

Kansai Paint Co. Ltd., Water Security 2022

W0. Introduction

W0.1

(W0.1) Give a general description of 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)

W-CH0.1a

(W-CH0.1a) Which activities in the chemical sector does your organization engage in?

Specialty organic chemicals

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	April 1, 2021	March 31, 2022

W0.3

(W0.3) Select the countries/areas in which you operate.

Japan

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

JPY

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Other, please specify

Companies over which financial control is exercised in Japan

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) 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	Companies over which financial control is exercised in Japan

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	<p>In terms of direct use, the main use is as a raw material for paint. It is also used as a raw material for water-based paints, and since product quality is also a factor, we rate the availability of sufficient amounts of good quality fresh water as important.</p> <p>In terms of indirect use, the main applications are cooling and cleaning during paint production. While the availability of sufficient amounts of freshwater is important, the quality of the water is not as important.</p> <p>[Explanation and rationale for whether future water dependence will differ for both direct and indirect use] Our future water dependence is expected to increase further in terms of direct use due to the expected increase in production, especially in water-based paints. Therefore, it is important that sufficient amounts of good quality fresh water be available in the future. In indirect use cases, as the production volume increases, our dependence on water for cooling and cleaning will also increase, and it is important to have sufficient amounts of fresh water available, but quality is not as important.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Not important at all	<p>In terms of direct use, the main applications are exposure testing of painted surfaces and accelerated weathering tests. Since quality is not so important, we rate the availability of sufficient amounts of recycled, brackish or produced water as not very important.</p> <p>In terms of indirect use, the main use is expected to be for cooling and cleaning by customers and suppliers. However, since it is not necessary to use recycled, brackish or produced water, we rate their availability as not important at all.</p> <p>[Explanation and rationale for whether future water dependence will differ for both direct and indirect use]</p>

			Regarding our future dependence on water, in terms of direct use, the level of importance is not expected to change even if the number of exposure tests and accelerated weathering tests increase, and we judge it to be not very important. In terms of indirect use, we do not anticipate any significant change in the needs of our customers or suppliers, and we judge it to be not important at all.
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W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	76-99	We purchase tap water and industrial water from third parties, and we check the meters and purchase slips at each facility on a monthly basis with regard to the amount purchased. For groundwater, we check the water intake meters at each facility on a monthly basis to ascertain the amount of water we pump up. However, the rate is less than 100% because we do not have a complete picture of the situation at some back offices.
Water withdrawals – volumes by source	76-99	We purchase tap water and industrial water from third parties, and we check the meters and purchase slips at each facility on a monthly basis with regard to the amount purchased. For groundwater, we check the water intake meters at each facility on a monthly basis to ascertain the amount of water we pump up. However, the rate is less than 100% because we do not have a complete picture of the situation at some back offices.
Water withdrawals quality	76-99	We purchase tap water and industrial water from a third party, the quality of which is monitored on a monthly basis by the supplier. We do not monitor groundwater.
Water discharges – total volumes	76-99	We calculate total water discharge annually as the difference between the total amount of water withdrawn and the amount used for our products.
Water discharges – volumes by destination	1-25	The water discharge volume is being monitored at some business sites.

Water discharges – volumes by treatment method	1-25	The water discharge volume is being monitored at some business sites.
Water discharge quality – by standard effluent parameters	1-25	The water discharge volume is being monitored at some business sites.
Water discharge quality – temperature	Not monitored	In the case of discharging into rivers, PH and other parameters are tested, but there is no need to measure the temperature because hot water is not directly discharged in the context of business activities.
Water consumption – total volume	100%	All raw materials used in production are monitored on a monthly basis.
Water recycled/reused	Not monitored	Used for cleaning as needed, but cannot confirm the amount used.
The provision of fully-functioning, safely managed WASH services to all workers	100%	The provider supplies quality-assured tap water, and the supplier also monitors the water on a regular basis.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	539	About the same	No particular measures are being taken, so about the same as last year.
Total discharges	511	About the same	Calculated by deducting the total consumption from the total water withdrawal.
Total consumption	28	About the same	We measure the amount of water used as a raw material.

