

Kansai Paint Co. Ltd., Climate Change 2022

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

(Overview of Kansai Paint)

Established in 1918, the Kansai Paint Group has grown into Japan's most progressive manufacturer across all fields of coatings. Today, the company enjoys a well-established position as one of the world's leading paint manufacturers. The various products offered by the Kansai Paint Group are highly valued and trusted in a broad variety of fields due to the important role our coatings play in protection and beautification, providing special functionality and environmental sensitivity. Moreover, with Kansai Paint's proprietary research and development capabilities at its core, the company is providing its clients around the world with unparalleled customer service by expanding its manufacturing, distribution, and sales activities globally. We have subsidiaries and affiliates in Japan, India, Europe, Asia, Africa, and the Americas, and are present in 51 countries and regions.

(Group Corporate Philosophy and Mission Statement)

The Kansai Paint Group's Mission Statement is to "leverage superior technology to contribute to our customers and society, in a sustainable manner, with innovative products and services, through a competent workforce, built on a culture of customer focus, integrity, and respect to our stakeholders." We believe that the basis for our group's existence is to satisfy our clients through our coating business. It is by increasing corporate value with the profits that accompany the realization of this goal that we are able to contribute to our group's stakeholders, including shareholders, suppliers, employees, and local communities.

(Outline of operations)

In both Japanese and international markets, we manufacture and sell coatings and provide coating services in the automotive, auto refinish, industrial, architectural, marine, protective, and other fields.

(Sales by region)

Total group net sales in FY2021 were 419.2 billion yen. Japan accounted for 33% of these sales (138.6 billion yen), India 23% (97.1 billion yen), Europe 20% (84.3 billion yen), Asia 14% (57.6 billion yen), Africa 9% (36.1 billion yen), and North America 1% (5.4 billion yen).

(Company profile)

Company Name: Kansai Paint Co.,Ltd.

Head Office: 6-14, Imabashi 2-chome Chuo-ku, Osaka 541-8523 Japan

Date Established: May 1918

Capital: 25,658 million yen

Number of Employees: Consolidated: 15,908 (as of March 31, 2021)

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	April 1, 2021	March 31, 2022	No

C0.3

(C0.3) Select the countries/areas in which you operate.

Japan

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

JPY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Financial control

C-CH0.7

(C-CH0.7) Which part of the chemicals value chain does your organization operate in?

Row 1

Bulk organic chemicals

Bulk inorganic chemicals

Other chemicals

Specialty chemicals

Specialty organic chemicals

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	JP3229400001

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
President	<p>The Board of Directors oversees ESG management issues, including climate-related issues. In addition, we have established the Sustainability Promotion Committee under the Corporate Governance Committee, which works directly under the President and Representative Director as an organization to formulate the Group's strategies, policies, and promotion activities related to ESG management at the executive level and to evaluate the progress of these activities. The President and Representative Director reports to the Board of Directors at least once a year on the progress of ESG management promotion, including climate-related issues.</p> <p>Our progress in promoting ESG management is as follows.</p> <p>In FY2021, we established the Sustainability Promotion Committee. In FY2021, we continued to promote RC activities and made a summary report on FY2021 at the Management Committee meeting in June 2022. From FY2022, the functions of the RC Committee, which had focused on Japan, were transferred to the Sustainability Promotion Committee, which is responsible for global activities, thus creating a company-wide, medium-term strategic flow.</p> <p>As an example of climate-related decision-making, the Board of Directors made a decision in August 2021 to set four materialities: "Realizing decarbonisation," "Improvement of quality of life (QOL)," "Enhancement of achieving resources and economic circulation," and "Transformation into a Group where diverse people play active roles." This decision was announced at a strategy briefing in November of the same year.</p>

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	Reviewing and guiding strategy	At the annual RC Committee meeting the President and some Board of Directors members approve the goal and the plan that the Environmental & Product Safety

	<p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>Committee, the User- and Customer-Related Environmental Safety Committee, and the Environmental Safety & Health Committee set, and monitor the progress and review the plan.</p>
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C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	No, but we plan to address this within the next two years	Other, please specify Until now, we have not had a director with expertise in climate-related issues because we have determined that, while important, it is not an immediate priority.	Since our business is primarily a B2B business, and responding to the changes and needs of our customers in itself has been our response to climate-related issues, we have not had a director with expertise in climate-related issues. However, with customers' awareness of climate-related issues changing rapidly, and the challenges (e.g., carbon neutrality initiatives) and opportunities (e.g., problem solving) concerning climate-related issues fluctuating widely in our business, we believe a director who is well-versed in climate-related issues is becoming increasingly necessary. As such, we plan to appoint a director with competency in this field.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
President ☞ 1	Both assessing and managing climate-related risks and opportunities	Annually

☞ 1

Kansai Paint has formulated its Company Policy for Global Environmental Issues as a framework for its Responsible Care (RC) activities. This policy reflects our commitment in a number of areas, including protecting the safety and health of the customers who use our products and the employees who use the chemical substances from which our products are made, as well as to reducing environmental loads

caused by the use of our products and by our business operations. Our corporate policy on environmental conservations contains the following clauses: 1. To supply products after full consideration of their potential impacts on people and the environment; 2. To undertake proactive countermeasures to cope with the potential effects of products on people and the environment; 3. To contribute to society while raising awareness about the environment, safety and health; and, 4. To disclose and provide information related to the environment, safety and health. Based on these policy, Kansai Paint sets goals and formulates plans relating to responsible care and monitors their progress. This includes efforts to reduce product-related environmental loads and promote the uptake of environmentally friendly products, ensure product safety, disclose information to customers, ensure employee safety and health, and minimize environmental loads generated by our business operations. This work is carried out by the Environmental & Product Safety Committee, the User- and Customer-Related Environmental Safety Committee, and the Environmental Safety and Health Committee. The activity goals and plans of these three committees are approved and reviewed, and progress monitored, by the RC Committee and the RC Top Management Review Panel, which are the top-level organizations for responsible care.

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Sustainability Promotion Committee is positioned in the Corporate Governance Committee directly under the President, in parallel with the Compliance Promotion Committee and the Risk Management Committee.

Its responsibilities are to submit strategies, policies, and measures for sustainability management, including climate-related issues, to the Board of Directors, to deploy them to each business unit and overseas affiliated company, and to monitor progress. Specifically, the committee promotes the establishment of a system for collecting ESG-related data, promotes and publicizes measures to realize materialities, and monitors their progress.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	We develop a medium-term plan every three years (Step 1).
Medium-term	4	18	We assume a span of time until 2030 (Step 2).
Long-term	19	38	We assume a span of time until 2050 (Step 3).

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

[Definition of substantive financial or strategic impact]

- (1) Loss in excess of 3% of the consolidated net assets of the Group.
- (2) A change of 10% or more in the consolidated net sales of the Group compared to the most recently announced forecast.
- (3) A change of 30% or more in the consolidated operating income, consolidated ordinary income, or consolidated net income of the Group compared to the most recently announced forecast.

[Explanation of quantitative indicators for the definition of substantive financial or strategic impact]

We have established the Corporate Governance Committee, which regularly discusses and reports on important issues related to compliance promotion, risk management, and sustainability promotion. Quantitative indicators are defined in accordance with such legislation as the Cabinet Office Order on Disclosure of Corporate Affairs and the Enforcement Rules for Securities Listing Regulations.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
 Upstream
 Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
 Medium-term
 Long-term

Description of process

[Process]

The Sustainability Promotion Committee formulates a framework scenario, identifies and evaluates risks and opportunities for each business unit, and examines proposed countermeasures. Having done so, it summarizes the information from a company-wide perspective and submits it to the Board of Directors for authorization. In this process, we obtain feedback from external evaluation organizations and institutional investors from a third-party standpoint to verify that the content is acceptable from an external perspective.

