Kansai Paint Co., Ltd.: Climate Change 2023

C0 Introduction

(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 46 countries and regions.

(Group Corporate Philosophy and Mission Statement)
The Kansai Paint Group 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." The foundation of our Group's existence is the trust we earn, not only from customers, but from society broadly, through our core coatings business. It is our belief that shareholders, business partners, employees, local communities, and other group stakeholders benefit when corporate value is enhanced through a cycle that involves providing high value to society based on trust, and investing profits realized thereby in activities to enhance global sustainability.

(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 FY2022 were 509.1 billion yen. In regional segment net sales, Japan accounted for 152.5 billion yen (30%); India, 127.5 billion yen (25%); Europe, 112.1 billion yen (22%); Asia, 68.1 billion yen (13%); Africa, 41.8 billion yen (8%); and North America, 7.0 billion yen (1%).

(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: 16,236 (as of March 31, 2023)

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing Scope 1 emissions data for*	Select the number of past reporting years you will be providing Scope 2 emissions data for*	Select the number of past reporting years you will be providing Scope 3 emissions data for*
01/04/2022	31/03/2023	Yes	1 year	1 year	Not providing past emissions data for Scope 3

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

Austria, Bangladesh, Bosnia-Herzegovina, Botswana, Brunei Darussalam, China, Croatia, Czech, Germany, Hungary, India, Indonesia, Italy, Japan, Kenya, Malawi, Malaysia, Mauritius, Montenegro, Namibia, Nepal, North Macedonia, Philippines, Poland, Romania, Russian Federation, Serbia, Singapore, Slovakia, Slovenia, South Africa, Taiwan, Thailand, Türkiye, Uganda, Ukraine, United Kingdom of Great Britain and Northern Ireland (United Kingdom), United Republic of Tanzania, United States, Vietnam, Zambia, Zimbabwe

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

Japanese Yen (JPY)

(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) Which part of the chemicals value chain does your organization operate in?

Other chemicals

- Specialty chemicals
- Specialty organic chemicals

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

Yes

(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 or committee	Responsibilities for climate-related issues
President	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 reports directly to the President and Representative Director as an organization to formulate Group strategies, policies, and promotion activities relating 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 every quarter on the progress of ESG management activities, including climate-related issues. Our progress in furthering ESG management is as follows. In FY2023, we appointed an executive officer responsible for sustainability management, and established a standing organization for sustainability planning and promotion. We are accelerating action with respect to various initiatives by bolstering our executive organization, and striving to optimize our decision-making through sufficient discussion of important policies and

	resolutions at board meetings and off-site discussions. We also pay particular attention to incorporating the diverse knowledge and experience of Outside Directors and Outside Audit & Supervisory Board members into our management execution.

(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	Annual budget discussion, guidance Major capital expenditure oversight Acquisitions/mergers/divestitures oversight Innovation/R&D priorities review Employee incentives oversight/guidance Strategy review/guidance Transition planning supervision/guidance Transition plan execution monitoring Corporate goal-setting oversight Monitoring of progress toward corporate goals Public policy collaboration supervision/guidance Value chain engagement oversight	・The Sustainability Promotion Committee reports to the Board of Directors with respect to applicable matters once a quarter. ・The Board establishes off-site discussions flexibly to (1) incorporate outside director expertise into execution of important matters under consideration by senior management, (2) receive training from Outside Directors and Audit & Supervisory Board members, and (3) share information, and deepen understanding of the company among Outside Directors, Audit & Supervisory Board members and department heads on a frequent basis.

(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	Criteria used to assess competence of board member(s) on climate-related issues*
Yes	The director must understand GRI standards, CDP questionnaires, and TCFD, among others, and be capable of determining risks, opportunities, and required climate-related measures. 1) Knowledge and understanding: The director must possess scientific knowledge and understanding of climate change issues and understand accurate data relating to the causes and impacts of, and solutions to, climate change. 2) Leadership: The director must demonstrate leadership with respect to climate change issues and lead related internal activities. 3) Experience and expertise: The director must possess expertise on climate change issues at the industry and policy level, and the ability to develop strategic approaches toward these issues. 4) Integration into corporate strategy: The director must ascertain whether corporate strategy integrates climate change issues, recognize risks and opportunities with respect to climate change, and confirm that appropriate strategies and goals are formulated and implemented. 5) Commitment to sustainability: The director must assess commitment to sustainability, support for activities to minimize corporate environmental impact, and confirm that efforts are being made toward development of sustainable business models.