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	Identification tool	Please explain
Row 1	No	WRI Aqueduct	The answer to this question is in reference to our business sites in Japan, where water resources are plentiful.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			We do not take water from fresh surface water.
Brackish surface water/Seawater	Not relevant			We do not take water from brackish surface water or seawater.
Groundwater – renewable	Not relevant			We do not take water from renewable groundwater.
Groundwater – non-renewable	Relevant		About the same	We pump groundwater within the pumping limits set by municipalities.
Produced/Entrained water	Not relevant			We do not take water from produced/entrained water.
Third party sources	Relevant		About the same	We are now able to calculate the amount of water taken from third parties.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Please explain
Fresh surface water	Relevant but volume unknown	We discharge some water into rivers, but do not calculate the amount of drainage.
Brackish surface water/seawater	Not relevant	We do not drain water into brackish water.
Groundwater	Not relevant	We do not drain water into groundwater.
Third-party destinations	Relevant but volume unknown	We drain water, but do not calculate the amount of drainage.

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Please explain
Tertiary treatment	Not relevant	We do not drain water after tertiary treatment.

Secondary treatment	Relevant but volume unknown	We drain water after secondary treatment as a standard.
Primary treatment only	Not relevant	We do not drain water after primary treatment.
Discharge to the natural environment without treatment	Not relevant	We do not drain water into the natural environment without treatment.
Discharge to a third party without treatment	Not relevant	We do not drain water into a third party without treatment.
Other	Relevant but volume unknown	We drain some water into a third party after secondary treatment.

W1.3

(W1.3) Provide a figure for your organization's total water withdrawal efficiency.

	Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
Row 1	260,329,860,928.05	550	473,327,019.869182	We expect the water withdrawal volume to decrease as water use becomes more efficient.

W-CH1.3

(W-CH1.3) Do you calculate water intensity for your activities in the chemical sector?

Yes

W-CH1.3a

(W-CH1.3a) For your top five products by production weight/volume, provide the following water intensity information associated with your activities in the chemical sector.

Product type

Specialty organic chemicals

Product name

Paint (automotive)

Water intensity value (m3)

5.24

Numerator: water aspect

Total water withdrawals

Denominator

Other, please specify

Production volume

Comparison with previous reporting year

About the same

Please explain

[Explanation of the reason for the change in volume from the previous year]

The water intensity of the previous year was "5.13" and there was no significant change in both water consumption and production.

[Internal use of evaluation criteria]

To be used as one of the measures to improve the efficiency of water consumption.

[Projected future trends in water intensity value]

We expect to gradually reduce our water consumption rate by improving the efficiency of water consumption.

[Details of strategies being implemented to reduce water intensity value]

We are working to reduce water consumption by improving processes to increase water consumption efficiency.

We are shifting our water intake from third-party to groundwater. The data is based on the water intensity value at our production sites in Japan.

Product type

Specialty organic chemicals

Product name

Paint (industrial)

Water intensity value (m3)

2.3

Numerator: water aspect

Total water withdrawals

Denominator

Other, please specify

Production volume

Comparison with previous reporting year

About the same

Please explain

[Explanation of the reason for the change in volume from the previous year]

The water intensity of the previous year was "2.35" and there was no significant change in both water consumption and production.

[Internal use of evaluation criteria]

To be used as one of the measures to improve the efficiency of water consumption.

[Projected future trends in water intensity value]

We expect to gradually reduce our water consumption rate by improving the efficiency of water consumption.

[Details of strategies being implemented to reduce water intensity value]

We are working to reduce water consumption by improving processes to increase water consumption efficiency.

We are shifting our water intake from third-party to groundwater.

Product type

Specialty organic chemicals

Product name

Paint (general purpose)

Water intensity value (m3)

3.73

Numerator: water aspect

Total water withdrawals

Denominator

Other, please specify

Production volume

Comparison with previous reporting year

Lower

Please explain

The previous year's water intensity was "3.88", showing the results of improved water consumption efficiency.

[Internal use of evaluation criteria]

To be used as one of the measures to improve the efficiency of water consumption.

[Projected future trends in water intensity value]

We expect to gradually reduce our water consumption rate by improving the efficiency of water consumption.

[Details of strategies being implemented to reduce water intensity value]

We are working to reduce water consumption by improving processes to increase water consumption efficiency.

We are shifting our water intake from third-party to groundwater.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our customers or other value chain partners

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

We are discussing with our customers and prioritizing the reduction of water consumption in their painting processes, which use the most water.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W-CH3.1

(W-CH3.1) How does your organization identify and classify potential water pollutants associated with its activities in the chemical sector that could have a detrimental impact on water ecosystems or human health?