[Physical risk case studies]

The main physical risks are acute risks such as raw material supply, factory operations, and logistics stoppages due to the severity and increase in extreme weather events such as cyclones and floods, and chronic risks such as sea level rise due to higher average temperatures.

Situation: The physical risk of climate change has a significant impact on our business operations, and from the perspective of BCP, too, it is an important issue in identifying risks and considering how to respond to them. Of the four strategic materialities announced in November 2021, two are closely related to climate change risk mitigation: "Realizing decarbonisation" and "Enhancement of achieving resources and economic circulation."

Task: Initiate BCP measures for physical risks and climate change risk mitigation.

Action: We launched the Domestic Production Restructuring Project to promote domestic value chain reforms, including BCP measures. With regard to climate change risk mitigation, the Sustainability Promotion Committee and each business unit identified risks and opportunities and discussed policies and targets with regard to the aforementioned two strategic materialities.

Response: For BCP measures, we created a BCP Checklist," and conducted assessments mainly at our Head Office, Hiratsuka Plant, and Kanuma Plant, our major business sites in Japan, to promote the strengthening of BCP measures. The Sustainability Promotion Committee and each business unit discussed and agreed on specific measures and KPI settings for each target period with regard to climate change risk mitigation, namely, "Realizing decarbonisation" and "Enhancement of achieving resources and economic circulation." The results of these discussions were reported to the Board of Directors in June 2022.

[Transition risk case studies]

In terms of transition risks, we identified "policy and regulatory risks," "technology risks," "market risks," and "reputation risks" as major risks. Policy and regulatory risks include the further strengthening of CO₂ reduction measures and the increase of carbon taxes in line with last year's Glasgow Climate Accord, which aims to achieve the 1.5°C target. Technology risks include investments in manufacturing facilities, research facilities, and new technologies. Market risks include soaring raw material prices, changes in existing and new customers due to the shift to EVs and automated driving, and changes in consumer behavior. Reputation risks include a decline in investors' evaluation and a change in customer preferences due to inadequate measures toward low carbonization.

Situation: Climate change transition risks have a significant impact on our business operations, and in order to minimize various transition risks, we must follow the four strategic materialities we announced in November 2021: Realizing decarbonisation," "Improvement of quality of life (QOL)," "Enhancement of achieving resources and economic circulation," and "Transformation into a Group where diverse people play active roles."

Task: Start discussions on materialization of the four strategic materialities.

Action: With regard to the four strategic materialities, the Sustainability Promotion Committee and each business unit identified risks and opportunities and discussed policies and targets.

Response: With regard to the four strategic materialities, the Sustainability Promotion Committee and each business unit discussed and agreed on specific responses and KPI settings for each target period from the perspective of contributing to decarbonization of the company, customers, users, and society. The results of these discussions were reported to the Board of Directors in June 2022. In addition, we have started collaboration with Kyoto University in order to reflect the knowledge of experts and third parties.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Complying with environmental regulations like the Energy Conservation Act contributes to our reduction of CO2 emissions. We have been setting the goal for CO2 reduction and working through our operations to achieve the goal.
Emerging regulation	Relevant, always included	We have been collecting information on emerging regulations and revised regulations on climate change.
Technology	Relevant, always included	The technical requirements for our products and services that our clients ask of us include requirements for us to address issues related to environmental risks and opportunities. Our work to tackle those issues through our product development could have major impacts on our business performance.
Legal	Relevant, always included	Those technical requirements also include legal requirements. Our work to meet those requirements could have major impacts on our business performance.
Market	Relevant, always included	The markets (our clients) require us to provide them with products and services with low CO2 emissions. Our work to develop those products and services could have major impacts on our business performance.
Reputation	Relevant, always included	Our products and services that could help our clients to reduce their CO2 emissions by decreasing the number of baking processes could appeal to our clients. Our work to develop these products and services could have major impacts on our business performance.
Acute physical	Relevant, always included	We consider, among other things, the suspension of raw material supplies, industrial operations, and logistics due to the severity and increase in abnormal weather conditions such as cyclones and floods as acute physical risks, and always include them in our assessments. We have prepared a BCP Checklist that reflects hazard maps published by local municipalities, etc., which we use to conduct assessments mainly at our major business sites in Japan and promote the strengthening of countermeasures, the results of which we report to the Board of Directors.

Chronic physical	Relevant, always included	We always include chronic physical risks in our assessments, such as factory shutdowns due to rising sea levels and failures of crops used as raw materials for paints.
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C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market

Changing customer behavior

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Company-specific description

For example, we have been doing research and developing our coating products to reduce CO2 emissions in the coating process in our clients' automotive production lines, where they emit relatively high CO2 levels compared to other manufacturing processes. In terms of environmental technology to make processes and energy usage more efficient in the automotive coatings sector, we have been expanding and diversifying coating products with a reduced number of baking processes, and doing research on baking processes with lower-temperature curing. However, our sales might decline if we are unable to meet our clients' requirements for more innovation or different specifications.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)
Potential financial impact figure – minimum (currency)

1,000,000,000

Potential financial impact figure – maximum (currency)

2,000,000,000

Explanation of financial impact figure

Estimated decrease in annual sales of automotive OEM paints in Japan due to a decline in our competitive advantage resulting from our inability to offer paint products with fewer baking cycles as required by our customers.

Cost of response to risk
Description of response and explanation of cost calculation

Although automotive OEM paints do not generate significant amounts of paint-derived CO₂, the CO₂ emitted during the body painting process in the automotive manufacturing process accounts for a large portion, approximately 20%, of the total CO₂ emissions generated at manufacturing plants. Each of the automobile manufacturers with which we do business is working to reduce CO₂ emissions, and reducing the amount of CO₂ generated in the manufacturing process has become a major challenge. Reducing the number of baking cycles and lowering the temperature of baking meets such customer needs and is likely to reduce our competitive advantage, leading to lower sales. Although we have already achieved coatings and processes that require fewer baking cycles and lower baking temperatures than conventional products, continuous technological innovation is essential.

Comment
Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation

Carbon pricing mechanisms

Primary potential financial impact

Increased direct costs

Company-specific description

Our business is part of the chemical industry. Our company uses a large amount of raw materials that are derived from oil. In addition, we pay fuel costs when using logistics and

operating our factories. We face the risk of a rising cost of goods, due to tax increases such as climate-change-related tax.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

288,000,000

Potential financial impact figure – maximum (currency)

576,000,000

Explanation of financial impact figure

In FY2020, our domestic production and engineering departments emitted 34,092 t-CO₂. Estimate based on a carbon tax of "\$130 /t-CO₂, \$1=JPY130" for developed countries in 2030, assuming "maximum" if CO₂ emissions are not reduced and "minimum" if CO₂ emissions are reduced by half.

Cost of response to risk

Description of response and explanation of cost calculation

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Reputation

Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact

Decreased access to capital

Company-specific description

Should some large ESG-oriented shareholders sell our shares because they consider our work to address ESG issues insufficient, and they sell a large number of our shares, our stock price may decline and we may face the risk of higher equity cost.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Cost of response to risk

Description of response and explanation of cost calculation

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Paint products with fewer baking cycles and lower baking temperatures

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,000,000,000

Potential financial impact figure – maximum (currency)

2,000,000,000

Explanation of financial impact figure

Estimate based on a scenario in which we gain a competitive advantage by offering paint products with fewer baking cycles as demanded by customers, and our annual sales of automotive OEM paints in Japan increase.