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

Position or committee	Climate-related responsibilities of this position	Reporting line	Frequency of reporting to the board on climate-related issues via this reporting line
President, Sustainability Promotion Committee	Developing a climate transition plan Implementing a climate transition plan Integrating climate-related issues into the strategy Conducting climate-related scenario analysis Setting climate-related corporate targets Monitoring progress against climate-related corporate targets Managing value chain engagement on climate-related issues Assessing climate-related risks and opportunities Managing climate-related risks and opportunities	Reports to the board directly	More frequently than quarterly

(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
No, not currently but we plan to introduce them in the next two years	

C2 Risks and opportunities

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

Yes

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

Time horizon	From (years)	To (years)	Comment
Short-term	0	2	We develop a medium-term plan every three years (Step 1).
Medium-term	3	17	We assume a span of time until 2030 (Step 2).
Long-term	18	37	We assume a span of time until 2050 (Step 3).

(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) 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 CO_2 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 behaviour. 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 is going to be approved by the Board of Directors in Aug. 2023.

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

Risk type	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.

(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) 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 behaviour

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 CO_2, the CO_2 emitted during the body painting process in the automotive manufacturing process accounts for a large portion, approximately 20%, of the total CO_2 emissions generated at manufacturing plants. Each of the automobile manufacturers with which we do business is working to reduce CO_2 emissions, and reducing the amount of CO_2 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)

340,000,000

Potential financial impact figure – maximum (currency)

360,000,000

Explanation of financial impact figure

In FY2022, our domestic production and engineering departments emitted 37,880 t-CO_2.
Estimate based on a carbon tax of "$130 /t-$CO_2$, $1=JPY138" for developed countries in 2030, assuming "maximum" if CO_2 emissions are not reduced and "minimum" if CO_2 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

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Primary potential financial impact

Direct operations

Company-specific description

Raw material procurement costs may rise for a variety of reasons. For example, energy costs, such as the cost of electricity or gas, may significantly increase the raw material procurement costs; increased costs may be passed on to the raw materials due to the introduction of carbon pricing; and more costly, though environmentally friendly, the raw materials may replace the current raw materials. If the resulting higher costs cannot be passed on through the higher prices, profits will fall.

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)

447,000,000

Potential financial impact figure – maximum (currency)

4,470,000,000

Explanation of financial impact figure

CO2 emission derived from the raw materials is about 640,000 t/year in Japan stand-alone (calculated based on IDEA DB.
Estimate based on the total raw material cost, assuming 10% as "maximum", 1% as "minimum".

Cost of response to risk

Description of response and explanation of cost calculation

Comment

(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) 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 CO_2, the CO_2 emitted during the body painting process in the automotive manufacturing process accounts for a large portion, approximately 20%, of the total CO_2 emissions generated at manufacturing plants. Each of the automobile manufacturers with which we do business is working to reduce CO_2 emissions, and reducing the amount of CO_2 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, as well as the development of ultra-durable paint for offshore wind power generation.

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) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

No

Mechanism by which feedback is collected from shareholders on your climate transition plan

We do not have a feedback mechanism in place, but we plan to introduce one within the next two years

Attach any relevant documents which detail your climate transition plan (optional)

In Japan, we will move forward with long-term, large-scale investments to revamp our supply chain. The basic objective is to consolidate dispersed production sites to enhance BCP and productivity. In addition to these reforms, we will promote the decarbonization of the overall supply chain along with resource recycling. We will synergize DX—currently a focus of activity throughout the Group—with supply chain reform to build a new-generation supply chain, and we will extend these efforts progressively beyond Japan.

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

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

(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		[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. [Assumptions] As scenario axes, our global warming avoidance scenario is based on SSP1, and our global warming progression scenario is SSP2. [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.
Transition scenarios IEA STEPS (previously IEA NPS)	Business division		[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. [Assumptions] As scenario axes, our global warming avoidance scenario is based on SSP1, and our global warming progression scenario is SSP2. [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.
Physical climate scenarios RCP 1.9	Business division		[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. [Assumptions] As scenario axes, our global warming avoidance scenario is based on SSP1, and our global warming progression scenario is SSP2. [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.
Physical climate scenarios RCP 4.5	Business division		[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. [Assumptions]

			As scenario axes, our global warming avoidance scenario is based on SSP1, and our global warming progression scenario is SSP2. [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.

