

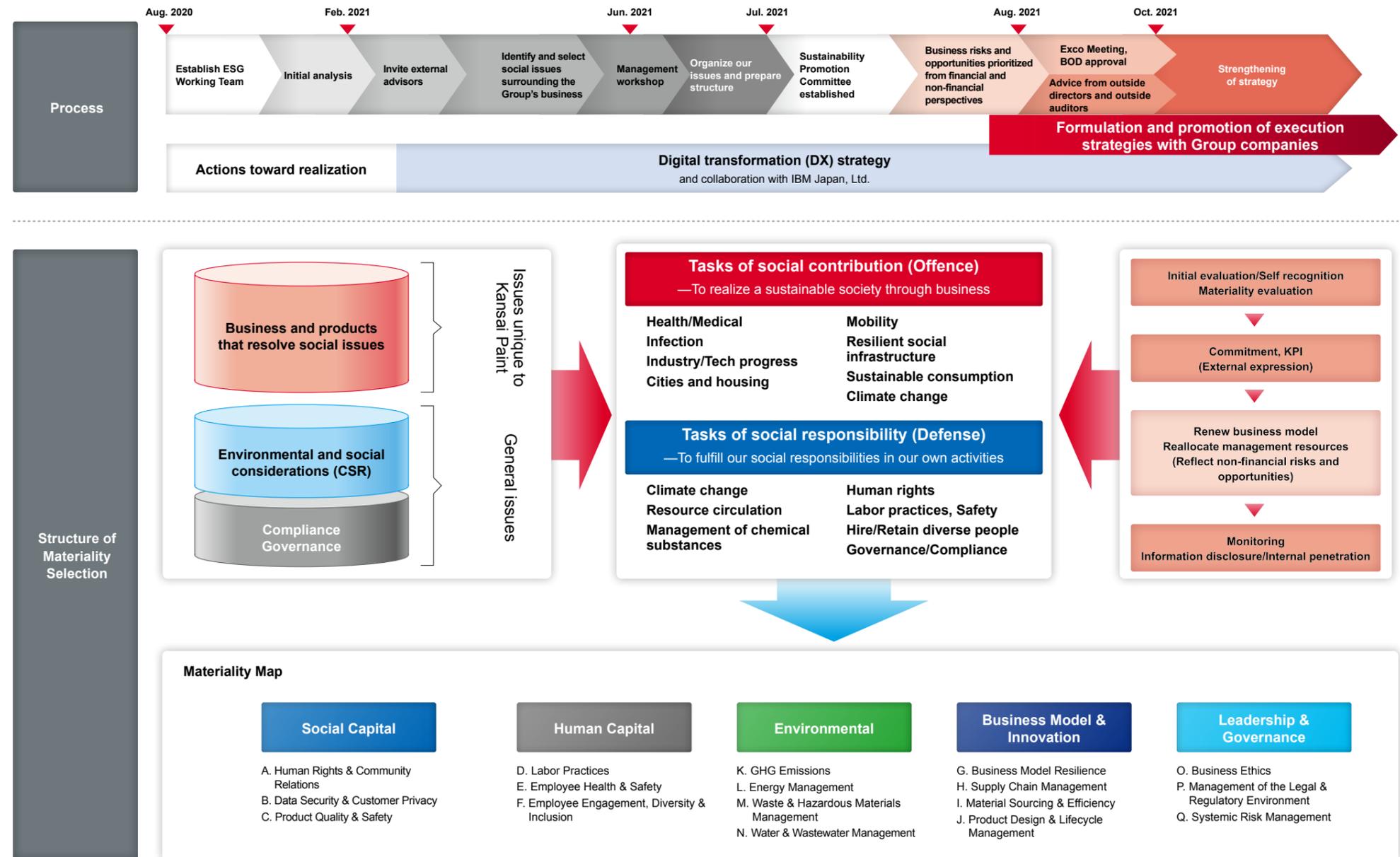
# Kansai Paint's Materiality

1. Realizing decarbonization
2. Improvement of Quality of Life (QOL)
3. Enhancement of achieving resource and economic circulation
4. Transform into a Group where diverse people play active roles