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Although automotive OEM paints do not generate significant amounts of paint-derived CO₂, the CO₂ emitted during the body painting process in the automotive manufacturing process accounts for a large portion, approximately 20%, of the total CO₂ emissions generated at manufacturing plants. Each of the automobile manufacturers with which we do business is working to reduce CO₂ emissions, and reducing the amount of CO₂ generated in the manufacturing process has become a major challenge. Reducing the number of baking cycles and lowering the temperature

of baking meets such customer needs and is likely to boost our competitive advantage, leading to increased sales. We have already achieved coatings and processes that require fewer baking cycles and lower baking temperatures than conventional products, and we will further reduce baking cycles and lower baking temperatures based on our accumulated technologies and know-how.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Markets

Primary climate-related opportunity driver

Other, please specify

Reputation among equity and fixed income investors; cost of capital

Primary potential financial impact

Other, please specify

Improved reputation with equity and fixed income investors; lower cost of capital

Company-specific description

Should our work to address climate-related issues be highly evaluated in the capital market, we can expect more ESG-oriented investors to buy our shares, resulting in lowered cost of capital.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

In the coating processes at our clients' factories, air-conditioning consumes a lot of energy. If we can increase sales of products that allow clients to save energy on air-conditioning, we will have more opportunities to increase our total sales.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Comment

Identifier

Opp4

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Development of new products or services through R&D and innovation

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

There is potential to develop and launch new products by applying our existing technologies. Specifically, in addition to materials for lithium-ion batteries (dispersoids for cathodes and insulators), which are already on the market, we are continuing research on possible applications of "KP pearl" technology to promote the growth of agricultural crops.

Time horizon

Medium-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Cost to realize opportunity

Strategy to realize opportunity and explanation of cost calculation

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization’s strategy include a transition plan that aligns with a 1.5°C world?

Row 1

Transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a transition plan within two years

Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future

Since our business is primarily a B2B business, and responding to the changes and needs of our customers in itself has been our response to climate-related issues, we do not have a transition plan consistent with a 1.5°C world. However, with awareness of climate-related issues among customers and investors changing rapidly, and the challenges (e.g., carbon neutrality initiatives) and opportunities (e.g., problem solving) concerning climate-related issues fluctuating widely in our business, we believe that a transition plan consistent with a 1.5°C world is becoming increasingly necessary. As such, we have begun work on a transition plan consistent with a 1.5°C world, which we plan to release in the near future.

C3.2.

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Use of climate-related scenario analysis to inform strategy	
Row 1	Yes, qualitative, but we plan to add quantitative in the next two years

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios IEA NZE 2050	Business division		<p>[Parameters] Population statistics are based on population projections by country/region published by the United Nations. For GDP, figures estimated by SSP are used to calculate GDP per capita by country/region through 2050. The amount of architectural paints used by country/region is calculated from the ACA forecast. Automobile sales are estimated from figures published by JAMA.</p> <p>[Assumptions] As scenario axes, our global warming avoidance scenario is based on SSP1, and our global warming progression scenario is SSP2.</p> <p>[Analytical choices] We are analyzing GDP per capita and business sectors based on a time frame up until 2050 by country/region, and are quantifying the results using an ordinary logarithmic regression model. We have identified qualitative risks and opportunities for the scenarios, and are conducting a series of simulations to further quantify them.</p>
Transition scenarios IEA STEPS (previously IEA NPS)	Business division		<p>[Parameters] Population statistics are based on population projections by country/region published by the United Nations. For GDP, figures estimated by SSP are used to calculate GDP per capita by country/region through 2050. The amount of architectural paints used by country/region is calculated from the ACA forecast. Automobile sales are estimated from figures published by JAMA.</p> <p>[Assumptions] As scenario axes, our global warming avoidance scenario is based on SSP1, and our global warming progression scenario is SSP2.</p> <p>[Analytical choices] We are analyzing GDP per capita and business sectors based on a time frame up until 2050 by country/region, and</p>

			<p>are quantifying the results using an ordinary logarithmic regression model.</p> <p>We have identified qualitative risks and opportunities for the scenarios, and are conducting a series of simulations to further quantify them.</p>
Physical climate scenarios RCP 1.9	Business division		<p>[Parameters]</p> <p>Population statistics are based on population projections by country/region published by the United Nations. For GDP, figures estimated by SSP are used to calculate GDP per capita by country/region through 2050. The amount of architectural paints used by country/region is calculated from the ACA forecast. Automobile sales are estimated from figures published by JAMA.</p> <p>[Assumptions]</p> <p>As scenario axes, our global warming avoidance scenario is based on SSP1, and our global warming progression scenario is SSP2.</p> <p>[Analytical choices]</p> <p>We are analyzing GDP per capita and business sectors based on a time frame up until 2050 by country/region, and are quantifying the results using an ordinary logarithmic regression model.</p> <p>We have identified qualitative risks and opportunities for the scenarios, and are conducting a series of simulations to further quantify them.</p>
Physical climate scenarios RCP 4.5	Business division		<p>[Parameters]</p> <p>Population statistics are based on population projections by country/region published by the United Nations. For GDP, figures estimated by SSP are used to calculate GDP per capita by country/region through 2050. The amount of architectural paints used by country/region is calculated from the ACA forecast. Automobile sales are estimated from figures published by JAMA.</p> <p>[Assumptions]</p> <p>As scenario axes, our global warming avoidance scenario is based on SSP1, and our global warming progression scenario is SSP2.</p> <p>[Analytical choices]</p> <p>We are analyzing GDP per capita and business sectors based on a time frame up until 2050 by country/region, and</p>

			<p>are quantifying the results using an ordinary logarithmic regression model.</p> <p>We have identified qualitative risks and opportunities for the scenarios, and are conducting a series of simulations to further quantify them.</p>
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C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

Our focus is on efforts to achieve carbon neutrality. To this end, we are conducting group-wide surveys on the actual situation and systematizing our efforts.

With regard to the decarbonization of our own business activities, we are promoting initiatives to reduce CO₂ emissions at all stages from production to logistics, switch to renewable energy, reduce energy consumption, reduce CO₂ emissions from raw materials, and reduce CO₂ emissions in the workplace environment by setting KPIs for each target period.

We are also working to contribute to the decarbonization of paint use by our customers and users, proposing such things as a reduction of CO₂ emissions in the painting process and a reduction of CO₂ emissions throughout the life cycle.

In addition, as a contribution to the decarbonization of society, we are promoting the development of products required for a decarbonized society.

Results of the climate-related scenario analysis with respect to the focal questions

Scenario analysis conducted by the Global Automotive Business Unit revealed the following risks related to the realization of carbon neutrality that would have the greatest impact on our businesses: new decarbonization regulations by public authorities, stricter decarbonization requirements by users, rising prices of fossil fuels and petroleum-based materials, and changes in the purchasing power priorities of end customers.

