

Environmental Accounting

To efficiently and effectively promote its environmental activities and with the aim of enhancing corporate value, Kao quantifies the costs and results of environmental conservation activities in numerical terms.

2024 environmental accounting report

- (1) The aggregation methods we use to comply with the Japanese Ministry of the Environment’s Environmental Accounting Guidelines 2005. We also reference the Environmental Accounting Guidelines for Chemical Companies (November 2003) issued by the Japan Chemical Industry Association.
- (2) Boundary: the Kao Group in Japan*1 and major subsidiaries outside Japan*2
- (3) Concerns the period from January 1, 2024 to December 31, 2024

Environmental conservation costs (categories corresponding to business activities)					(Unit: millions of yen)	
Categories		Key activities	Japan		Asia, the Americas, Europe	
			Investment	Cost*3	Investment	Cost*3
(1) Business area costs			768	4,598	3,515	10,129
Breakdown	(i) Pollution prevention	Air pollution prevention, water contamination prevention	161	2,028	1,220	1,976
	(ii) Global environmental conservation	Energy conservation	389	634	2,108	1,797
	(iii) Resource circulation	Resource conservation, waste processing and disposal	219	1,936	188	6,356
(2) Upstream/downstream costs		Plant and equipment for eco-conscious products, packaging recycling	45	2,658	0	1,743
(3) Administration costs		Acquisition and maintenance of EMS certification, environmental publicity, tree-planting within worksites	0	1,175	67	301
(4) R&D costs		Eco-conscious R&D	343	7,534	9	938
(5) Social activity costs		Nature and environmental conservation and tree-planting activities outside worksites, donations	0	22	0	21
(6) Environmental remediation costs			0	0	0	51
Total			1,157	15,987	3,591	13,184

Environmental conservation costs (categories corresponding to areas of environmental conservation measures)				(Unit: millions of yen)		
Categories		Key activities	Japan		Asia, the Americas, Europe	
			Investment	Cost*3	Investment	Cost*3
(i)	Cost related to global warming measures	Energy conservation	389	634	2,103	945
(ii)	Cost related to ozone layer protection measures	Switch to CFC alternatives	0	0	5	810
(iii)	Cost related to air quality conservation measures	Air pollution prevention, dust pollution prevention, malodor prevention	6	515	475	600
(iv)	Cost related to noise and vibration measures	Noise prevention	0	4	47	63
(v)	Cost related to environmental conservation measures for aquatic, ground, and geologic environments	Water contamination prevention	155	1,509	566	1,301
(vi)	Cost related to waste and recycling measures	Resource conservation, industrial waste reductions, recycling	263	4,594	188	6,506
(vii)	Cost related to measures to reduce chemical risks and emissions	R&D on products and production	343	7,534	9	935
(viii)	Cost related to nature and environmental conservation	Nature and environmental conservation and tree-planting activities outside worksites, donations	0	21	128	122
(ix)	Other costs	Acquisition and maintenance of EMS certification, environmental publicity, tree-planting within worksites	0	1,175	67	1,902
Total			1,156	15,987	3,587	13,184

Related initiative: [P160](#) Product Lifecycle and Environmental Impact

*1 Kao Corporation, Kao-Quaker Company, Limited., Kao Group Customer Marketing Co., Ltd., Kao Sanitary Products Ehime Co., Ltd., Kanebo Cosmetics Inc., e'quipe, Ltd., Kao Professional Services Co., Ltd., Kao Salon Japan CO., LTD., Molton Brown Japan Ltd., Kao Paper Manufacturing Fuji, Kao Business Associe Co., Ltd., Kao Logistics Co., Ltd., Shohi Seikatsu Kenkyusho Inc., Kao Peony Co., Ltd., and Kao Cosmetic Products Odawara Co., Ltd.

*2 Kao (Taiwan) Corporation, Kao Vietnam Co., Ltd., Pilipinas Kao, Incorporated, Kao Industrial (Thailand) Co., Ltd., Kao Soap (Malaysia) Sdn. Bhd., Fatty Chemical (Malaysia) Sdn. Bhd., Kao Plasticizer (Malaysia) Sdn. Bhd., Kao Oleochemical (Malaysia) Sdn. Bhd., PT. Kao Indonesia Chemicals, Kao Specialties Americas LLC, Quimi-Kao, S.A. de C.V., Kao Corporation S.A., Kao (Hefei) Co., Ltd., Kao Chemicals GmbH, PT Kao Indonesia, Kao Manufacturing Germany GmbH, Kao (Shanghai) Chemical Industries Co., Ltd., Kao USA Inc., Molton Brown Limited, Kao Corporation Shanghai, Huludao Jinxing Casting Materials Co., Ltd.

Economic effect associated with environmental conservation activities*4				(Unit: millions of yen)	
		Japan		Asia, the Americas, Europe	
		Amount		Amount	
Details of benefits					
Revenue	Sales value of valuable resources and fixed assets	489		406	
Cost reductions*5	Reduction in costs through energy conservation	105		258	
	Reduction in costs through resource conservation	1,249		2,136	
	Reduction in operation costs (maintenance costs, etc. of eco-conscious equipment)	27		785	
Total		1,871		3,585	

*3 Cost includes depreciation costs.

*4 For economic effects, only amounts from selling valuable resources and fixed assets and the amount of cost reductions are recorded. Economic effects based on assumption such as risk mitigation, so-called "deemed effects" are not recorded.

*5 The amounts of cost reductions contains only the relevant fiscal year of the annual cost reduction for items generated during that year. Cost reduction amounts generated over multiple years are not included.

Decarbonization
Zero Waste
Water Conservation
Air & Water Pollution Prevention
Product Lifecycle and Environmental Impact

> Environmental Accounting

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