



NDPE Survey Report

Preferred by Nature
On behalf of Kao Corporation

May 2026



Disclaimer



- *This report presents analysis of information voluntarily submitted by Kao's selected suppliers through a structured questionnaire. The analysis is based solely on responses received and does not constitute independent verification of supplier claims, policies, or performance. Respondents' data has not been validated against supporting documentation or independently assessed. The survey covered only participating suppliers and therefore does not represent the complete supply chain. Conclusions reflect only the information provided by respondents and are contingent upon its accuracy and completeness.*
- *This report should not be interpreted as certification, audit, or independent assurance of supplier sustainability performance. The findings are descriptive of surveyed responses only and should be read in conjunction with this disclaimer.*
- *All quantitative figures in this report (including TTM, TTP, DCF rate, NDPE commitment rate, and other percentages) represent weighted averages based on the 20 suppliers who responded out of 31 suppliers invited. These figures do not represent Kao Corporation's company-wide performance.*
- *Should this report and our opinion be used in public, the limitations outline in this disclaimer must be clearly communicated.*

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About Kao

Kao, a Japan-based manufacturer of personal care and household products, cosmetics, and specialty chemicals creates high-value-added products and services that provide care and enrichment for the life of all people and the planet. Through its brands such as Attack laundry detergent, Bioré and Jergens skin care products, Laurier sanitary products, Curél, SENSAI, and MOLTON BROWN cosmetics, and Oribe hair care products, Kao is part of the everyday lives of people across Asia, the Americas, Europe, the Middle East, and Africa. Combined with its chemical business, which contributes to a wide range of industries, Kao generates about 1,530 billion yen in annual sales. Kao employs about 34,300 people worldwide and has more than 130 years of history in innovation. As an enterprise that provides products people use on a daily basis, the Kao Group takes responsibility to actively reduce the environmental footprint of its products throughout the product lifecycle. This is laid out in Kao's ESG strategy, the Kirei Lifestyle Plan, which launched in 2019.

About 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.

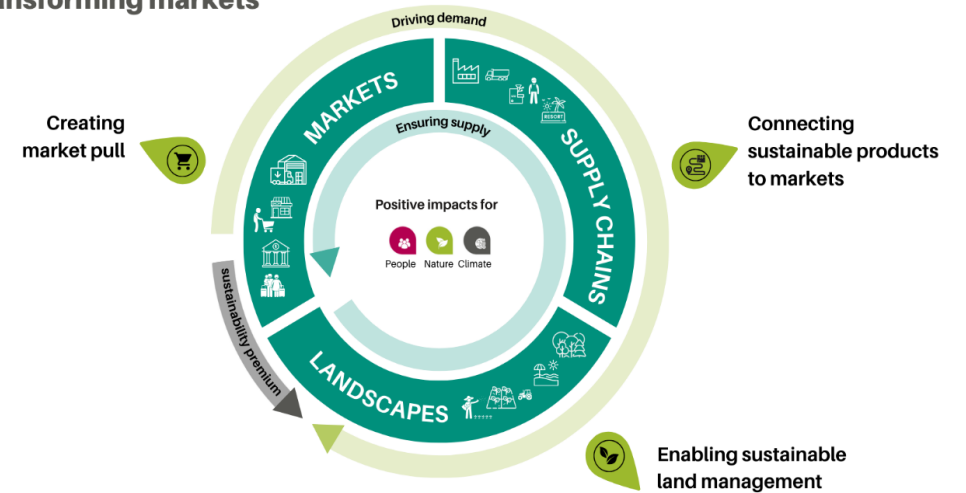
About Preferred by Nature



Preferred by Nature is a globally recognized non-profit sustainability organization dedicated to promoting responsible land use and business practices that benefit people, nature, and the climate. With nearly 30 years of experience, Preferred by Nature works with farmers, businesses, NGOs, and governments to foster sustainable trade in forest and agricultural commodities. Operating in over 100 countries, Preferred by Nature leverages its extensive network of experts and partners to provide innovative solutions, capacity building, and tailored sustainability services to drive meaningful change across supply chains.