To address these risks, the sales, engineering, and production divisions are working together to come up with themes to address and promote specific initiatives, such as improving logistics efficiency, using raw materials with lower CO₂ emissions, adopting renewable energy, reducing energy used in production, reducing raw material exports, and reducing energy used in experimental facilities.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

Have climate-related risks and opportunities	Description of influence
--	--------------------------

	influenced your strategy in this area?	
Products and services	Yes	With regard to renewable energy, more sustainable social infrastructure and electronic vehicles (EVs), we expect business opportunities. Regarding lithium-ion battery materials, we have invested in a production facility and provided our clients with the materials. In addition, we provide our clients with coating products with a decreased number of baking processes so as to reduce CO2 emissions.
Supply chain and/or value chain	Yes	To ensure environmental load reduction, we have established a cycle of reusing containers of our coating products to increase the reuse ratio of those containers. From a mid-to-long-term perspective, we have been doing research on recycling plastic and bio-based raw material to utilize circulating resources. In addition, together with our clients, we have been implementing technology which enhances coating efficiency in the coating process at our clients' factories to reduce waste.
Investment in R&D	Yes	To contribute to realizing a sustainable society, we have been conducting R&D summed up by 6 key words: global, mobility, life, infrastructure, green, and digital, which are 45% of our medium-term research themes and 100% of our long-term themes.
Operations	Yes	Our group's main manufacturing sites have already obtained ISO 14001.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Capital expenditures Capital allocation	<p>While developing new businesses that contribute to decarbonization, like lithium-ion battery material development, and working to develop products and services helping our clients with labor-saving in manufacturing processes and reducing their climate-related costs in our existing business, we aim to expand our sales. On the other hand, those costs, R&D expenses, and capital expenditure related to both new and existing businesses, could influence our financial plan. We have already factored this into this year's budget and mid-term plan. Additionally, utilizing raw materials that help contribute to low-carbon usage and using highly recyclable raw materials like stainless-steel drums could influence our financial plan because the coating business itself would bear higher variable costs.</p> <p>[Case study of capital expenditure and capital allocation]</p>

		<p>Situation: The electrification of automobiles is an essential criterion for achieving a net-zero society, and the realization of high-performance and affordable automotive lithium-ion batteries is vital for the widespread use of electric vehicles. In collaboration with major automobile manufacturers, we are developing and manufacturing carbon paste for lithium-ion batteries.</p> <p>Task: To secure manufacturing capacity in anticipation of future growth in demand for lithium-ion batteries.</p> <p>Action: We reviewed the capacity of our existing facilities to increase production along with the projected future demand, and considered measures to meet the future increase in demand.</p> <p>Response: Based on the results of the review, which indicated that we would not be able to meet future increases in demand by expanding existing facilities, we invested in a new plant.</p>
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C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

Intensity target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2022

Target coverage

Country/region

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

Base year

2021

Base year Scope 1 emissions covered by target (metric tons CO₂e)

36,590

Base year Scope 2 emissions covered by target (metric tons CO₂e)

89,358

Base year Scope 3 emissions covered by target (metric tons CO₂e)

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

43,362

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

100

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2030

Targeted reduction from base year (%)

40

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

26,017.2

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

Scope 3 emissions in reporting year covered by target (metric tons CO₂e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

% of target achieved relative to base year [auto-calculated]

Target status in reporting year

New

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

Please explain target coverage and identify any exclusions

Until the previous fiscal year, disclosures were made on a non-consolidated basis at our Head Office, but from this fiscal year we have switched to reporting on a consolidated basis, including domestic and overseas affiliates, and therefore the base year is 2021.

We have included figures for as many subsidiaries and affiliates as possible, but some subsidiaries and affiliates have not been fully included due to the fact that we are still constructing a database of domestic and overseas subsidiaries and affiliates.

Plan for achieving target, and progress made to the end of the reporting year

List the emissions reduction initiatives which contributed most to achieving this target

Target reference number

Year target was set

Target coverage

Country/region

Scope(s)

Scope 2 accounting method

Scope 3 category(ies)

Base year

Base year Scope 1 emissions covered by target (metric tons CO₂e)

Base year Scope 2 emissions covered by target (metric tons CO₂e)

Base year Scope 3 emissions covered by target (metric tons CO₂e)

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

Target year

Targeted reduction from base year (%)

Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated]

Scope 1 emissions in reporting year covered by target (metric tons CO₂e)

Scope 2 emissions in reporting year covered by target (metric tons CO₂e)

Scope 3 emissions in reporting year covered by target (metric tons CO₂e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO₂e)

% of target achieved relative to base year [auto-calculated]

Target status in reporting year

Is this a science-based target?

Target ambition

Please explain target coverage and identify any exclusions

Plan for achieving target, and progress made to the end of the reporting year

List the emissions reduction initiatives which contributed most to achieving this target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2022

Target coverage

Country/region

Scope(s)

Scope 1

Scope 2

Scope 2 accounting method

Location-based

Scope 3 category(ies)

Intensity metric

Other, please specify

Tons of CO₂ equivalent/tons of product

Base year

2021

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)

36

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)

87

Intensity figure in base year for Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)

123

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure

100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure

100

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this Scope 3 intensity figure

% of total base year emissions in all selected Scopes covered by this intensity figure

100

Target year

2030

Targeted reduction from base year (%)

40

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]

73.8

% change anticipated in absolute Scope 1+2 emissions

% change anticipated in absolute Scope 3 emissions

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for Scope 3 (metric tons CO2e per unit of activity)

Intensity figure in reporting year for all selected Scopes (metric tons CO₂e per unit of activity)

123

% of target achieved relative to base year [auto-calculated]

0

Target status in reporting year

New

Is this a science-based target?

No, but we are reporting another target that is science-based

Target ambition

Please explain target coverage and identify any exclusions

Until the previous fiscal year, disclosures were made on a non-consolidated basis at our Head Office, but from this fiscal year we have switched to reporting on a consolidated basis, including domestic and overseas affiliates, and therefore the base year is 2021.

We have included figures for as many subsidiaries and affiliates as possible, but some subsidiaries and affiliates have not been fully included due to the fact that we are still constructing a database of domestic and overseas subsidiaries and affiliates.

Plan for achieving target, and progress made to the end of the reporting year

List the emissions reduction initiatives which contributed most to achieving this target

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

Net-zero target(s)

Other climate-related target(s)

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Year target was set

2022

Target coverage

Country/region

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2021

Consumption or production of selected energy carrier in base year (MWh)

% share of low-carbon or renewable energy in base year

0

Target year

2030

% share of low-carbon or renewable energy in target year

20

% share of low-carbon or renewable energy in reporting year

0

% of target achieved relative to base year [auto-calculated]

0

Target status in reporting year

New

Is this target part of an emissions target?

Is this target part of an overarching initiative?

Science Based Targets initiative

Please explain target coverage and identify any exclusions

Plan for achieving target, and progress made to the end of the reporting year

List the actions which contributed most to achieving this target

C4.2b

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

C4.2c

(C4.2c) Provide details of your net-zero target(s).

Target reference number

NZ1

Target coverage

Company-wide

Absolute/intensity emission target(s) linked to this net-zero target

Abs1

Target year for achieving net zero

2050

Is this a science-based target?

No, but we are reporting another target that is science-based

Please explain target coverage and identify any exclusions

Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?

Unsure

Planned milestones and/or near-term investments for neutralization at target year

Planned actions to mitigate emissions beyond your value chain (optional)

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO₂e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	355
To be implemented*	13	3,484
Implementation commenced*	2	355
Implemented*	9	2,130
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in production processes

Other, please specify

Behavioral changes

Estimated annual CO2e savings (metric tonnes CO2e)

1,827

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

71,870,000

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

1-2 years

Comment

Reviewed steam boiler operation, gave priority to high-efficiency compressor operation, reviewed cold water temperature at production facilities, etc. We estimated the internal carbon price at 10,000 yen/t-CO₂.

Initiative category & Initiative type

Low-carbon energy consumption
Other, please specify
Fuel conversion (heavy oil to LNG)

Estimated annual CO2e savings (metric tonnes CO2e)

175

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1,750,000

Investment required (unit currency – as specified in C0.4)

30,000,000

Payback period

16-20 years

Estimated lifetime of the initiative

1-2 years

Comment

We estimated the internal carbon price at 10,000 yen/t-CO₂.

Initiative category & Initiative type

Energy efficiency in production processes
Machine/equipment replacement

Estimated annual CO2e savings (metric tonnes CO2e)

326

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

13,985,000

Investment required (unit currency – as specified in C0.4)

85,000,000

Payback period

4-10 years

Estimated lifetime of the initiative

1-2 years

Comment

Upgraded to high-efficiency refrigeration equipment, upgraded compressors, etc. We estimated the internal carbon price at 10,000 yen/t-CO₂.