[Details of policies and processes in place to identify and classify potential water pollutants]

We established our Corporate Policies on Environmental Conservation: Policies and System on Environmental Conservation out of consideration for the safety and health of customers who use our products and employees who handle chemicals used as raw materials, as well as the reduction of the environmental impacts generated by product use and business activities, and are conducting Responsible Care activities based on this policy. Responsible Care activities are voluntary activities undertaken by companies that handle chemical substances across all processes, from their development to their manufacturing, distribution, use, final consumption and disposal to protect the environment and health and safety. We also disclose the results of these activities and engage in dialogue and communication with society, and include issues related to water ecosystems and potential water pollutants.

We also believe that potential water pollutants associated with our activities in the chemical sector that could have a detrimental impact on water ecosystems or human health would be caused by the spillage

or improper disposal of our paint products under circumstances we do not anticipate, rather than wastewater generated in the manufacturing process (direct operations).

[As to whether we follow the standards of the set regulations]

Potential water pollutants include organic solvents and heavy metals contained as ingredients in paints, and these are identified and classified at the product formulation design stage.

Rather than managing these contaminants individually, the risk management approach we take is to ensure that the products themselves are developed in ways that minimize or prevent the generation of water pollution, are properly manufactured and stored, and are delivered to customers or disposed of. Specifically, in development, we promote the design of formulations that do not contain pollutants, such as water-based paints and lead-free paints, and in manufacturing and storage, we take measures to ensure that products do not leak, and if they do, that they do not flow into rivers or the soil. During delivery and disposal, we provide information on product hazards and handling precautions to ensure safe handling in case of spillage. Each business site has a person in charge of environmental management activities and conducts external audits such as ISO 14001.

In addition, we treat and discharge wastewater appropriately in accordance with the Water Pollution Prevention Act and local government ordinances regarding sewage systems.

[As to whether our policies and procedures differ across the value chain, and if so how]

While our manufacturing processes (direct operations) and our suppliers of raw materials, who are upstream in the value chain, have similar impacts on water-related issues, the downstream of the value chain, the use, storage, processing, and disposal of our products by the purchasers of our products, may have different impacts on water-related issues. We share information on the potential risks associated with the use, storage, processing, and disposal of our products through our product SDSs (Safety Data Sheets).

W-CH3.1a

(W-CH3.1a) Describe how your organization minimizes adverse impacts of potential water pollutants on water ecosystems or human health. Report up to ten potential pollutants associated with your activities in the chemical sector.

Potential water pollutant	Value chain stage	Description of water pollutant and potential impacts	Management procedures	Please explain
Organic solvents, heavy metals	Direct operations Supply chain Distribution network Product use	Water pollution due to unexpected spillages of products or lack of proper treatment	Compliance with effluent quality standards Measures to prevent spillage, leaching, and leakages R&D into less harmful	The likelihood of water pollution occurring during the manufacturing process is low. Factors that could cause water pollution include spillage or improper disposal of paint. The greatest concern in terms of potential impact is spillage. As a management approach, we are promoting measures to prevent spills at manufacturing sites. Specifically, members of our management team accompany regular employees in conducting diagnostics and audits in

			alternative products Other, please specify Guidance for spillage response during transport	compliance with ISO 14001. Success or failure is measured by the number of incidents of spills outside the factory. No spills into rivers have occurred.
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W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

International methodologies and standards

Tools and methods used

ISO 14001 Environmental Management Standard

Other, please specify

Internal methods

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Stakeholder conflicts concerning water resources at a basin/catchment level

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

Suppliers

Water utilities at a local level

Other water users at the basin/catchment level

Comment

Value chain stage

Supply chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

International methodologies and standards

Databases

Tools and methods used

ISO 14001 Environmental Management Standard

Other, please specify

Internal methods

Contextual issues considered

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Stakeholders considered

Customers

Employees

Local communities

Suppliers

Water utilities at a local level

Comment

Value chain stage

Other stages of the value chain

Coverage

Partial

Risk assessment procedure

Water risks are assessed in an environmental risk assessment

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

International methodologies and standards

Databases

Tools and methods used

ISO 14001 Environmental Management Standard

Other, please specify

Internal methods

Contextual issues considered

Other, please specify

Effects of spills, etc.

Stakeholders considered

Local communities

Regulators

Comment

W3.3b

(W3.3b) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

[Decision-making 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.

In addition, we assign a person in charge of environmental management activities at each business site, and conduct external audits such as ISO 14001.

[Utilization of decision-making regarding direct operations]

This is one of the decision-making factors when considering responses to increased maintenance costs due to deterioration in water quantity and quality, etc., and when selecting candidate sites for new facilities.