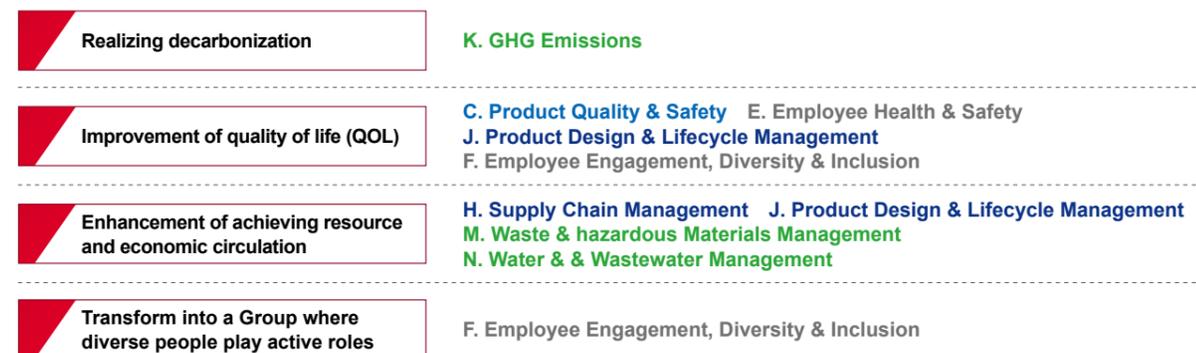
In updating our material issues, we held a management workshop under the guidance of external experts, confirmed the importance of initiatives, and established the Sustainability Promotion Committee through a resolution of the Board of Directors. Subsequently, the Sustainability Promotion Committee and management have identified issues for the Group and examined the direction of Materiality through dialogue with external advisors, shareholders, investors, and sustainability assessment organizations.

Kansai Paint recognizes and places importance on not only the general issues of compliance and governance as well as environmental and social concerns, but also the unique challenge of resolving social issues through its business and products, to fulfill its social responsibilities in all Group's activities and realizing a sustainable society through its business.

To tackle these material issues, the Group will renew its commitment as well as setting KPIs, and based on this, will push ahead with an updated business model. We will increase the effectiveness of our business model updating through continuous monitoring and by disclosing information both inside and outside the company.



## Kansai Paint's Materiality



# 1. Realizing decarbonization



Commitment (To-be society and our role)

## Achieve carbon-neutral as a whole Group by 2050

- ▶ Based on the long-term vision, change the energy type used from a decarbonization point of view (non-fossil fuel, renewable energy, next generation energy, etc.)
  - ▶ Drastically reduce the energy used by optimizing the business activities from a medium-term perspective
  - ▶ Reduce CO<sub>2</sub> emission throughout the whole product lifecycle, in collaboration with our customers and suppliers
  - ▶ Transform energy usage, taking into account capital investment opportunities
- With above actions, aim the carbon-neutral by 2050

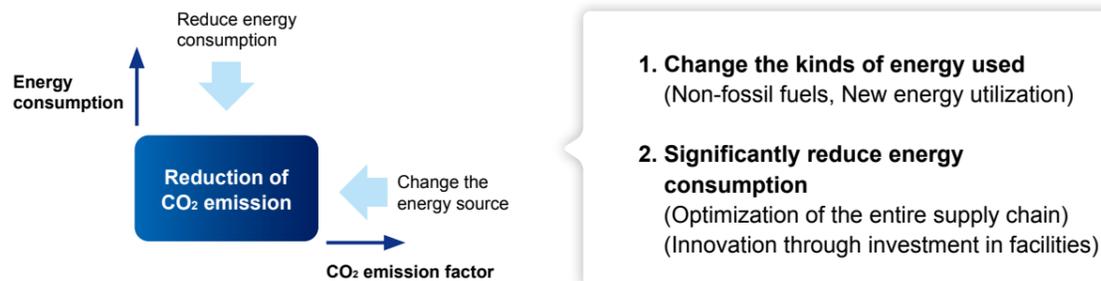
### Group View

As the impact of climate change becomes more serious year by year, we will not only work to reduce the Group's CO<sub>2</sub> emissions to improve our resilience to the coming decarbonized society, but also take the view that this social transition to realize a decarbonized society through business is a new opportunity for us to build businesses in a wide range of fields.

To achieve carbon neutrality by 2050, we will contribute to decarbonization in the product field and make decarbonization part of our development, production, and sales activities.

### Approach to decarbonization in development activities, production, and sales

We will reduce CO<sub>2</sub> emissions through two approaches: transitioning to the use of non-fossil fuels and new energies, and significantly reducing energy consumption by way of innovation through capital investment and optimization throughout the supply chain.