C4.3c**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

Method	Comment
Dedicated budget for low-carbon product R&D	One of our strategic materialities is "Realizing decarbonisation," and we are promoting the reduction of CO ₂ emissions in the painting process along with the reduction of CO ₂ emissions throughout the life cycle to help our customers and users decarbonize their use of paints. Specifically, to reduce CO ₂ emissions in the painting process, we are developing products that reduce the air conditioning load in the coating booth and the drying process. To reduce CO ₂ emissions over the product's life cycle, we are proposing and developing products to each stakeholder that enable them to visualize CO ₂ emissions and reduce CO ₂ emissions by improving durability.
Dedicated budget for other emissions reduction activities	We have set "Realizing decarbonisation" as one of our strategic materialities, and from the perspective of contributing to the decarbonization of our own business activities, we are promoting initiatives to reduce CO ₂ emissions at all stages from production to logistics, promote the conversion to renewable energy, reduce energy consumption, reduce CO ₂ emissions from raw materials, reduce CO ₂ emissions from the workplace environment, etc. To this end, we are making the necessary dedicated budgetary proposals and investments for each activity as required.
Internal price on carbon	We plan to formulate and internally deploy internal carbon pricing during the 17th Mid-Term Management Plan.
Internal incentives/recognition programs	We plan to formulate and internally deploy internal incentives during the 17th Mid-Term Management Plan.

C4.5**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

Yes

C4.5a**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

No taxonomy used to classify product(s) or service(s) as low carbon

Type of product(s) or service(s)

Chemicals and plastics

Other, please specify

Paint through which we advocate a reduction in CO₂ emissions in the painting process, and paint that emits lower CO₂ levels throughout its life cycle

Description of product(s) or service(s)

Originally, one of the main roles of paints was to protect objects. This role in itself is the very essence of sustainability. Examples of low-carbon products we propose and promote include products which emit lower CO₂ levels in the painting process and which emit lower CO₂ levels throughout the life cycle. To reduce CO₂ emissions in the automotive painting process, we have started to develop low-temperature integrated coating paints that reduce the number of processes. In the conventional painting process, the body and bumpers were painted in separate processes, each using its own paint. In order to combine these processes into one, we developed a unique paint with low-temperature curing technology. This allows the body and bumper painting processes to be consolidated, thereby reducing CO₂ emissions from the conventional bumper painting process. Furthermore, while high-temperature baking is conventionally required for intermediate coating paints for the car body, our newly developed intermediate coating paint can be applied without baking, and low-temperature baking for clear paints can also contribute to the reduction of CO₂ emissions.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

Yes

Methodology used to calculate avoided emissions

Other, please specify

We make estimates based on approximate values calculated by automobile manufacturers of the CO₂ reduction effects of consolidating the painting process, eliminating the intermediate coating baking process, lowering the baking temperature, and so on.

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Cradle-to-gate + end-of-life stage

Functional unit used

The paint used per vehicle is 6Kg of electrodeposition paint, 1.7Kg of solvent intermediate coating paint, 2Kg of waterborne base paint, and 1.7Kg of 1K clear paint.

Reference product/service or baseline scenario used

High-temperature baking paints were applied to metal bodies such as steel and aluminum, while bumpers made of resin, which are vulnerable to high heat, were painted using low-temperature baking paints for resin, each in a separate process. The intermediate coating paint and clear paint for the body had to be baked at high temperatures.

Life cycle stage(s) covered for the reference product/service or baseline scenario

Cradle-to-gate + end-of-life stage

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

30,000

Explain your calculation of avoided emissions, including any assumptions

If the average production volume per automobile production line is 200,000 units/year, the use of this low-temperature baking paint is expected to reduce CO₂ emissions by 7,600 t-CO₂/year per production line. Automobile manufacturers are paying attention to such low-temperature process-saving paints, and the industry is expected to expand further in the future. If 10% of the 77.97 million vehicles sold worldwide in 2020 (new car registrations and sales figures published by OICA) were to be replaced by this paint system, it would contribute to a reduction of approximately 300,000 tons of CO₂ per year.

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

1

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

Yes

C5.2

(C5.2) Provide your base year and base year emissions.**Scope 1****Base year start**

April 1, 2013

Base year end

March 31, 2014

Base year emissions (metric tons CO₂e)

36,590

Comment

Until the previous fiscal year, disclosures were made on a non-consolidated basis at our Head Office, but from this fiscal year we have switched to reporting on a consolidated basis, including domestic and overseas affiliates, and therefore the base year is 2021.

We have included figures for as many subsidiaries and affiliates as possible, but some subsidiaries and affiliates have not been fully included due to the fact that we are still constructing a database of domestic and overseas subsidiaries and affiliates.

Scope 2 (location-based)

Base year start

April 1, 2013

Base year end

March 31, 2014

Base year emissions (metric tons CO2e)

89,358

Comment

Until the previous fiscal year, disclosures were made on a non-consolidated basis at our Head Office, but from this fiscal year we have switched to reporting on a consolidated basis, including domestic and overseas affiliates, and therefore the base year is 2021.

We have included figures for as many subsidiaries and affiliates as possible, but some subsidiaries and affiliates have not been fully included due to the fact that we are still constructing a database of domestic and overseas subsidiaries and affiliates.

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 1: Purchased goods and services

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 5: Waste generated in operations

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 6: Business travel

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 7: Employee commuting

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superseded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

36,590

Comment

Until the previous fiscal year, disclosures were made on a non-consolidated basis at our Head Office, but from this fiscal year we have switched to reporting on a consolidated basis, including domestic and overseas affiliates, and therefore the base year is 2021.

We have included figures for as many subsidiaries and affiliates as possible, but some subsidiaries and affiliates have not been fully included due to the fact that we are still constructing a database of domestic and overseas subsidiaries and affiliates.

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

89,358

Comment

Until the previous fiscal year, disclosures were made on a non-consolidated basis at our Head Office, but from this fiscal year we have switched to reporting on a consolidated basis, including domestic and overseas affiliates, and therefore the base year is 2021.

We have included figures for as many subsidiaries and affiliates as possible, but some subsidiaries and affiliates have not been fully included due to the fact that we are still constructing a database of domestic and overseas subsidiaries and affiliates.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Overseas affiliates

Relevance of Scope 1 emissions from this source

Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant but not yet calculated

Relevance of market-based Scope 2 emissions from this source (if applicable)

Emissions are not evaluated

Explain why this source is excluded

Methods for collecting data from overseas affiliates are limited, and some overseas affiliates are not included in emissions reporting. We are currently building a database.

Estimated percentage of total Scope 1+2 emissions this excluded source represents

Explain how you estimated the percentage of emissions this excluded source represents

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data from suppliers

Capital goods

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data from suppliers

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data from suppliers

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data

Waste generated in operations

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data

Business travel

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data

Employee commuting

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

All the properties leased by the company are covered by Scope 1 and 2, so they are calculated as zero emissions in Scope 3.

(Examples) Scope 1 (using fuel purchased by the company): Leased vehicles, forklift trucks

Scope 2 (using electricity purchased by the company): Printers, PCs, measuring instruments, forklifts (rechargeable)

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

We have not obtained data

Processing of sold products

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data

Use of sold products

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data

End of life treatment of sold products

Evaluation status

Relevant, not yet calculated

Please explain

We have not obtained data

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Since we do not possess any leased assets for rental purposes, they are calculated as zero emissions in Scope 3

Franchises

Evaluation status

Relevant, not yet calculated

Please explain

Since we do not possess any contracts for franchises, they are calculated as zero emissions in Scope 3

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Since we do not possess any investments for profit, they are calculated as zero emissions in Scope 3

Other (upstream)

Evaluation status

Not relevant, explanation provided

Please explain

Since not applicable, it is calculated as zero emissions in Scope 3

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

Since not applicable, it is calculated as zero emissions in Scope 3

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0004838011

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

125,948

Metric denominator

unit total revenue

Metric denominator: Unit total

260,329,860,928

Scope 2 figure used

Location-based

% change from previous year

Direction of change

Reason for change

Until the previous fiscal year, disclosures were made on a non-consolidated basis at our Head Office, but from this fiscal year we have switched to reporting on a consolidated basis, including domestic and overseas affiliates, and therefore the base year is 2021.