- 30 years of experience
- 350+ full-time staff
- 890 000+ certified farmers and foresters
- 36.7+ million ha of certified forest land
- 5,500 organisations we work with
- 2+ million ha of certified farms

Driving **sustainability** by transforming markets



- Forestry
- Agriculture
- Travel

- Timber
- Coffee
- Cocoa
- Palm oil
- Soy
- Rubber
- Biomaterials
- Cattle
- Rice

Commodities within the EU Deforestation Regulation scope

NDPE Survey Overview and Timeline

Kao, in collaboration with Preferred by Nature, conducted a supplier monitoring survey to evaluate compliance with NDPE commitments among its key palm oil suppliers. The survey aimed to assess suppliers' sustainability performance, effectiveness of traceability mechanisms, and adherence to frameworks such as RSPO certification and the EUDR. Additionally, it sought to identify gaps in supplier engagement, transparency, grievance mechanisms, and standardized reporting to support improvements in Kao's responsible sourcing strategy. All participating suppliers agree to comply with Kao's procurement policies, reinforcing their commitment to sustainability expectations.

The survey followed a structured methodology, including framework enhancement (utilizing Kao NDPE Survey platform and Preferred by Nature Sustainability Framework), digitization, implementation, and data analysis. Data was collected via the digital platform Alchemer, with follow-ups to ensure participation. The survey was based on self-assessment. It was conducted from December 2025 to January 2026 by Preferred by Nature to 31 suppliers selected by Kao. The 31 invited suppliers account for 99.5% of Kao's total palm purchasing volume; the 20 responding suppliers account for 95.3% of Kao's total volume. Key areas assessed included NDPE implementation, traceability, and human rights policies.



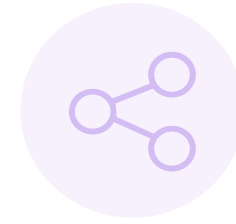
**Survey framework
adjustment**
Dec 2025



Digitization and testing
Dec 2025



Survey implementation
Dec 2025 – Jan 2026

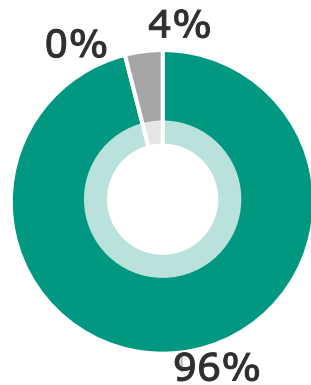


Data analysis and reporting
Jan – May 2026

NDPE Implementation

These are the results that show how Kao's suppliers deal with NDPE (No Deforestation, No Peat, No Exploitation).

NDPE Commitment



Have

Not have

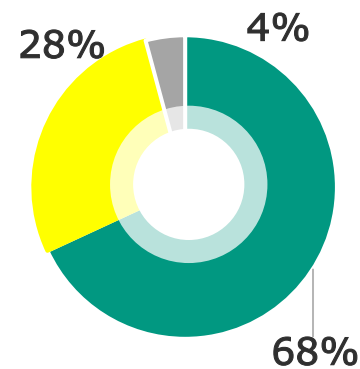
Unknown

Compliant : 96%

*Weighted Average

On quantity based, **96%** of suppliers have publicly available NDPE policy.

NDPE Implementation Plan



Have

Not have

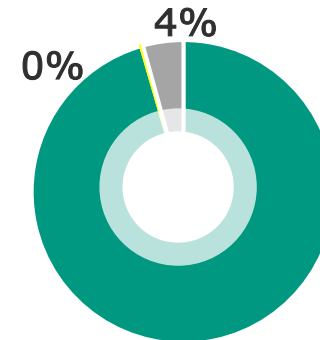
Unknown

Compliant : 68%

*Weighted Average

On quantity-based, **68%** have formal implementation plans covering deforestation-free commitments, human rights, traceability, and monitoring mechanisms.

Conduct business only with sub-suppliers that have committed to NDPE



Yes

No

Unknown

Compliant: 96%

*Weighted Average

96% of suppliers conduct business only with sub-suppliers that have committed to NDPE.