(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.

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 CO_2 emissions at all stages from production to logistics, switch to renewable energy, reduce energy consumption, reduce CO_2 emissions from raw materials, and reduce CO_2 emissions in the workplace environment by setting KPIs for each target period. As part of our efforts with raw material suppliers, we are conducting research into efforts to decarbonize and reduce carbon from raw materials.

We are also working to contribute to the decarbonization of paint use by our customers and users, proposing such things as a reduction of CO_2 emissions in the painting process and a reduction of CO_2 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, we have abolished former internal divisions, including Sales, Technology, Production, and Administration, and have adopted an integrated divisional structure engaged in specific activities around such themes as supply chain rationalization, use of materials that reduce CO2 emissions, use of renewable energy, lower energy consumption across the entire company rather than in Production only, reduced exports of the raw materials, and enhanced the energy efficiency in our experimental facilities.
We regard achieving carbon neutrality for raw material origin as an issue with a significant financial impact on the company. To address this risk, we have initiated discussions with raw material suppliers.

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

Business area	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
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) Describe where and how climate-related risks and opportunities have influenced your financial planning.

Financial planning elements that have been influenced	Description of influence
Capital expenditures Capital allocation	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. [Case study of capital expenditure and capital allocation] 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. Task: To secure manufacturing capacity in anticipation of future growth in demand for lithium-ion batteries.

	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. 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.

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

Identification of spending/revenue that is aligned with your organization's climate transition
No but we plan to in the next two years

C4 Targets and performance

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

Absolute target

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

Is this a science-based target?

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

Target ambition

Year target was set

2022

Target coverage

Company-wide

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)

72,445

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

190,058

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)

262,953

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 (%)

30

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

184,067.1

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

75,009

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

191,622

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)

266,631

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

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

-4.6624301681

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

From this fiscal year, we have increased the coverage rate for the domestic and overseas affiliates and reset the base year to 2021.

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

Change from last year

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

Net-zero target(s)

Other climate-related target(s)No change

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

Target reference number

Low 1

Year target was set

2022

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Low-carbon energy source(s)

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

15

% 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) Provide details of any other climate-related targets, including methane reduction targets.

(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) 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.

Change from last year

Yes

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

Stage of development	Number of initiatives	Total estimated annual CO2e savings in metric tons CO2e (only for rows marked *)
Under investigation	4	27,329
To be implemented*	2	572
Implementation commenced*	1	286
Implemented*	11	2,702

Not to be implemented	0	0

(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:

Improving equipment and equipment efficiency

Estimated annual CO2e savings (metric tonnes CO2e)

439

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

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

37,000,000

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

185,000,000

Payback period

4-10 years

Estimated lifetime of the initiative

ongoing

Comment

Refrigerator renewal, Heat pump conversion, High efficiency Compressor, Boiler renewal, etc.
We estimated the internal carbon price at 10,000 yen/t-CO_2.

Initiative category & Initiative type

Building energy efficiency
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

19

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

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

3,400,000

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

17,000,000

Payback period

4-7 years

Estimated lifetime of the initiative

ongoing

Comment

Switching to LED. We estimated the internal carbon price at 10,000 yen/t-CO_2.

Initiative category & Initiative type

Energy efficiency in production processes

Other, please specify:

Behaviour change

Estimated annual CO2e savings (metric tonnes CO2e)

76

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

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

7,600,000

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

0

Payback period

< 1 year

Estimated lifetime of the initiative

ongoing

Comment

Changes in main equipment, Changes in operation methods, etc. We estimated the internal carbon price at 10,000 yen/t-CO_2.

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

Method	Comment
Regulatory requirements/standards compliance	Investment-related energy savings and CO_2 reductions
Designated budget for low-carbon product R&D	Set as KPI of the minimum 80% R&D themes relate to the sustainability
Designated budget for other emission reduction activities	During the term of the 17th Medium-term Business Plan, internal carbon pricing will be formulated and deployed internally.
Internal incentive/reward programs	Emission reduction effects will be confirmed as the company progresses investment projects, such as supply chain renewal and head office relocation.
Internal carbon pricing	During the term of the 17th Medium-term Business Plan, internal carbon pricing will be formulated and deployed internally.