We have included figures for as many subsidiaries and affiliates as possible, but some subsidiaries and affiliates have not been fully included due to the fact that we are still constructing a database of domestic and overseas subsidiaries and affiliates.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	36,590	Other, please specify n/a as already CO ₂ emissions.
CH ₄	0	Other, please specify Zero emissions.
N ₂ O	0	Other, please specify Zero emissions.
HFCs	0	Other, please specify Zero emissions.
PFCs	0	Other, please specify Zero emissions.
SF ₆	0	Other, please specify Zero emissions.
NF ₃	0	Other, please specify Zero emissions.

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO ₂ e)
Japan	21,315
India	2,777
China	3,540
Other, please specify Other Asia	709
Europe	7,405
North America	845

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO ₂ e)
Production division	12,435

Technology division	4,906
Head Office Division	0
Sales Division	81
Domestic affiliates	3,894
Overseas affiliates	15,275

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4

(C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4) Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO₂e.

	Gross Scope 1 emissions, metric tons CO ₂ e	Comment
Chemicals production activities		

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Japan ☞ ¹	27,584	
India	36,633	
China	6,223	
Other, please specify Other Asia	7,914	
Europe	11,004	
North America	0	

☞¹Scope 2 emissions not converted.

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Production division	13,533	

Technology division	7,503	
Head Office Division	367	
Sales Division	229	
Domestic affiliates	5,952	
Overseas affiliates	61,774	

C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7

(C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO₂e.

	Scope 2, location-based, metric tons CO ₂ e	Scope 2, market-based (if applicable), metric tons CO ₂ e	Comment
Chemicals production activities			

C-CH7.8

(C-CH7.8) Disclose the percentage of your organization's Scope 3, Category 1 emissions by purchased chemical feedstock.

Purchased feedstock	Percentage of Scope 3, Category 1 tCO ₂ e from purchased feedstock	Explain calculation methodology
Other (please specify) Pigments	27	Carbon dioxide emissions from purchased raw materials in FY2021 were obtained by multiplying the purchased raw materials by the emission factor in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was obtained by dividing the aggregate value of 174,504 tons for the relevant items (inorganic pigments, organic pigments, etc.) by the total emissions from purchased raw materials of 646,832 tons.
Other (please specify) Resins	27	Carbon dioxide emissions from purchased raw materials in FY2021 were obtained by multiplying the purchased raw materials by the emission factor in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was obtained by dividing the aggregate value of 174,396 tons for the relevant items (epoxy resins, acrylic resins, etc.) by the total emissions from purchased raw materials of 646,832 tons.

Other base chemicals	15	Carbon dioxide emissions from purchased raw materials in FY2021 were obtained by multiplying the purchased raw materials by the emission factor in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was obtained by dividing the aggregate value of 97,705 tons of the relevant items (monomers, etc.) by the total emissions from purchased raw materials of 646,832 tons.
Other (please specify) Synthetic organic solvents	16	Carbon dioxide emissions from purchased raw materials in FY2021 were obtained by multiplying the purchased raw materials by the emission factor in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was obtained by dividing the aggregate value of 100,389 tons for the relevant items (alcohol solvents, ester solvents, etc.) by the total emissions from purchased raw materials of 646,832 tons.
Other (please specify) Petroleum refining solvents	3	Carbon dioxide emissions from purchased raw materials in FY2021 were obtained by multiplying the purchased raw materials by the emission factor in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was obtained by dividing the aggregate value of 20,167 tons of the relevant items (toluene, xylene, mineral spirits, etc.) by the total emissions from purchased raw materials of 646,832 tons.
Specialty chemicals	12	Carbon dioxide emissions from purchased raw materials in FY2021 were obtained by multiplying the purchased raw materials by the emission factor in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was obtained by dividing the aggregate value of 79,672 tons of the relevant items (catalysts, surfactants, etc.) by the total emissions from purchased raw materials of 646,832 tons.

C-CH7.8a

(C-CH7.8a) Disclose sales of products that are greenhouse gases.

	Sales, metric tons	Comment
Carbon dioxide (CO ₂)	0	We do not sell this product
Methane (CH ₄)	0	We do not sell this product
Nitrous oxide (N ₂ O)	0	We do not sell this product
Hydrofluorocarbons (HFC)	0	We do not sell this product
Perfluorocarbons (PFC)	0	We do not sell this product
Sulphur hexafluoride (SF ₆)	0	We do not sell this product
Nitrogen trifluoride (NF ₃)	0	We do not sell this product

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

This is our first year of reporting, so we cannot compare to last year

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	Yes
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value	10,164	167,028	177,191

Consumption of purchased or acquired electricity			261,297	261,297
Consumption of purchased or acquired heat			47,966	47,966
Consumption of purchased or acquired steam			18,969	18,969
Consumption of purchased or acquired cooling			1,658	1,658
Consumption of self-generated non-fuel renewable energy				0
Total energy consumption		10,164	496,971	507,081

C-CH8.2a

(C-CH8.2a) Report your organization's energy consumption totals (excluding feedstocks) for chemical production activities in MWh.

Consumption of fuel (excluding feedstocks)

Heating value

Unable to confirm heating value

MWh consumed from renewable sources inside chemical sector boundary

10,164

MWh consumed from non-renewable sources inside chemical sector boundary (excluding recovered waste heat/gases)

82,625

MWh consumed from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary

Total MWh (renewable + non-renewable + MWh from recovered waste heat/gases) consumed inside chemical sector boundary

Consumption of purchased or acquired electricity

MWh consumed from renewable sources inside chemical sector boundary

0

MWh consumed from non-renewable sources inside chemical sector boundary (excluding recovered waste heat/gases)

212,827

MWh consumed from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary

Total MWh (renewable + non-renewable + MWh from recovered waste heat/gases) consumed inside chemical sector boundary

Consumption of purchased or acquired heat

MWh consumed from renewable sources inside chemical sector boundary
0

MWh consumed from non-renewable sources inside chemical sector boundary (excluding recovered waste heat/gases)
47,966

MWh consumed from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary

Total MWh (renewable + non-renewable + MWh from recovered waste heat/gases) consumed inside chemical sector boundary

Consumption of purchased or acquired steam

MWh consumed from renewable sources inside chemical sector boundary
0

MWh consumed from non-renewable sources inside chemical sector boundary (excluding recovered waste heat/gases)
18,969

MWh consumed from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary

Total MWh (renewable + non-renewable + MWh from recovered waste heat/gases) consumed inside chemical sector boundary

Consumption of purchased or acquired cooling

MWh consumed from renewable sources inside chemical sector boundary
0

MWh consumed from non-renewable sources inside chemical sector boundary (excluding recovered waste heat/gases)
1,658

MWh consumed from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary

Total MWh (renewable + non-renewable + MWh from recovered waste heat/gases) consumed inside chemical sector boundary

Consumption of self-generated non-fuel renewable energy

MWh consumed from renewable sources inside chemical sector boundary

0

MWh consumed from non-renewable sources inside chemical sector boundary (excluding recovered waste heat/gases)

0

MWh consumed from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary

Total MWh (renewable + non-renewable + MWh from recovered waste heat/gases) consumed inside chemical sector boundary