How Kao's suppliers ensure sub-suppliers NDPE compliance

- ▽ 93% Self-assessment
- ▽ 93% Use of satellite monitoring or traceability tools
- ▽ 92% Regular supplier audit
- ▽ 83% Provide training & capacity building to comply with NDPE
- ▽ 62% Require NDPE report or certification
- ▽ 52% Third-party verification

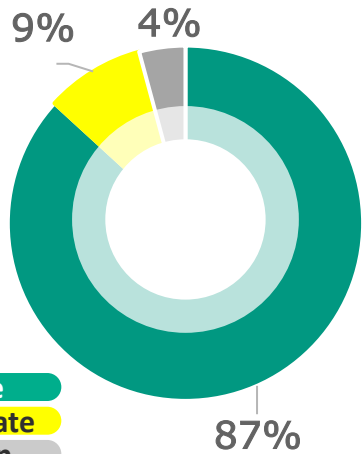
*Multiple-choice question

DCF Rate



These are the results that show how Kao's suppliers manage DCF (Deforestation and Conversion-Free).

Suppliers' DCF Rate



DCF rate
Not calculate
Unknown

DCF Rate: 87%
*Weighted Average

On quantity based, Kao's DCF rate is 87%, and it has increased by 12% compared to the 2024 survey.

DCF Rate Verification and Calculation Methodologies

Verified by third-party



80% suppliers use third-party verification, 16% rely on internal assessments, and 4% are unknown. 94% suppliers calculate using NDPE IRF, see below:

▽94% NDPE IRF



▽58% Remote sensing and satellite monitoring



▽57% Traceability and Supply Chain Mapping



▽57% HCSA

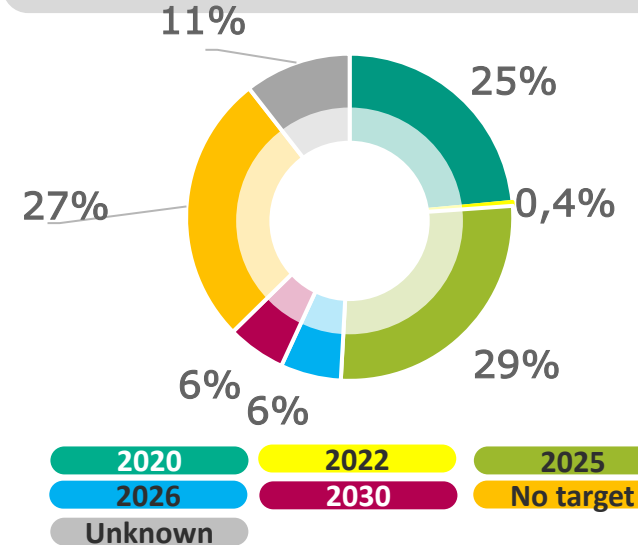


▽57% HCV



*Multiple-choice question

Target year of achieving deforestation-free supply chain



67% of suppliers have target year
*weighted Average

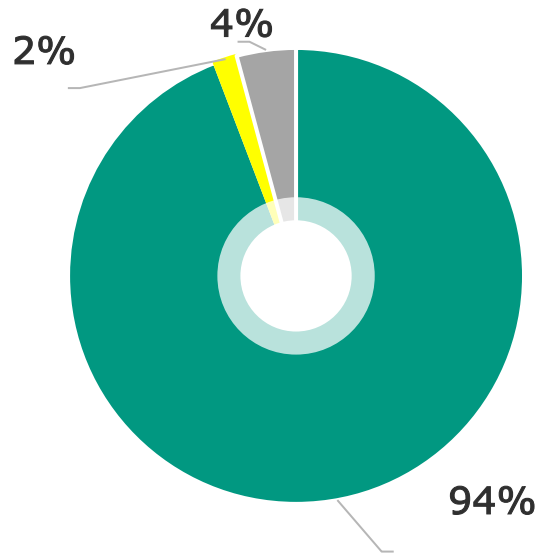
On quantity based, 67% have clear target to achieve deforestation-free supply chain, and 29% do not have it. Some suppliers have not set a target year to achieve a deforestation-free supply chain, but have started managing the DCF rate.

