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.

2025 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, 2025 to December 31, 2025

Related initiative: P198 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.

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			664	4,534	1,630	11,356
Breakdown	(i) Pollution prevention	Air pollution prevention, water contamination prevention	171	1,873	826	1,961
	(ii) Global environmental conservation	Energy conservation	318	651	424	2,265
	(iii) Resource circulation	Resource conservation, waste processing and disposal	175	2,010	381	7,130
(2) Upstream/downstream costs		Plant and equipment for eco-conscious products, packaging recycling	0	2,577	0	2,047
(3) Administration costs		Acquisition and maintenance of EMS certification, environmental publicity, tree-planting within worksites	0	1,156	84	454
(4) R&D costs		Eco-conscious R&D	794	7,010	0	1,265
(5) Social activity costs		Nature and environmental conservation and tree-planting activities outside worksites, donations	0	21	0	29
(6) Environmental remediation costs			0	0	0	55
Total			1,458	15,297	1,714	15,206

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	318	651	415	1,336
(ii) Cost related to ozone layer protection measures	Switch to CFC alternatives	0	0	9	880
(iii) Cost related to air quality conservation measures	Air pollution prevention, dust pollution prevention, malodor prevention	4	405	173	624
(iv) Cost related to noise and vibration measures	Noise prevention	0	7	130	76
(v) Cost related to environmental conservation measures for aquatic, ground, and geologic environments	Water contamination prevention	168	1,461	497	1,246
(vi) Cost related to waste and recycling measures	Resource conservation, industrial waste reductions, recycling	175	4,587	381	7,331
(vii) Cost related to measures to reduce chemical risks and emissions	R&D on products and production	794	7,010	0	1,262
(viii) Cost related to nature and environmental conservation	Nature and environmental conservation and tree-planting activities outside worksites, donations	0	15	22	150
(ix) Other costs	Acquisition and maintenance of EMS certification, environmental publicity, tree-planting within worksites	0	1,162	84	2,300
Total		1,458	15,297	1,710	15,206

Economic effect associated with environmental conservation activities*4

(Unit: millions of yen)

Details of benefits		Japan	Asia, the Americas, Europe
		Amount	Amount
Revenue	Sales value of valuable resources and fixed assets	285	474
Cost reductions*5	Reduction in costs through energy conservation	296	300
	Reduction in costs through resource conservation	819	1,633
	Reduction in operation costs (maintenance costs, etc. of eco-conscious equipment)	31	983
Total		1,430	3,390

*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.