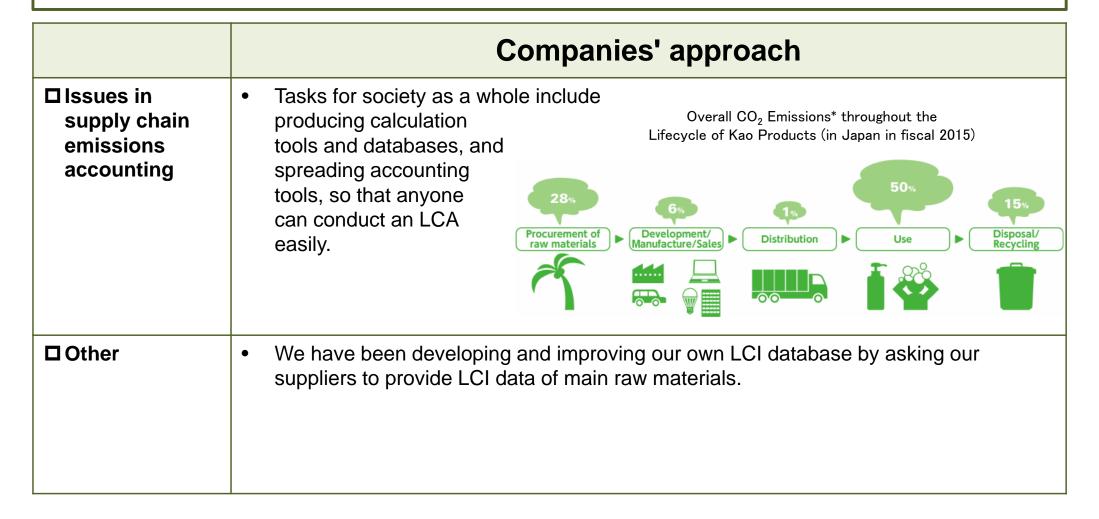
	Companies' approach
☐ Background and purpose of accounting	 After conducting a company-wide life cycle assessment (LCA), it was discovered that the hot spot was Scope 3. Based on that result, we announced the "Kao Environmental Statement" in 2009 with the goals of reducing company-wide CO2 emissions on a life-cycle basis and reducing water usage in the product usage phase. In order to understand the progress in achieving the above goals and to promote reduction activities, we are accounting for CO2 emissions from our individual products and from our whole company, and water usage in the product usage phase.
☐ Utilization of accounting results	 We are using LCA in product development. Reduction of life cycle CO2 emissions is a display standard requirement for the "Eco Together" mark (product environment label). To answer to questions from clients on environmental load of individual products. The results are being used to report the progress in achieving the above goals in our sustainability reports, to introduce our activities at the Kao Eco Lab Museum and various environmental exhibits, and to respond to various questionnaires.
☐ Benefits of accounting	 Making the environmental load throughout the value chain "visible" will help sustain the global environment. By exposing the hot spot, we are able to take effective countermeasures. Accounting helps us avoid risks and create business opportunities. Our analysis showed that CO2 emissions were high in the product usage phase. Therefore, we have been developing products with lower environmental loads in the usage phase. In addition to "Eco Together" with customers in this way, we are also calling for "Eco Together" with our business partners and all of society in order to make efforts from the point of view of life cycles.

	Companies' approach
☐ Internal system for accounting	 Accounting is conducted for individual products and with our internal system that calculates the company LCI data (Kao Japan). About 10,000 products are in the product database, and by linking the various internal databases we are making registration work more efficient. We also have data for our major products outside of Japan. Employees in charge of product development implement LCA for products under development by using the data in the above systems, and that information is used in product development activities.
□ Efforts to reduce supply chain emissions	 In the raw materials procurement stage we are reducing materials by making products more compact, reducing the weight of containers, using refillable products, etc. As part of "Eco Together," we have recognized the need for cooperation with our suppliers. We have implemented various reduction activities at factories and operation centers for the production stage. With regard to the usage stage, we are developing and providing products that reduce the load during use. For example, we are making laundry detergents that only require one rinse cycle. For the waste stage, we are reducing materials by making containers lighter and promoting the use of refills. In addition, we are also promoting the introduction of biopolyethylene, etc.



Catagory	Accounting methods		
Category	Activity data	Emission factor	
Category 1: Purchased goods and services	Raw materials input	 Actual data from supplier investigation Third-party's database Literature 	
Category 2: Capital goods	Investment amount	MOE-Database	
Category 3: Fuel and energy related activities not included in Scope 1 or 2	Purchased amount	MOE-Database	
Category 4: Transportation and delivery (upstream)	 Raw materials input, the Act on the Rational Use of Energy Product volume is calculated according to the Energy Saving Act as a specific cargo owner 	Emission factor based on the Act on the Rational Use of Energy in Japan	
Category 5: Waste generated in operations	Waste weight	MOE-Database	
Category 6: Business travel	Number of employees	MOE-Database	
Category 7: Employee commuting	Number of employees	MOE-Database	
Category 8: Leased assets (upstream)	Included in Scope 1 and 2	-	
Category 9: Transportation and delivery (downstream)	Transport volume	Kao's original database	
Category 10: Processing of sold products	Sales volume	Kao's original database	

Category	Accounting methods		
Category	Activity data	Emission factor	
Category 11: Use of sold products	Based on original scenario set up	Emission factor based on the Act on the Rational Use of Energy in Japan	
Category 12: End-of-life treatment of sold products	Based on original scenario set up	Third-party's database	
Category 13: Leased assets (downstream)	No relevant activities	-	
Category 14: Franchises	No relevant activities	-	
Category 15: Investments	Investment amount (stocks held are subject)	MOE-Database	
Other	•	•	

Kao Corporation

Accounting results

Supply chain emissions

