouse gas emissions. In addition, in cooperation with our suppliers, we are streamlining distribution and reducing the environmental impact of procured products. Recognizing that Kao business depends on natural capital, we are reducing quantities and switching to other options, where possible for the raw materials that depend on resources with medium to long-term constraints, while incorporating procurement that considers ethical issues that emerge as we globalize our operations. 1. Sustainable procurement of natural plant resources with depletion of natural plant resources, Kao is converting to artificially cultivated materials and modifying procurement routes, keeping the natural environment and communities in mind. 2. Lowering dependence on fossil resources for containers and packaging materials, Kao is promoting the use of containers made from biomass materials such as plant-derived polyethylene, while reducing conventional plastic volume with more compact containers and refill packs.

---

**Attachments**

[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F8.Policies/Kao Sustainability Statement.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%202017/Shared%20Documents/Attachments/Forests2017/F8.Policies/Kao%20Sustainability%20Statement.pdf)  
[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F8.Policies/Guidelines for Sustainable Procurement of Raw Materials.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%202017/Shared%20Documents/Attachments/Forests2017/F8.Policies/Guidelines%20for%20Sustainable%20Procurement%20of%20Raw%20Materials.pdf)

**Page: F9. Standards and targets**

---

**F9.1**

Do you have any environmental standards for the production of raw materials for your selected commodities, other than third party certification schemes?

Forest risk commodity	Production standards in place?	Please describe your production standards	Comment

---

**F9.2**

Does your organization enforce any procurement standards that impact your sourcing of forest risk commodities?

Forest risk commodity	Procurement standards in place?	Monitor compliance?	Impact on sourcing activities	Please explain
Timber	Yes	Yes	Factored into supplier selection process Impact on supplier engagement strategy	In the Procurement standard we request all suppliers to provide certified and/or traceable materials by 2020. In 2016, the ratio was 99%. We are monitoring the certification status by written evidence (quotation and invoice).
Palm Oil	Yes	Yes	Factored into supplier selection process Impact on supplier engagement strategy	In the Procurement standard we request all suppliers to provide certified and/or traceable materials by 2020. We are also getting SCCS certification for the chemical plants for consumer products. By 2016 we have got certification 100%. And other plants by 2020. We are monitoring as follows, SCCS: certified by "Control Union". Certified Material: "Survey Report" with B/L and Invoice.

### F9.3

**Are you involved in any multi-partnership or stakeholder initiatives relating to the sustainability of these commodities? Please describe your role**

Forest risk commodity	Involved in initiatives?	Initiatives	Please explain
Timber	Yes	The Consumer Goods Forum (CGF) UN Global Compact Other: Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB)	Kao is the board member of CGF. We have participated in JBIB (Japan Business Initiative for Conservation and Sustainable Use of Biodiversity) that is an initiative where Japanese companies having high motivation to an action about the conservation of biodiversity and the sustainable use participate in since its founding. We play a vice president of it and contribute to level-up of members by introducing and promoting our activities for deforestation.

Forest risk commodity	Involved in initiatives?	Initiatives	Please explain
Palm Oil	Yes	The Consumer Goods Forum (CGF) UN Global Compact Roundtable on Sustainable Palm Oil (RSPO) Other: Japan Business Initiative for Conservation and Sustainable Use of Biodiversity (JBIB)	Kao is the board member of CGF. We have participated in JBIB (Japan Business Initiative for Conservation and Sustainable Use of Biodiversity) that is an initiative where Japanese companies having high motivation to an action about the conservation of biodiversity and the sustainable use participate in since its founding. We play a vice president of it and contribute to level-up of members by introducing and promoting our activities for deforestation.

#### F9.4

Do you specify any third party certification schemes for your selected commodities? Please indicate the percentage of total production and/or consumption currently certified

Forest Risk Commodity	Specify third party certification schemes?	% of total production/ consumption certified	Certification scheme breakdown	Please explain
Timber	FSC PEFC	51-60%	FSC Controlled Wood PEFC Sustainable Forest Management certification	In 2016, 59% of the paper and pulp was certified, 26% as PEFC and 33% as FSC. 88% of our procured pulp was PEFC certified. 21% of packaging material was FSC certified. 50% of corrugated cardboard was FSC certified.
Palm Oil	RSPO	31-40%	RSPO GreenPalm RSPO Mass Balance	30% of our procured palm oil for consumer products was RSPO mass balance and 7% was RSPO GreenPalm in 2016.

#### F9.5



Do you have any quantified targets for third party certified materials in your direct operations and/or supply chains?