Traceable

Not Traceable

Unknown

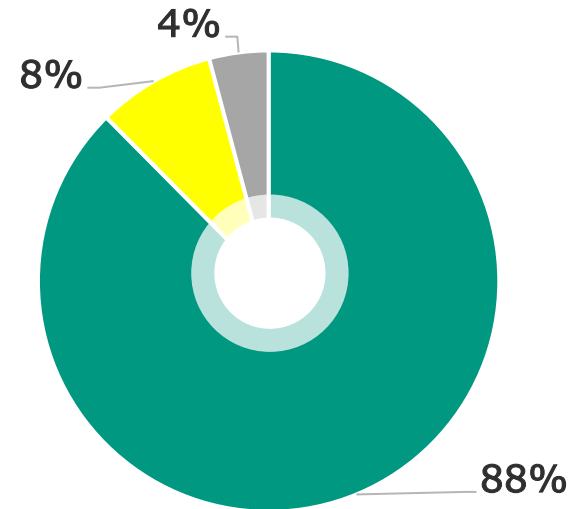
TTM



TTM : 94%
*Weighted Average

It is estimated that 94% of the PO and PKO
Kao's source can be traced back to the mill.

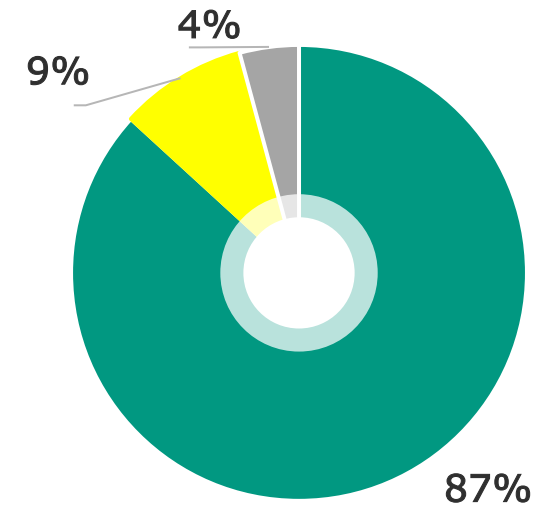
PO TTP



TTP : 88%
*Weighted Average

It is estimated that 88% of PO supplied to Kao
can be traced back to plantation.

PKO TTP



TTP : 87%
*Weighted Average

It is estimated that 87% of PKO supplied to Kao
can be traced back to plantation.

*Annotation

This is the percentage of only those companies that responded out of the 31 companies interviewed and differs from the actual traceability rate for Kao as a whole.

ESG platform

On quantity based, 90% of suppliers registered with EcoVadis and 68% register with Sedex. Also, 67% suppliers take a SMETA Audit.

▽ 90% EcoVadis



▽ 68% Sedex



▽ 67% SMETA Audit



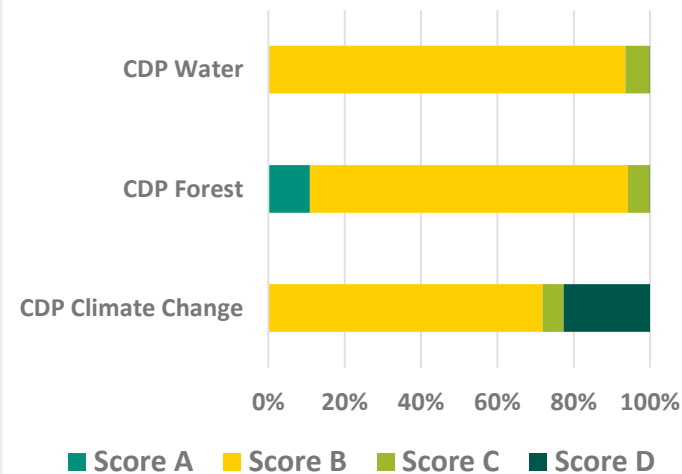
*Multiple-choice question

CDP Score

Suppliers that provide CDP Score

86%

86% of Kao's suppliers report CDP scores. Across the CDP themes of Climate Change, Forest, and Water, the majority of reported scores fall within the "B" rating category. Scores of A/A- and C-D are observed to a lesser extent across the assessed suppliers.