[Utilization of decision-making regarding the supply chain]

When choosing raw material suppliers, this is one of the criteria we use for selecting factors related to water-related risks as part of the Green Procurement Policy, our internal guideline for sustainable procurement activities under our Corporate Policies on Environmental Conservation.

[Factors in decision-making regarding other phases of VC]

This is one of the factors for considering the impact of spills and other accidents during direct operations and transportation of raw materials and products.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) 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.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	0	Less than 1%	In Japan we have no manufacturing facilities with significant risks of taking water. We also have no manufacturing facilities with significant risks of draining water because we manage our drainage in compliance with local governments' guidelines.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

Japan
Other, please specify
Sakai River

Number of facilities exposed to water risk

0

% company-wide facilities this represents

Less than 1%

% company's total global revenue that could be affected

Less than 1%

Comment

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Japan

Other, please specify
Sakai River

Type of risk & Primary risk driver

Acute physical
Pollution incident

Primary potential impact

Loss of license to operate

Company-specific description

There is a possibility that the municipality in which the production site is located would order us to suspend operations in the event of a serious accident or other incident.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Exceptionally unlikely

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

Primary response to risk

Improve pollution abatement and control measures

Description of response

We carry out regular monitoring, take preventive measures against unforeseen events, and have these measures overseen and evaluated by a professional organization with the participation of management in order to make improvements.

Cost of response

0

Explanation of cost of response

The cost of responding to these risks is included in the environmental damage cost (zero in FY2021).

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

Japan

Other, please specify

Sakai River

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Regulatory

Other, please specify

Risk of suspension of operations or other disciplinary action by municipalities due to environmental pollution

Primary potential impact

Fines, penalties or enforcement orders

Company-specific description

In the supply chain, there may be cases where incidents such as paint spillages or inappropriate disposal occur due to unforeseen circumstances or accidents, which may adversely affect water resources. However, in such cases, whether or not appropriate measures are taken to rectify the situation after the occurrence is more important than the loss of the spilled product, etc. If it were a case of negligence, there is a risk of our company being subject to disciplinary action by the municipality in question, such as suspension of our operations.

Timeframe

More than 6 years

Magnitude of potential impact

Low

Likelihood

Exceptionally unlikely

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

The financial impact is expected to vary depending on the scale of the event and the extent of the effects, and it is difficult to predict the magnitude of the impact in advance.

Primary response to risk

Downstream
Improve pollution abatement and control measures

Description of response

Improve measures to control the risk of product leakage during transportation in cooperation with the companies transporting our products.

Cost of response

100,000

Explanation of cost of response

This is the cost of having representatives travel to provide guidance and audits to the transport companies, etc., but the amount is small and would have little impact on our business performance.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

No

W4.3b

(W4.3b) Why does your organization not consider itself to have water-related opportunities?

	Primary reason	Please explain
Row 1	Opportunities exist, but none with potential to have a substantive financial or strategic impact on business	Japan is a country with abundant water resources to begin with, so we recognize that there are few water-related opportunities.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

No, but we plan to develop one within the next 2 years

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	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>In addition, the President reports to the Board of Directors on a case-by-case basis on major issues, including water-related issues, as they arise.</p>

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy	<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 water-related issues.</p> <p>In addition, the President reports to the Board of Directors on a case-by-case basis on major issues, including water-related issues, as they arise.</p> <p>Our progress in promoting ESG management is as follows. 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</p>

			<p>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 decarbonization," "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>
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W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Primary reason for no board-level competence on water-related issues	Explain why your organization does not have at least one board member with competence on water-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	In Japan, where our headquarters is located, water resources are abundant and water-related issues are not a major concern, so we have not appointed a director with expertise in water-related issues. However, as we promote global sustainability management in the future, we will consider appointing a director who is well versed in water-related issues, since water-related issues may lead to significant risks and opportunities in some of our overseas affiliates.

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

President

Responsibility

Assessing water-related risks and opportunities

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Annually

Please explain

The Board of Directors oversees ESG management issues, including water-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 water-related issues.

In addition, the President reports to the Board of Directors on a case-by-case basis on major issues, including water-related issues, as they arise.

Our progress in promoting ESG management is as follows.

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.