### Initiatives from Three Perspectives

- Customers**
  - Contribute to the reduction of energy use at the customers' paint application stage
  - Significantly reduce CO<sub>2</sub> emissions during the lifecycle of products
- Society**
  - Develop the products and technology that actively contribute to decarbonization
  - Contribute to net zero energy building (ZEB) and housing (ZEH) with paint
  - Develop the optimal paint that fits the overall transformation of the transportation system
  - Expand business in the decarbonization domain
- Our company**
  - Change the kinds of energy used for production and distribution
  - Significantly reduce energy consumption
  - Foster an internal environment and establish internal systems that facilitate the promotion of decarbonization
  - Procure decarbonized and low carbon energy

Case Example

Helios TBLUS in Slovenia built a solar power plant that generates an average of 290,000 kilowatts of electricity annually. The plant went into operation in March 2021. The plant also supplies 100% of the company's electricity needs.

# 2. Improvement of Quality of Life (QOL)



Commitment (To-be society and our role)

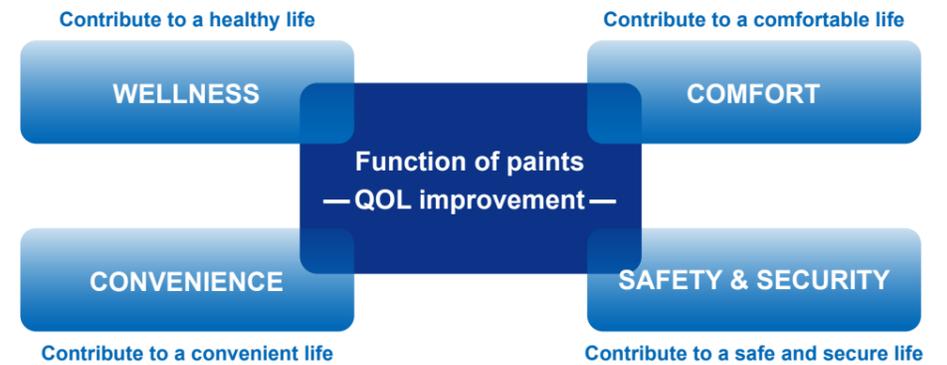
## Improve QOL of all stakeholders (society, users, suppliers, employees, etc.)

- ▶ Improve people's QOL by making the whole of society beautiful and strong with painting/coating
- ▶ Improve users' QOL by providing the paints that contribute to health and hygiene.
- ▶ Improve the safety of users, suppliers and employees, by establishing an appropriate occupational safety and health environment and working environment.
- ▶ Contribute to reducing negative health effects (high temperature damage, deterioration of hygiene, etc.) related to climate change

### Group View

As social trends change rapidly and environmental and social problems such as climate change and poverty grow more serious, we believe that—as a company rooted in society—we must play an important role in further improving the QOL, and the quality of lifestyles, through our products and business activities. We will contribute to a sustainable society through further efforts.

Working from four perspectives, we will contribute to improving the QOL of users, suppliers, and employees, and the quality of society as a whole.



### Initiatives

- **Providing products and services that improve QOL**  
E.g., antibacterial and antiviral, anti-pollen, anti-house dust  
New functions and widespread use of peripheral technologies
- **Improving the health, safety, and efficiency of people in the supply chain**
- **Developing and providing sustainable products (mainly those that contribute to QOL)**

Case Example

Kansai Plascon Africa Ltd. (South Africa) is helping to create more comfortable lifestyles by adding unprecedented functions to paint in the architectural field, such as air purifying interior paint (left) and Africa's first roof paint that is entirely free of harmful substances (right).

### 3. Enhancement of achieving resource and economic circulation



Commitment (To-be society and our role)

#### Review the whole lifecycle of paint, effectively utilize resources, and sophisticate the circular economy

- ▶ Sophisticate the quality of resource circulation in the whole of society by reviewing all phases, including raw material procurement, production, usage, and the painted finished goods
- ▶ Aim for a "Breakthrough" in the balance of resource circulation and economic circulation
- ▶ Take on the challenge of improving the recycle rate of painted material and the paint itself
- ▶ Promote thorough and effective resource utilization and recycle within the Group

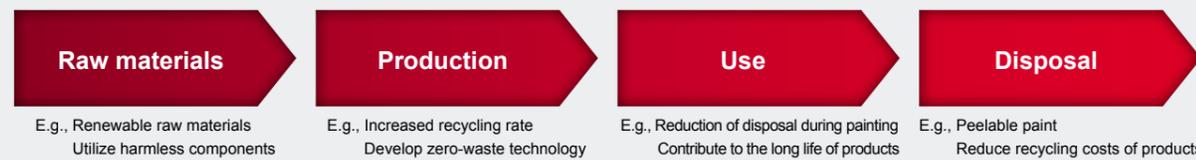
#### Group View

It is our mission to tackle climate change, effectively use resources, and contribute to a circular economy in order to realize a sustainable society. We aim to make effective use of existing resources and assets to recycle resources while producing positive economic effects.