Forest risk commodity	Quantified targets for third party certification?	Certification scheme breakdown	Baseline year	Target year	Coverage	% of materials third party certified in target year	Please explain
Timber	FSC PEFC	FSC Controlled Wood PEFC Sustainable Forest Management certification	2013	2020	Supply chain	100%	We will purchase 100% certified and/or traceable paper.
Palm Oil	RSPO	RSPO GreenPalm RSPO Mass Balance RSPO Segregated	2010	2020	Direct operations and supply chain	100%	We will purchase 100% certified and/or traceable palm oil for use in consumer products.

F9.6

Do you have any quantified targets for sustainable production and/or procurement, other than third party certification?

Forest risk commodity	Quantified targets for sustainable production/ procurement?	Type of target	Baseline year	Target year	Coverage	% of materials to meet requirements in target year	Please explain
Timber	Yes	Traceability	2013	2020	Direct operations and supply chain	100%	In case difficult to get third party certification, we will access and trace with our suppliers using WWF Check List.
Palm Oil	Yes	Traceability	2010	2020	Direct operations and supply chain	100%	In case difficult to get third party certification, we will access and trace with our suppliers. By 2020 Kao will purchase only sustainably sourced palm oil that is traceable to the plantation for use in Kao Group consumer products.

## Further Information

"Guidelines for Sustainable Procurement of Raw Materials" Published in 2013 and revised it in July 2014. [http://www.kao.com/jp/en/corp\\_csr/procurement\\_05.html](http://www.kao.com/jp/en/corp_csr/procurement_05.html): Kao recognizes the importance of global issues and risks such as scarcity of resources, global warming, degradation of biodiversity and other environmental problems, as well as human rights, and, to contribute to resolution of global issues, Kao strives for sustainable procurement of raw materials. Recognizing the dependence of its businesses on natural capital, Kao commits to zero deforestation at the source in its procurement of raw materials including palm oil and paper. Over the medium-to-long term, Kao strives to reduce its use of natural capital by reducing the amount of raw materials used in its business and shifting to alternative raw materials such as algae or other non-edible biomass sources, in addition to working toward sustainable procurement that also takes into account ethical issues that have emerged due to globalization.

## Attachments

[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F9.Standardsandtargets/2016 Progress Report.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%202017/Shared%20Documents/Attachments/Forests2017/F9.Standardsandtargets/2016%20Progress%20Report.pdf)  
[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F9.Standardsandtargets/Guidelines for Sustainable Procurement of Raw Materials.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%202017/Shared%20Documents/Attachments/Forests2017/F9.Standardsandtargets/Guidelines%20for%20Sustainable%20Procurement%20of%20Raw%20Materials.pdf)

## Page: F10. Engagement

### F10.1

**Have you identified sufficient sources of sustainable materials to meet your operational needs? Please explain what you are doing to ensure security/continuity of supply**

Forest risk commodity	Current demand	Future demand	Actions to ensure security/ continuity of supply	Please explain
Timber	Yes	Yes	Supplier improvement plans to increase capacity of supply Engaging in capacity building activities in the value chain	We monitor the availability of certified material and encourage the suppliers to get certification. We sometimes work together with second tier (paper) suppliers to increase the ratio for certified and/or traceable materials. By the end of 2017, we will purchase around 99.5% of our demand and 100% by 2020.
Palm Oil	Yes	Yes	Supplier improvement plans to increase	We monitor the availability of certified material and encourage the suppliers to get certification. We aim to purchase only sustainable palm oil traceable to plantations for use in Kao Group

Forest risk commodity	Current demand	Future demand	Actions to ensure security/ continuity of supply	Please explain
			capacity of supply Engaging in capacity building activities in the value chain	consumer products as soon as possible, but no later than 2020. To better establish traceability to small plantations, we investigated some projects to enhance our relationship with such plantations in cooperation with third-party organizations in 2016. We will conduct the project in 2017.

### F10.2

Are you working with smallholders to encourage and support sustainable forest management practices?

Forest risk commodity	Working with smallholders?	Please explain

### F10.3

Are you working with your direct suppliers to support and improve their capacity to supply sustainable materials?

Forest risk commodity	Working with direct suppliers?	Supplier engagement strategy	Please explain
Timber	Yes	Data collection in central database Encouraging certification Supplier questionnaires on environmental and social indicators Supplier audits	In March 2016, we began introducing FSC-certified corrugated cardboard, a first in Japan. In 2016, we achieved our initial annual goal of switching to FSC-certified corrugated cardboard for 50% of our corrugated cardboard use globally in cooperation with our supplier.