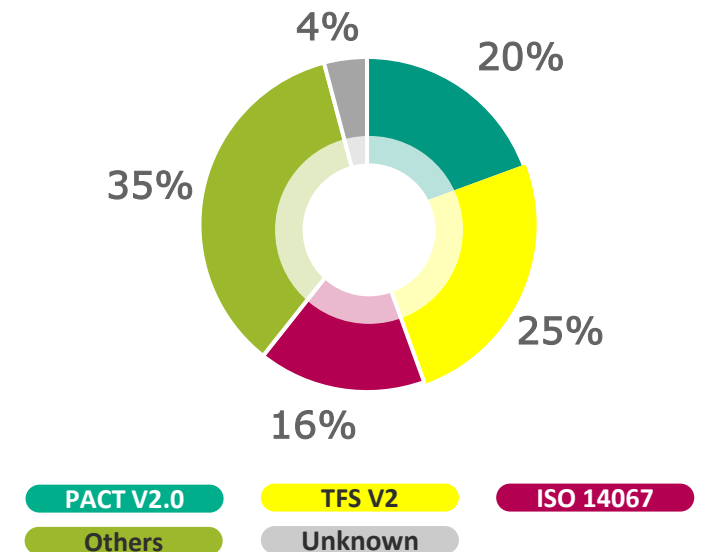


Reduction rate of CO₂ emission

Calculate CO₂ reduction rate

88%

88% suppliers calculate the reduction rate of CO₂ emission. The calculation methods referred to the following methods:



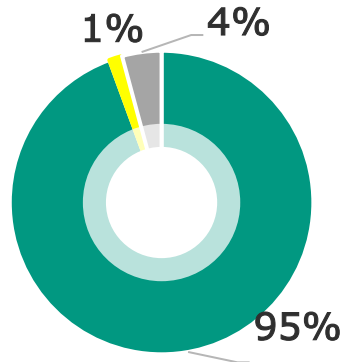
*Multiple-choice question

Have

Not have

Unknown

Human Rights Policies

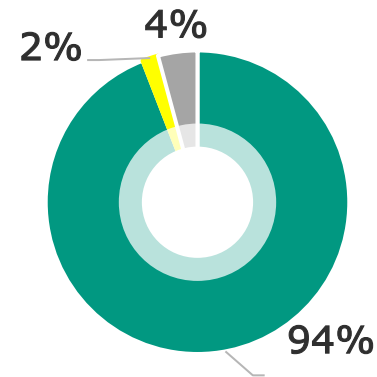


**Publicly available
Human Rights policies : 95%**

Suppliers committed to ensure

- No violence
- No harassment
- No exploitation in workplace
- Have a zero-tolerance for violence and threats
- Commit to recruitment policy that promotes age and gender equality
- Have a child protection policy

**FPIC
(Free, Prior and Informed Consent)**

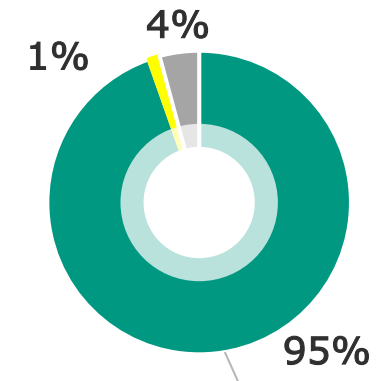


**Publicly available
FPIC policy : 94%**

FPIC procedure consists of the following elements:

- Clear stakeholder identification process
- Accessible communication methods for sharing information,
- Documented process for obtaining and storing community consent.