Total energy consumption

MWh consumed from renewable sources inside chemical sector boundary

10,164

MWh consumed from non-renewable sources inside chemical sector boundary (excluding recovered waste heat/gases)

364,045

MWh consumed from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary

Total MWh (renewable + non-renewable + MWh from recovered waste heat/gases) consumed inside chemical sector boundary

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes

Consumption of fuel for the generation of cooling	Yes
Consumption of fuel for co-generation or tri-generation	Yes

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-generation of cooling

MWh fuel consumed for self- cogeneration or self-trigeneration

Comment

Other biomass

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-generation of cooling

MWh fuel consumed for self- cogeneration or self-trigeneration

Comment

Other renewable fuels (e.g. renewable hydrogen)

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-generation of cooling

MWh fuel consumed for self- cogeneration or self-trigeneration

Comment

Coal

Heating value

Total fuel MWh consumed by the organization

MWh fuel consumed for self-generation of electricity

MWh fuel consumed for self-generation of heat

MWh fuel consumed for self-generation of steam

MWh fuel consumed for self-generation of cooling

MWh fuel consumed for self- cogeneration or self-trigeneration

Comment

Oil

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

4,540

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Head Office only

Gas

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

5

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Head Office only

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

79,857

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Head Office only

Total fuel

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

84,402

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

0

MWh fuel consumed for self-generation of cooling

0

MWh fuel consumed for self- cogeneration or self-trigeneration

0

Comment

Head Office only

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	261,297	261,297	0	0
Heat	47,966	47,966	0	0
Steam	18,969	18,969	0	0
Cooling	1,658	1,658	0	0

C-CH8.2d

(C-CH8.2d) Provide details on electricity, heat, steam, and cooling your organization has generated and consumed for chemical production activities.

Electricity

Total gross generation inside chemicals sector boundary (MWh)

Generation that is consumed inside chemicals sector boundary (MWh)

Generation from renewable sources inside chemical sector boundary (MWh)

Generation from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary (MWh)

Heat

Total gross generation inside chemicals sector boundary (MWh)

Generation that is consumed inside chemicals sector boundary (MWh)

Generation from renewable sources inside chemical sector boundary (MWh)

Generation from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary (MWh)

Steam

Total gross generation inside chemicals sector boundary (MWh)

Generation that is consumed inside chemicals sector boundary (MWh)

Generation from renewable sources inside chemical sector boundary (MWh)

Generation from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary (MWh)

Cooling

Total gross generation inside chemicals sector boundary (MWh)

Generation that is consumed inside chemicals sector boundary (MWh)

Generation from renewable sources inside chemical sector boundary (MWh)

Generation from waste heat/gases recovered from processes using fuel feedstocks inside chemical sector boundary (MWh)

C8.2g

(C8.2g) Provide a breakdown of your non-fuel energy consumption by country.

Country/area

Japan

Consumption of electricity (MWh)

148,202

Consumption of heat, steam, and cooling (MWh)

3,066

Total non-fuel energy consumption (MWh) [Auto-calculated]

151,268

Country/area

India

Consumption of electricity (MWh)

62,925

Consumption of heat, steam, and cooling (MWh)

35,523

Total non-fuel energy consumption (MWh) [Auto-calculated]

98,448

Country/area

China

Consumption of electricity (MWh)

7,422

Consumption of heat, steam, and cooling (MWh)

120

Total non-fuel energy consumption (MWh) [Auto-calculated]

7,542

Country/area

Other, please specify

Other Asia

Consumption of electricity (MWh)

16,917

Consumption of heat, steam, and cooling (MWh)

4,984

Total non-fuel energy consumption (MWh) [Auto-calculated]

21,901

Country/area

Other, please specify

Europe

Consumption of electricity (MWh)

24,060

Consumption of heat, steam, and cooling (MWh)

24,900

Total non-fuel energy consumption (MWh) [Auto-calculated]

48,960

Country/area

Other, please specify
North America

Consumption of electricity (MWh)

1,771

Consumption of heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

1,771

C-CH8.3

(C-CH8.3) Does your organization consume fuels as feedstocks for chemical production activities?

No

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C-CH9.3a

(C-CH9.3a) Provide details on your organization's chemical products.

Output product

Other, please specify
Coating products

Production (metric tons)

157,000

Capacity (metric tons)

336,000

Direct emissions intensity (metric tons CO2e per metric ton of product)

165

Electricity intensity (MWh per metric ton of product)

190

Steam intensity (MWh per metric ton of product)**Steam/ heat recovered (MWh per metric ton of product)****Comment**

Covers Head Office only. It has a processing capacity of 28,000 tons per month.

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	For the purpose of contributing to sustainable society through our coating technologies and systems, we have been conducting R&D on technology which enables us to provide our customers with environmentally friendly coating products. We are going to expand the sale of the products and systems that require fewer baking processes and conduct more intensive R&D to diversify such product lines, which have been highly evaluated as labor- energy-saving technology. In addition, we have been designing our raw materials with less environmental load, which enable us to produce lower-temperature-curing products, system with thinner coating systems, etc.

C-CH9.6a

(C-CH9.6a) Provide details of your organization's investments in low-carbon R&D for chemical production activities over the last three years.

Technology area	Stage of development in the reporting year	Average % of total R&D investment over the last 3 years	R&D investment figure in the reporting year (optional)	Comment
Other, please specify Our environmental accounting (based on the guideline set by the ministry of the environment)	Applied research and development	≤20%		We have been making investments necessary for us to save energy and to contribute to

				slowing the speed of global warming.
Other, please specify Heat shielding paint (road and building materials)	Large scale commercial deployment	≤20%		
Other, please specify Electrodeposition paint	Large scale commercial deployment	≤20%		
Other, please specify Lithium-ion batteries	Applied research and development	≤20%		

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	No third-party verification or assurance
Scope 2 (location-based or market-based)	No third-party verification or assurance
Scope 3	No emissions data provided

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

No, but we are actively considering verifying within the next two years

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

During the Medium-term Business Plan, which has started in FY2022, we are promoting to overhaul our supply chain system in Japan to improve profitability in the Japanese segment. In the plan, we consider turning the currently fragmented manufacturing sites into a couple of large-sized

manufacturing ones. In the overhauling process we also plan to install renewed production facilities which will show consideration for environmental issues.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers/clients

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

22

% total procurement spend (direct and indirect)

90

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

We cover 120 suppliers, covering 90% of all raw material purchases. These top 120 suppliers represent 22% of the total number of suppliers (542 suppliers).

Impact of engagement, including measures of success

[Method of measuring progress]

We currently collect information from our suppliers once a year under the following Green Procurement Guidelines.

(1) Procurement from responsible (CSR-fulfilling) suppliers

We procure from suppliers who practice the following:

- Compliance with laws related to chemical substance regulations in Japan and overseas, such as RoHS, ELV, REACH, and the Law Concerning the Examination and Regulation of Manufacture of Chemical Substances
- Cooperation with our survey on chemical substances, etc., contained in products
- Establishment, maintenance, and improvement of environmental managements system by acquiring ISO 14001 certification, etc.
- Preservation of soil/water sources/biodiversity
- Development and manufacture of products with reduced environmental impact

(2) Procurement of sustainable materials (products, raw materials, auxiliary materials, parts, etc.)

We will procure the following kinds of materials:

01 Materials that do not contain or reduce the use of hazardous substances

02 Materials that take into consideration the conservation of sustainable resources and biodiversity related to the procurement of those resources

- Materials made from reused, reduced, or recycled materials
- Materials made from non-edible biomass
- Materials that reduce the emission of greenhouse gases (GHG) such as CO₂ in manufacturing, distribution, and use

03 Materials that improve the living standards of producers and the local environment

04 Materials that take into consideration the working environment and human rights of the workers involved

05 Materials that do not infringe on the rights of local residents around the production site, etc.

06 Materials that do not contain conflict minerals mined in the Democratic Republic of the Congo and neighboring countries

In addition, in the future we plan to make it a requirement for at least the top 120 companies to disclose their CDP reports.