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

Change from last year

Yes

(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 CO_2 emissions in the painting process, and paint that emits lower CO_2 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 CO_2 levels in the painting process and which emit lower CO_2 levels throughout the life cycle. Adoption of process efficiencies that eliminate the need for conventional automotive paint intermediate coat baking is spreading year by year and expanding globally. In addition, the introduction of processes that reduce energy consumption during paint application is not limited to the automotive industry, but is set to expand to other industries.

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

The approximate per-vehicle reduction effect value calculated by automobile manufacturers was used as the CO_2 emission reduction value from process efficiencies in the conventional painting process.

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 film maintains its functions (protection, design, etc.) through to vehicle scrapping (approximately 10 years and 100,000 km). Paint applied per vehicle includes approximately 6 kg of electrodeposition paint, 1.7 kg of solvent intermediate paint, 2 kg of water-based base paint, and 1.7 kg of 1K clear paint.

Reference product/service or baseline scenario used

Using the conventional intermediate-coat baking process as the base scenario, we determined the basic unit of coating process CO_2 emission reduction due to process efficiencies. Target products included automotive intermediate and top-coat paints.

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

8

Explain your calculation of avoided emissions, including any assumptions

Of the 77.97 million new vehicle global sales in 2020 (new vehicle registrations and sales; source: OICA), the company's global share will exceed 10%. Globally, approximately 60% of production lines will be equipped with process efficiencies such as eliminating the intermediate coating and baking process.

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

7

C5 Emissions methodology

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

No

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Has there been a structural change?	Name of organization(s) acquired, divested from, or merged with*	Details of structural change(s), including completion dates*
Yes, an acquisition	Acquired CWS Lackfabrik GmbH	CWS Lackfabrik GmbH is not included in FY2022 data

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)*
Yes, a change in boundary	Improved the data coverage within the Group

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

Base year recalculation	Scope(s) recalculated*	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Yes	Scope 1 Scope 2, location-based	Improved the data coverage within the Group, and conducted the re-calculation	Yes

(C5.2) Provide your base year and base year emissions.

Base year start

April 1, 2013

Base year end

March 31, 2014

Base year emissions (metric tons CO2e)

72,455

Comment

Improved the data coverage within the Group.

Scope 2 (location-based)

Base year start

April 1, 2013

Base year end

March 31, 2014

Base year emissions (metric tons CO2e)

190,508

Comment

Improved the data coverage within the Group.

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

Reporting Year

Gross global Scope 1 emissions (metric tons CO2e)

75,009

Base year start

April 1, 2022

Base year end

March 31, 2023

Comment

Improved the data coverage within the Group.

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

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

Reporting Year

Gross global Scope 1 emissions (metric tons CO2e)

191,622

Base year start

April 1, 2022

Base year end

March 31, 2023

Comment

Improved the data coverage within the Group.

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

(C6.4a) Provide details of the sources of Scope 1, Scope 2, or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source of excluded emissions Source

Domestic and Overseas affiliates

Scope(s) or Scope 3 category(ies)

Scope 1
Scope 2 (location-based)
Scope 2 (market-based)
Scope 3: Purchased goods and services
Scope 3: Capital goods

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Upstream leased assets
Scope 3: Downstream transportation and distribution
Scope 3: Processing of sold products
Scope 3: Use of sold products
Scope 3: End-of-life treatment of sold products
Scope 3: Downstream leased assets
Scope 3: Franchises
Scope 3: Investments

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

Emissions are relevant but not yet calculated

Relevance of Scope 3 emissions from this source

Emissions are relevant but not yet calculated

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

Change from last year

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,378,465

Emissions calculation methodology

CO2 emissions from the purchased raw materials were calculated by multiplying the weight of raw materials purchased in FY2022, by the emission factor from the greenhouse gas emissions unit database of organizations throughout the supply chain. The database was compiled by using values listed in IDEA Ver. 2.3 for each type of the raw material, and the sum of the values was aggregated and computed. The applicable scope included two locations, the Head Office and KNPL (India), and the sum of the locations was calculated.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

16,656

Emissions calculation methodology

The amount of fixed the assets acquired, disclosed in the annual securities report as the activity amount, was multiplied by the emission intensity value in the Ministry of the Environment's public DB Ver. 3.3. The applicable scope included two locations, the Head Office and KNPL (India), and the sum of the locations was calculated.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