Grievance Mechanism



**Established
Grievance Mechanism : 95%**

Grievance Mechanism includes following elements:

- Easily accessible to all stakeholders
- Transparency, clear process for filing and resolving grievances
- Non-retaliation policy, to ensure that grievances can be raised without fear of retaliation,
- Timely response, tracking, and monitoring, and Public Reporting

Recommendations

To ensure full compliance with NDPE commitments, PbN recommend Kao to take actions based on the survey results with the following recommendations:



Establish a clear and structured NDPE requirements

To ensure full NDPE compliance and alignment across Kao's suppliers and sub-suppliers, a clear and structured set of NDPE requirements that differentiates between mandatory expectations and best-practice elements should be established. Mandatory requirements should include core commitments such as an NDPE policy, DCF calculation, and a clearly defined deforestation-free target year. Best-practice elements may encompass public NDPE reporting, certification, and other transparency measures.



Classify supplier's risk level and performance monitoring

Given the varying levels of NDPE performance across suppliers, Kao should consider classifying supplier risk based on both their NDPE performance and associated deforestation-related risk profile. Suppliers can be grouped into high, medium, and low risk using defined criteria such as policy commitments, implementation progress, traceability, and exposure to deforestation risks. High-risk suppliers should receive targeted support to close identified gaps and strengthen their NDPE performance, followed by active, ongoing monitoring by Kao to ensure continuous improvement over time.



Strengthen supplier engagement to improve DCF performance

As DCF assessment methodologies continue to evolve, including the transition to more stringent frameworks such as NDPE IRF version 6.0, DCF rates may be subject to downward adjustments under stricter criteria. To maintain and further improve DCF performance under evolving standards, Kao is encouraged to strengthen engagement with its suppliers. This includes proactive dialogue, regular follow-ups, and targeted support to address identified gaps, thereby improving overall data quality, consistency, and supplier performance.



Enhance grievance mechanisms

Most key suppliers have established grievance mechanisms—covering approximately 95% of Kao's supply chain volume—this provides a strong foundation for addressing environmental and human rights risks. Kao is encouraged to further strengthen its own grievance framework and deepen collaboration with suppliers, including improved coordination and information sharing. Establishing a structured approach for handling high-risk or complex cases, including on-the-ground assessments where appropriate, would further enhance the effectiveness and credibility of the system.

Insight by Kao



The NDPE Survey conducted between December 2025 and January 2026 provided Kao with an opportunity to review the progress of achieving DCF supply chain. Kao would like to express our sincere appreciation for the collaboration with Preferred by Nature in the development of the questionnaire, the implementation of this Survey, and the preparation of this report. Following the Survey, feedback meetings were held with each supplier between February and May 2026 to review the results and encourage further cooperation toward strengthening NDPE implementation. Kao also extends gratitude to all suppliers that participated in and supported this Survey.

In this Survey, the scope was expanded from 20 suppliers in the previous year to 31 suppliers, enabling us to gain a broader understanding of initiatives undertaken by a more diverse range of suppliers. In addition, for suppliers assessed for the second consecutive year, we were able to continuously monitor progress and changes in their approaches to responsible sourcing. The results indicate that, across the supply chain as a whole, compliance with NDPE policies and efforts toward DCF supply chains have steadily advanced. At the same time, it became clear that there remains room for improvement in ensuring the effectiveness of NDPE implementation and strengthening operational practices. With regard to traceability, major oil suppliers in Indonesia and Malaysia reached to the high-level. In contrast, for certain companies, including oleochemical suppliers, traceability remains at a developing stage due in part to the complexity of their supply chains, which has been identified as a key challenge.

Based on the insights gained through this Survey, Kao will further strengthen engagement and dialogue with suppliers to enhance the effectiveness of NDPE implementation, reinforce DCF efforts, and improve traceability across the entire supply chain. In addition to this Survey, we will continue to pursue a range of approaches—such as forest footprint, satellite monitoring, and grievance mechanisms—to identify supply chain risks and promote continuous improvement. We also encourage suppliers to strengthen human rights and environmental due diligence through registration with Sedex and the implementation of SMETA audits. To achieve our goal of sustainable palm oil sourcing, Kao places importance on open communication with all stakeholders and will continue to promote collaboration across the supply chain.



Preferred by Nature

www.preferredbynature.org

Kao Corporation

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