Forest risk commodity	Working with direct suppliers?	Supplier engagement strategy	Please explain
		Contractual agreements	
Palm Oil	Yes	Data collection in central database Encouraging certification Supplier questionnaires on environmental and social indicators Workshops and training Supplier audits Contractual agreements Joint projects	We confirmed the traceability of palm crushing mills which supply palm kernel oil by information from our direct suppliers in 2015. In 2016, we confirmed and verified the information using third-party organizations. In March 2016, RSPO certification for one of our palm oil supplier was suspended. Based on the principles of conduct in the Guidelines for Sustainable Procurement of Raw Materials, we have verified the situation with them and requested resolution of the problems. We also suspended purchases of certified raw materials from them. We will not purchase from them until the rectification plan approved by the RSPO has been objectively verified by a third party and improvements have been confirmed.

#### F10.4

#### Are you working beyond the first tier of your supply chain to manage and mitigate risk?

Forest risk commodity	Work beyond first tier of supply chain?	Please explain
Timber	Yes	We don't have direct transaction with suppliers which is beyond first tiers. But we request them to join Sedex and answer its questionnaire. Sedex's questionnaire has items which confirm cooperation with suppliers. We also join CDP Supply Chain Program (Climate change and Water) and request our suppliers to manage and reduce GHG emission and water use. For some packaging materials, we work together with raw material (paper) suppliers to get certification or traceability. We have requested all of our suppliers beyond the first tier of our supply chain to provide certified and/or traceable materials by 2020.
Palm Oil	Yes	We don't have direct transaction with suppliers which is beyond first tiers. But we request them to join Sedex and answer its questionnaire. Sedex's questionnaire has items which confirm cooperation with suppliers. We also join CDP Supply Chain Program (Climate change and Water) and request our suppliers to manage and reduce GHG emission and water use. We commit to zero

Forest risk commodity	Work beyond first tier of supply chain?	Please explain
		<p>deforestation at the source of palm oil through cooperation with plantations, suppliers (mills and refineries) and third-party organizations by 2020. By the end of 2015, we have confirmed the traceability of palm kernel oil back to the crushing mill based on supplier information. In 2016, we verified the supplier information using third-party organizations and confirmed the traceability of palm kernel oil back to the palm oil mills that supply palm kernels.</p>

#### F10.5

**Do you engage in activities that could either directly or indirectly influence the market for sustainable forest risk commodities?**

Activity	Please explain
<p>Increasing demand for sustainable materials            Increasing awareness of sustainable materials            Raising awareness of the issue of deforestation</p>	<p>In the procurement of palm oil, paper and pulp, we have committed to including considerations for biodiversity conservation and to zero deforestation, and have set goals to realize this. We conduct enlightenment activities on the sustainability of raw material by introducing our measures in various conferences, seminars and workshops. We conducted that more than 10 times in 2016. We held annual meeting with suppliers and announce our commitment for sustainability and request them to support and work together every year.</p>

#### Further Information

#### Attachments

[https://www.cdp.net/sites/2017/56/9956/Forests 2017/Shared Documents/Attachments/Forests2017/F10.Engagement/2016 Progress Report.pdf](https://www.cdp.net/sites/2017/56/9956/Forests%202017/Shared%20Documents/Attachments/Forests2017/F10.Engagement/2016%20Progress%20Report.pdf)

## Module: Challenges

### Page: F11. Barriers and challenges

---

#### F11.1

**Please describe any key barriers or challenges to achieving deforestation free direct operations and supply chains**

A big company in Asia expand the business not only in the region. They acquire companies in North America. They are global top class in terms of capacity and sales. Although they insist they have sustainable policy and got certification for their products, there are some conflicts with NGO or NPO. Currently we do not have direct business with them, some North American Company acquired by them was our supplier in the past. We have to consider not only certification of the materials, but also back ground of suppliers to prevent unnecessary conflict.

---

#### F11.2

**Please describe any measures that would improve your organization's ability to manage deforestation risk**

---

#### Further Information

We support following activity in some countries. [http://www.kao.com/jp/en/corp\\_csr/social\\_activities\\_00.html](http://www.kao.com/jp/en/corp_csr/social_activities_00.html) "Kao Creating Forests for Everyone" Program : The Kao Group supports local activities aimed at preserving nature for the purpose of creating a nature-rich environment in our surrounding areas. Supporters of "Kao Creating Forests for Everyone" : We aim to expand our network of support for community-based organizations by spreading the word about the significance of "Creating Forests for Everyone" Program, and activities related to this project, on our website and through other media.

## Module: Sign Off

### Page: F12. Sign off

---

#### F12.1

**Please provide the following information for the person that has signed off (approved) your CDP forests response**

Name	Job title	Corresponding job category
Michitaka Sawada	Representative Director, President and Chief Executive Officer	Director on board

---

**Further Information**

**CDP**