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

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

24,845

Emissions calculation methodology

The value of energy consumption data by fuel for the scope of domestic (production division plus indirect division) plus Kansai Paint Sales, which is the subject to calculation and reporting as the activity amount, was multiplied by the by-fuel values in the Ministry of the Environment's public DB Ver. 3.3 and IDEA Ver. 3.3 as the basic unit. The applicable scope included two locations, the Head Office and KNPL (India), and the sum of the locations was calculated.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

Upstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Please explain

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

9,935

Emissions calculation methodology

The activity amount (annual by-type waste disposal amount) was multiplied by the by-type emission intensity values in the Ministry of the Environment's public DB Ver. 3.3. The applicable scope included two locations, the Head Office and KNPL (India), and the sum of the locations was calculated.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

2,496

Emissions calculation methodology

The number of employees in each region was multiplied by business days and emission intensity for each region. The applicable scope included two locations, the Head Office and KNPL (India), and the total of both locations was calculated.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

2,746

Emissions calculation methodology

Annual energy consumption at leased assets by type was multiplied by the by-type emission intensity. The applicable scope included two locations, the Head Office and KNPL (India), and the total of both locations was calculated.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

Upstream leased assets

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,156

Emissions calculation methodology

Annual energy consumption at leased assets by type was multiplied by the by-type emission intensity. The applicable scope included two locations, the Head Office and KNPL (India), and the total of both locations was calculated.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The Head Office is out of scope; as Scope 3 it has zero emissions, since all company-leased properties are covered by Scope 1 & 2. The applicable scope included two locations, the Head Office and KNPL (India).

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

49,656

Emissions calculation methodology

Calculated using the ton-kilo meter shipping method. However, a clear distinction between own-company and other companies could not be made.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

Processing of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

12

Emissions calculation methodology

In-can and in-store tinting color mixing by sales representatives.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

Use of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,877,962

Emissions calculation methodology

Estimates were calculated from data relating to major-customer use of principal automotive products, using a calculation method agreed on with the customer. For industry, calculations are based on estimated use of principal products.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The target scope is two location, i.e., Head Office and KNPL (India).

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Disposal of coated product was excluded because the amount was negligible. The amount not coated due to losses in coating efficiency was excluded.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

Since this is not applicable, the emissions is considered zero and not be included in the calculation.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Since there is no franchise, the emissions is considered zero and not be included in the calculation.

Investments

Evaluation status

Relevant, not yet calculated

Please explain

A company with equity method of accounting applies to the Head Office, but the calculation method is pending.

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) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

Change from last year

No

(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

0.0004170983

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

266,631

Metric denominator

External Sales Amount

Metric denominator: Unit total

639,251,031,513.6

Scope 2 figure used

Location-based

Reason for change

Improved the data coverage within the Group..

C7 Emissions breakdown

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

Change from last year

Yes

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

Greenhouse gas	Scope 1 emissions (metric tons in CO2e)	GWP Reference
CO2	75,009	Other, please specify n/a as already CO2 emissions.
CH4	0	Other, please specify Zero emissions.
N2O	0	Other, please specify Zero emissions.
HFCs	0	Other, please specify Zero emissions.
PFCs	0	Other, please specify

		Zero emissions.
SF6	0	Other, please specify Zero emissions.
NF3	0	Other, please specify Zero emissions.

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

Country/area/region	Scope 1 emissions (metric tons CO2e)
Japan	21,412
India	6,159
China Other, please specify: Other Asia	160 2,153
Europe	44,976
North America	148

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

Change from last year

By business division

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

Business division	Scope 1 emissions (metric tons CO2e)
Head Office: Production Section	12,026
Head Office: Non-Production Section	4,628
Domestic Affiliates	4,758
Oversea Affiliates	53,597

(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.

Sector production activity	Gross Scope 1 emissions, metric tons CO2e	Comment

Chemicals production activities	75,009	

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

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Japan	28,488	
India	39,717	
China	7,536	
Other, please specify: Other Asia	28,699	
Europe	86,618	
North America	564	

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

Change from last year

By business division

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

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Head Office: Production Section	12,596	
Head Office: Non-Production Section	8,433	
Domestic Affiliates	7,459	
Oversea Affiliates	163,134	

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

Change from last year

Yes

(C7.7a) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Subsidiary name Intensity figure

Kansai Helios Coatings GmbH

Primary activity

Other basic Chemicals

Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

Scope 1 emissions (metric tons CO2e)

39,504

Scope 2, location-based emissions (metric tons CO2e)

75,235

Subsidiary name Intensity figure

Kansai Nerolac Paints Ltd.