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.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

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

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

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.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	<p>[Water-related issues integrated into the strategy]</p> <p>Reduction of water consumption in production processes.</p> <p>Provision of paints that help customers reduce water consumption in their paint use processes.</p> <p>[Examples of issues integrated into strategic business plan]</p> <p>We are working to convert to water-based paints for automotive and architectural paints, as well as to improve the efficiency of water use in the production process. At our overseas bases, in regions with high water stress, such as India and South Africa, we are stepping up efforts to recycle water. In India, in particular, we have achieved zero wastewater in our new plant facilities.</p> <p>We are also working to switch to materials that reduce the load on water, such as powder coatings.</p>
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	<p>[Water-related issues integrated into the strategy]</p> <p>Increased interest in water use.</p> <p>[Examples of issues integrated into strategic business plan]</p> <p>One of our materialities is the "Enhancement of achieving resources and economic circulation," and we are promoting water recycling as a consistent part of this. In terms of water intake, we are working</p>

			<p>to improve the efficiency of water use by optimizing the use of groundwater, tap water, industrial water, etc.</p> <p>In addition, some of our business sites contribute to local industries by using groundwater and purifying it before discharging it into rivers for reuse as water for agriculture.</p>
Financial planning	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	<p>[Water-related issues integrated into the strategy]</p> <p>Reflecting growing environmental awareness in our business plans, such as expanding sales of water-based paints.</p> <p>[Examples of issues integrated into strategic business plan]</p> <p>We are expanding sales of water-based paints, which is reflected in our financial and business plans. Specifically, we are expanding sales of architectural paints and self-repair paints by converting them to water-based products. In automotive paints, among other things, we are trialling the conversion of key materials to water-based materials.</p>

W7.2

(W7.2) What is the trend in your organization’s water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

Anticipated forward trend for CAPEX (+/- % change)

Water-related OPEX (+/- % change)

Anticipated forward trend for OPEX (+/- % change)

Please explain

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization's business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Climate-related Socioeconomic	<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 based on 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>	We conducted evaluations, but could not identify any possible water-related outcomes.	The influence on our business strategy has not been significant.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, and we do not anticipate doing so within the next two years

Please explain

In Japan, where water resources are abundant, there is not a high need for an internal price, such as water pricing.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Primary reason for not classifying any of your current products and/or services as low water impact	Please explain
Row 1	No, but we plan to address this within the next two years	Important but not an immediate business priority	In Japan, where our headquarters is located, water resources are abundant and water-related issues are not a major concern. However, as we promote global sustainability management in the future, we plan to reflect water-related impacts in our product classifications, as some of our overseas affiliates have significant water-related impacts in certain regions.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Site/facility specific targets and/or goals Country level targets and/or goals Basin specific targets and/or goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Quantitative targets for water withdrawal and monitoring. Qualitative monitoring of pH measurement, COD, etc. when discharging water into rivers. For other wastewater discharges, we outsource treatment to trusted third parties such as local governments.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water pollution reduction

Level

Site/facility

Primary motivation

Reduced environmental impact

Description of target

Zero soil and groundwater contamination incidents

Quantitative metric

Other, please specify

Zero soil and groundwater contamination incidents

Baseline year

2021

Start year

2022

Target year

2030

% of target achieved

100

Please explain

Many of our paint products, are in liquid form, and if they spill, there is a risk of polluting soil, rivers, and groundwater. In manufacturing and storage, we take measures to ensure that products do not leak, and if they do, that they do not flow into rivers or the soil in accordance with the Water Pollution Prevention Act and local ordinances regarding sewage systems. However, because of the significant environmental impact of spills, we have set the target of zero pollution incidents.

Target reference number

Target 2

Category of target

Water, Sanitation and Hygiene (WASH) services in the community

Level

Site/facility

Primary motivation

Other, please specify

Enhanced employee engagement and quality of life. Increased availability of freshwater for users/natural environments within the watershed.

Description of target

Quantitative metric

Baseline year

2021

Start year

2022

Target year

2030

% of target achieved

Please explain

We promote the improvement of Water, Sanitation and Hygiene (WASH) services at our facilities. In addition, some of our business sites contribute to local industries by using groundwater and purifying it before discharging it into rivers for reuse as water for agriculture.

W8.1b

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Other, please specify

Compliance with laws, regulations, and conditions

Level

Site/facility

Motivation

Other, please specify

Compliance with laws and regulations

Description of goal

As for water intake, the amount of water taken shall be within the restricted amount. As for wastewater, where there are standards set by the government, we shall comply with these, and all other business sites set their own standards and comply with these.

Baseline year

2021

Start year

2022

End year

2050

Progress

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, we do not currently verify any other water information reported in our CDP disclosure

W10. Sign off

W-FI

(W-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.

Please refer to our recent Integrated Report.

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

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Representative Director of the Board, Vice President Executive Officer	Director on board

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

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