#### Initiatives

##### Striving to improve the effective use of resources in all stages of the supply chain



- Promote the widespread use of products and services that encourage the recycling and reuse of paints and all objects to which paints are applied
- Reduce the amount of waste generated by customers when using paints
- Promote effective resource utilization and recycling at our Group sites
- Work with companies in our supply chain to enhance resource circulation
- Develop paint and products that contribute to the effective use of resources in finished products
- Consider the cost of resource circulation at each stage of raw materials, production, and use

**Case Example**

To reduce the amount of waste plastic, Kansai Nerolac Paints Ltd.in India is using recycled plastics for containers of specific products, reusing large containers, and considering the use of alternative raw materials to replace plastics.

### 4. Transform into a Group where diverse people play active roles



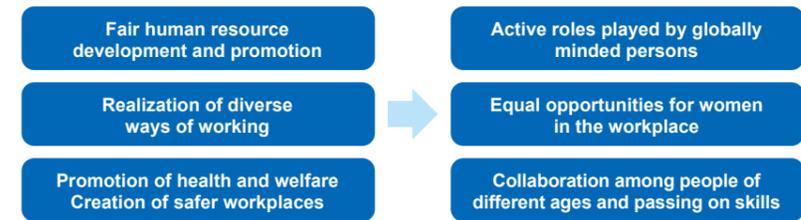
Commitment (To-be society and our role)

#### Accept any difference (gender, nationality, race, religion, background, age, disability, sexual orientation), and promote the diversity of people

- ▶ Share the philosophy globally, develop human resources, and promote the localization of operations
- ▶ Aim to achieve a 20% ratio of women among global employees and a 15% ratio of women among global managers (by 2030), through fair human resource development and promotion
- ▶ Aim to achieve a 25% ratio of women among BoD members (by 2030) through the promotion of women's career development
- ▶ Promote diverse people to play an active role through the realization of diverse ways of working
- ▶ Maintain customers' trust in Kansai Paint Group by passing down technologies and know-how over the ages

#### Group View

Respect is clearly stated in our Corporate Philosophy, and our Behavioral Drivers clearly state, "We will respect the fundamental human rights of the people we come into contact with in all situations" and "We will not discriminate on the basis of race, nationality, creed, religion, color, age, gender, sexual orientation, gender identity, social status, place of birth, disease, disability, or any other characteristic." As such, we will respect diverse cultures and individuality to create a place where everyone can learn from one another with mutual respect, so that all employees may lead fulfilling lives in which they are free to be themselves. In such an environment, we aim to contribute to the development of a sustainable society in which the company can grow together with society to increase corporate value by having each and every employee demonstrate their individuality and abilities to the full.



#### Initiatives to transform into a Group where diverse people play active roles

The Kansai Paint Group contributes to the promotion of diversity of human resources from three viewpoints.

##### Fair human resource development and promotion

- Promote women's empowerment in the workplace**
  - Increase the ratio of women among employees and in managerial positions
  - Foster a working environment that empowers women
- Develop management personnel at global production bases**
  - Conduct education of selected individuals from overseas Group companies
  - Integrate management from headquarters and local management

- Improve the ratio of local managers at overseas sales bases**
  - Realize the enhancement of talent development and governance
  - Promote the recruitment of overseas personnel through KPJ Training Program

##### Realization of diverse ways of working

- Pass on technologies by making use of reemployment system
- Conduct internal awareness-raising activities to deepen the understanding of important issues
- Increase the rate of childcare leave utilization of male employees
- Foster an environment, establish a system, and raise awareness so that diverse human resources can play active roles
- Set up an internal workshop to enhance the working environment

##### Promotion of health and welfare and Creation of safer workplaces

- Conduct health promotion activities at the workplace
- Create a workplace that enables good work-life balance
- Establish 4S, KY, and visualization activities

**Case Example**

Kansai Altan in Turkey has a high proportion of white-collar women at 40% and a ratio of women in R&D positions at 48%. Efforts continue to be made to increase the number of women in all positions.

Other initiatives on Kansai Paint Japan's human resource policy are summarized on page 69.