Primary activity

Other basic Chemicals

Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

Scope 1 emissions (metric tons CO2e)

6,159

Scope 2, location-based emissions (metric tons CO2e)

39,717

Subsidiary name Intensity figure

Kansai Altan Boya Sanayi ve Ticaret A.Ş.

Primary activity

Other basic Chemicals

Select the unique identifier(s) you are able to provide for this subsidiary

No unique identifier

Scope 1 emissions (metric tons CO2e)

5,032

Scope 2, location-based emissions (metric tons CO2e)

11,027

(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.

Sector production activity	Scope 2, location-based, metric tons CO2e	Scope 2, market-based (if applicable), metric tons CO2e	Comment
Chemicals production activities*	66,576		The value obtained by subtracting the non-production divisions of the headquarters from the global Scope 2.

(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 tCO2e from purchased feedstock	Explain calculation methodology
Other (please specify) Pigments	27	CO2 emissions from the purchased raw materials in FY2022 were calculated by multiplying the purchased raw materials by emissions factors in the greenhouse gas emissions unit database for organizations throughout the supply chain (IDEA Ver. 2.4). The percentage was calculated by dividing 166,714 metric tonnes of the applicable

		items (including inorganic and organic pigments) by the total emissions from 619,467 metric tonnes of the purchased raw materials.
Other (please specify) Resins	26	CO2 emissions from the purchased raw materials in FY2022 were calculated by multiplying the purchased raw materials by emissions factors in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was calculated by dividing 163,872 metric tonnes of the applicable items (including epoxy and acrylic resins) by the total emissions from 619,467 metric tonnes of purchased raw materials.
Other base chemicals	14	CO2 emissions from the purchased raw materials in FY2022 were calculated by multiplying the purchased raw materials by emissions factors in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was calculated by dividing 86,020 metric tonnes of applicable items (including monomers) by total emissions from 619,467 metric tonnes of the purchased raw materials.
Other (please specify) Synthetic organic solvents	16	CO2 emissions from the purchased raw materials in FY2022 were calculated by multiplying the purchased raw materials by emissions factors in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was calculated by dividing 98,917 metric tonnes of applicable items (including alcohol solvents and ester solvents) by total emissions from 619,467 metric tonnes of the purchased raw materials.
Other (please specify)	3	CO2 emissions from the purchased raw materials in FY2022 were calculated by multiplying the purchased raw materials by emissions factors in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was calculated by dividing 18,931 metric tonnes of applicable items (including

Petroleum refining solvents		toluene, xylene, and mineral spirits) by the total emissions from the 619,467 metric tonnes of the purchased raw materials.
Specialty chemicals	14	CO2 emissions from the purchased raw materials in FY2022 were calculated by multiplying the purchased raw materials by emissions factors in the greenhouse gas emissions unit database for organizations throughout the supply chain. The percentage was calculated by dividing 85,013 metric tonnes of applicable items (including catalysts and surfactants) by total emissions from 619,467 metric tonnes of the purchased raw materials.

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

Output product	Sales, metric tons	Comment
Carbon dioxide (CO2)	0	We do not sell this product
Methane (CH4)	0	We do not sell this product
Nitrous oxide (N2O)	0	
Hydrofluorocarbons (HFC)	0	We do not sell this product

Perfluorocarbons (PFC)	0	We do not sell this product
Sulphur hexafluoride (SF6)	0	We do not sell this product
Nitrogen trifluoride (NF3)	0	We do not sell this product

(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?

Overall, no change

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

Reason	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption Other emissions reduction activities			6.7	Increased from 5.6% to 6.7%

Divestment Acquisitions Mergers Change in output Change in methodology Change in boundary Change in physical operating conditions				Improved the data coverage
Unidentified				
Other				

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8 Energy

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

Activity	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) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

Activity	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable + non-renewable) MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value	46,917	379,395	426,312
Consumption of purchased or acquired electricity			240,737	240,737
Consumption of purchased or acquired heat			310,892	310,892
Consumption of purchased or acquired steam			17,313	17,313
Consumption of purchased or acquired cooling			1,349	1,349
Consumption of self-generated non-fuel renewable energy		21,354		21,354
Total energy consumption		68,271	949,686	1,017,957

(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

46,917

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

355,113

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

0

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

402,030

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)

221,614

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

0

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

221,614

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)