[Impact of engagement on our company]

The selection of suppliers based on our green procurement policy has contributed to stable and sound procurement of raw materials.

In addition, due to the requirement for the disclosure of CDP reports, we will reflect not only our own efforts but also comprehensive and third-party evaluations in our supplier selection in the future, thereby increasing the accuracy of stable and sound raw material procurement.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Collaboration & innovation

Other, please specify

Product development and improvement with automobile manufacturers

% of customers by number

5

% of customer - related Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

Because automobile manufacturers are a major customer base. Although they account for less than 5% in terms of the total number of customers, they are our main customer group, accounting for about 1/4 of our sales.

Impact of engagement, including measures of success

[Method of measuring progress]

Number of lines using our paints and sales in the production lines of automobile manufacturers.

[Impact of engagement on our company]

Among automotive production lines, coating lines emit relatively large amounts of CO₂, and reducing CO₂ emissions in coating lines is an important issue for automakers. We have been conducting R&D to reduce energy load in the coating process, low-temperature curing systems, etc., as environmentally friendly technologies for process and energy savings, which will benefit our customers. We recognize that engagement with automobile manufacturers is extremely important, both from the perspective of environmental impact and from the perspective of maintaining and expanding our sales.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

No, but we plan to introduce climate-related requirements within the next two years

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

Direct or indirect engagement that could influence policy, law, or regulation that may impact the climate

Yes, we engage indirectly through trade associations

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

No, and we do not plan to have one in the next two years

Describe the process(es) your organization has in place to ensure that your engagement activities are consistent with your overall climate change strategy

The Japan Chemical Industry Association (JCIA) recommends Responsible Care activities (voluntary activities undertaken by companies that handle chemical substances to protect the environment, health and safety across all related processes, from the development of such substances to their manufacturing, distribution, use, final consumption and disposal. These activities also encompass the publishing of the results of such efforts and dialogue and communication with society).

As a member company of JCIA, we endorse these Responsible Care activities and have reported on them within the industry to ensure consistency of direction.

C12.3b

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Japan Business Federation (Keidanren)

Is your organization’s position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We have already influenced them to change their position

State the trade association’s position on climate change, explain where your organization’s position differs, and how you are attempting to influence their position (if applicable)

We are a member company of the Japan Business Federation (Keidanren). As such, our basic stance is to conduct our business activities in accordance with the guidelines and requests for cooperation issued by Keidanren.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

0

Describe the aim of your organization’s funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Japan Chemical Industry Association

Is your organization's position on climate change consistent with theirs?

Has your organization influenced, or is your organization attempting to influence their position?

We have already influenced them to change their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

We are a member company of the Japan Chemical Industry Association (JCIA). As such, our basic stance is to conduct our business activities in accordance with the guidelines and requests for cooperation issued by JCIA. As a prerequisite for this, we are involved in the formulation and determination of guidelines, etc., by dispatching and participating in key positions in the organization of JCIA and as members of specialized subcommittees, etc.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

0

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify

Japan Paint Manufacturers Association

Is your organization's position on climate change consistent with theirs?

Consistent

Has your organization influenced, or is your organization attempting to influence their position?

We have already influenced them to change their position

State the trade association's position on climate change, explain where your organization's position differs, and how you are attempting to influence their position (if applicable)

Our company is a member of the Japan Paint Manufacturers Association. Our President is currently the chairman of the association. We basically intend to run our business according to the association's guidelines and requests for cooperation. On that basis, we have been involved in drafting and deciding on the guidelines through sending the association our president as chairman and our employees as members in the special committees. In addition, we agree to the declaration of coating care by the association.

Funding figure your organization provided to this trade association in the reporting year, if applicable (currency as selected in C0.4) (optional)

0

Describe the aim of your organization's funding

Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

Page/Section reference

https://www.kansai.co.jp/csr/pdf/report/KansaiPaint_IntegratedReport_2021_J.pdf#zoom=70

[https://www.kansai.com/wp-](https://www.kansai.com/wp-content/uploads/KansaiPaint_IntegratedReport_2021_E.pdf#zoom=70)

[content/uploads/KansaiPaint_IntegratedReport_2021_E.pdf#zoom=70](https://www.kansai.com/wp-content/uploads/KansaiPaint_IntegratedReport_2021_E.pdf#zoom=70)

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Emission targets

Other metrics

Comment

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity
Row 1	Yes, both board-level oversight and executive management-level responsibility	<p>We regard the preservation of biodiversity in our business activities as an important issue for our customers and our company.</p> <p>Therefore, we have prohibited the use of nonylphenol, octylphenol, and other substances in new products since they were first suspected of being endocrine disrupting substances, and we have been working to replace them with other substances.</p> <p>We will continue to control the use of substances that have a significant adverse impact on the natural environment.</p>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity
Row 1	No, but we plan to do so within the next 2 years

C15.3

(C15.3) Does your organization assess the impact of its value chain on biodiversity?

	Does your organization assess the impact of its value chain on biodiversity?
Row 1	No, but we plan to assess biodiversity-related impacts within the next two years

C15.4

(C15.4) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Yes, we are taking actions to progress our biodiversity-related commitments	Other, please specify We prohibit the use of nonylphenol, octylphenol, etc. in new formulations, and are considering alternatives. When selecting locations for new business sites, we select industrial parks, etc. that do not affect biodiversity.

C15.5

(C15.5) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	Response indicators

C15.6

(C15.6) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
In voluntary sustainability report or other voluntary communications	Content of biodiversity-related policies or commitments	This information, to be included in this year's Integrated Report, is currently under preparation. (To be posted on our sustainability website in September)

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

Job title	Corresponding job category
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Row 1	Representative Director of the Board, Vice President Executive Officer	Director on board
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SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

The Kansai Paint Group's Mission Statement is to "leverage superior technology to contribute to our customers and society, in a sustainable manner, with innovative products and services, through a competent workforce, built on a culture of customer focus, integrity, and respect to our stakeholders." We believe that the basis for our group's existence is to satisfy our clients through our coating business. It is by increasing corporate value with the profits that accompany the realization of this goal that we are able to contribute to our group's stakeholders, including shareholders, suppliers, employees, and local communities.

Established in 1918, Kansai Paint Co., Ltd. has grown into Japan's most progressive manufacturer across all fields of coatings. Today, the company enjoys a well-established position as one of the world's leading paint manufacturers. The various products offered by the Kansai Paint Group are highly valued and trusted in a broad variety of fields due to the important role our coatings play in protection and beautification, providing special functionality and environmental sensitivity. Moreover, with Kansai Paint's proprietary research and development capabilities at its core, the company is providing its clients around the world with unparalleled customer service by expanding its manufacturing, distribution, and sales activities globally. Our overseas business mainly covers markets in India, other Asian countries like China and ASEAN countries, Africa, Europe, and other markets mostly in the Americas. In both Japanese and international markets, we manufacture and sell coatings and provide coating services in the automotive, auto refinish, industrial, decorative, marine, protective, and other fields. Total group net sales in FY2020 were 364.6 billion yen. Japan accounted for 39% of these sales, India 20%, Europe 18%, Asia 14%, Africa 8%, and Other 1%. In terms of sales by business sector, the automotive coatings sector made up 25% of sales, the industrial coatings sector 28%, the architectural coatings sector 36%, and the marine and other coatings sector 11%.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
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SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

Submit your response

In which language are you submitting your response?

Japanese

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public



Please confirm below

I have read and accept the applicable Terms