310,892

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

0

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

310,892

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)

17,313

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

0

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

17,313

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)

1,349

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

0

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

1,349

Consumption of self-generated non-fuel renewable energy

MWh consumed from renewable sources inside chemical sector boundary

21,354

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

0

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

21,354

Total energy consumption

MWh consumed from renewable sources inside chemical sector boundary

68,271

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

906,281

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

0

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

974,552

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

Fuel application	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) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

46,917

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

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

30,955

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

Used Heavy Oil-A, Light Oil, Lamp Oil, Gasoline and LPG

Gas

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

348,440

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

City Gas

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

Total fuel

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

426,312

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

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

Energy Carrier	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	21,420	21,263	21,420	21,263
Heat				
Steam				
Cooling				

(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)

21,420

Generation that is consumed inside chemicals sector boundary (MWh)

21,263

Generation from renewable sources inside chemical sector boundary (MWh)

21,420

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) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Japan

Consumption of purchased electricity (MWh)

64,559

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

64,559

Country/area

Indea

Consumption of purchased electricity (MWh)

50,275

Consumption of self-generated electricity (MWh)

20,571

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

46,917

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

117,763

Country/area

China

Consumption of purchased electricity (MWh)

11,484

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

2,345

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

13,829

Country/area

Other, please specify

Other Asia

Consumption of purchased electricity (MWh)

46,559

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

6,516

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

53,075

Country/area

Other, please specify

Europe

Consumption of purchased electricity (MWh)

66,223

Consumption of self-generated electricity (MWh)

780

Consumption of purchased heat, steam, and cooling (MWh)

320,693

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

387,696

Country/area

Other, please specify

North America

Consumption of purchased electricity (MWh)

1,597

Consumption of self-generated electricity (MWh)

0

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

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

1,597

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

Change from last year

No

C9 Additional metrics

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

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

Output product

Other, please specify

Coating products

Production (metric tons)

1,371,661

Capacity (metric tons)

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

194

Electricity intensity (MWh per metric ton of product)

0.19

Steam intensity (MWh per metric ton of product)

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

Comment

(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
Yes	In paints and coating systems development, we are promoting environmentally friendly paint and coating technologies to contribute sustainably to society. We continue to promote R&D to expand and diversify the process- and energy-efficient technologies that are highly regarded as environmentally friendly, such as coating systems with fewer baking cycles, and are engaged in the design of materials, including low-temperature curing and thin-film systems, that further reduce the impact on the environment.

(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 (unit currency as selected in C0.4) (optional)	Average % of total R&D investment planned over the next 5 years	Explain how your R&D investment in this technology area is aligned with your climate commitments

					and/or climate transition plan
Other, please specify Our environmental accounting (based on the guideline set by the ministry of the environment)	Applied research and development	5			We are making investments required for the energy efficiency and the global warming prevention, etc.
Other, please specify Thermal barrier paints (roads and construction materials)	Large scale commercial deployment	5			
Other, please specify Electrodeposition paints	Large scale commercial deployment	5			
Other, please specify Lithium-ion batteries	Applied research and development	5			

C10 Verification

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

Change from last year

New question for minimum version only

Response options

Please complete the following table:

Scope	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 third-party verification or assurance

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

Question dependencies

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) Has your organization canceled any project-based carbon credits within the reporting year?

Change from last year

No

C12 Engagement

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

Yes, our suppliers

Yes, our customers/clients

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

Type of engagement

Information collection (understanding supplier behaviour)

Details of engagement

Collect climate-related risk and opportunity 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

Progress measurement method

We collect information from suppliers once a year under the following green procurement policy.

Policy
1) Procurement from responsible (CSR-compliant) suppliers: Adherence to domestic and international laws and regulations regarding chemical substance restrictions including RoHS, ELV, REACH, and the Act on the Regulation of Manufacture and Evaluation of Chemical Substances; cooperation with surveys we carry out regarding presence of chemical substances; establishment, maintenance and enhancement of environmental management systems through ISO 14001 and other certifications.
2) Procurement of sustainable materials (products, raw materials, auxiliary materials, parts, etc.): Materials that do not contain the hazardous substances or that have had them removed; that take into account the preservation of the sustainable resources, or biodiversity in the procurement of such resources (materials that employ reused, reduced, and recycled products, that use inedible biomass, or whose manufacturing, distribution, and specifications involve reduction of greenhouse gas emissions including CO2); that benefit the standard of living of production laborers, or that consider the regional environment; that consider the labor environment and human rights of production laborers; that do not infringe on the rights of persons resident in the production region; that do not involve the use of conflict minerals mined in the Republic of the Congo or surrounding countries.

In addition, we plan to require, at minimum, our top 120 suppliers to disclose their CDP reports

Impact of engagement on our company
Our supplier selection is based on our green procurement policy and contributes to stable as well as sound raw material procurement.
Moreover, by requiring such disclosure, our supplier selection will reflect not only our own efforts, but also comprehensive third-party evaluations, thereby enhancing the stability and soundness of our raw material procurement.

Comment

(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

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

79

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

Automobile manufacturers and industrial coating customers account for approximately 79% of Scope 3 emissions, and are our main target for reducing such emissions.

Impact of engagement, including measures of success

Progress measurement method

Number of manufacturing lines of, and sales to, automobile manufacturers and industrial coating customers using our paints

Impact of engagement on our company

Coating lines of automobile manufacturers and industrial coating customers emit relatively large amounts of CO2, and reducing these emissions is an important issue. Our company researches and develops the environmentally friendly energy- and process-efficient technologies benefitting customers, including low-temperature curing systems that make the coating process more energy-efficient. We understand that engagement with automobile manufacturers and industrial coating customers is very important, from an environmental impact perspective as well as from a sales maintenance and growth perspective.

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

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

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

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 to protect the environment, and ensure health and safety, in all chemical product processes from development, manufacturing, distribution, use, and final consumption to disposal, and to publicize the benefits of these activities to promote dialogue and communication with society).

As a JCIA member, we endorse Responsible Care activities and issue the relevant information within the industry to confirm that our activities are consistent with the direction of the industry

(C12.3b) Provide details of the trade associations your organization is a member of, or 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?

No, we did not attempt to influence 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)

As a Keidanren member, we endorse Keidanren policies and intend to conduct business activities in accordance with Keidanren guidelines and cooperation requests.

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

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?

Consistent

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

No, we did not attempt to influence 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.

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

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?

No, we did not attempt to influence 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 Japan Paint Manufacturers Association (JPMA) member, and intend to conduct business activities in accordance with the guidelines and cooperation requests issued by JPMA. We are involved in the formulation and determination of association guidelines and other decision-making through participation in the chairmanship and other key JPMA offices, and dispatch employees to participate in specialized association subcommittees and other groups. We also endorse JPMA's Coating Care initiative.

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

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) 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).

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/sustainability/library/integratedreport.html
https://www.kansai.com/sustainability/library/integratedreport.html

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment*
We are not a signatory/member of any collaborative framework, initiative and/or commitment related to environmental issues	

C15 Biodiversity

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

Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity*
Yes, both board-level oversight and executive management-level responsibility	We regard the preservation of biodiversity in our business activities as an important issue for our customers and our company. 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. We will continue to control the use of substances that have a significant adverse impact on the natural environment.

(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
No, but we plan to do so within the next 2 years

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

Type of assessment	Indicate whether your organization undertakes this type of assessment
Impacts on biodiversity	No, but we plan to within the next two years
Dependencies on biodiversity	No, but we plan to within the next two years

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

Change from last year

No

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

Change from last year

No change (2022 C15.4)

Connection to other frameworks

SDG

Goal 15: Life on Land

Response options

Please complete the following table:
(*column/row appearance is dependent on selections in this or other questions)

Have you taken any actions in the reporting period to progress your biodiversity-related commitments?

No, we are not taking any actions to progress our biodiversity-related commitments, but we plan to within the next two years

(C15.6) 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
No, we do not use indicators, but plan to within the next two years	Response indicators

(C15.7) 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*
No publications		

C16 Signoff

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

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

SC Supply chain

(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 FY2022 were 509.1 billion yen. In regional segment net sales, Japan accounted for 152.5 billion yen (30%); India, 127.5 billion yen (25%); Europe, 112.1 billion yen (22%); Asia, 68.1 billion yen (13%); Africa, 41.8 billion yen (8%); and North America, 7.0 billion yen (1%). In terms of sales by business sector, the automotive coatings sector made up 29% of sales, the industrial coatings sector 25%, the architectural coatings sector 28%, and the marine and other coatings sector 18%.

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

Annual revenue
509,070,000,000

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

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

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

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

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