Nippon Paint Holdings Co., Ltd.

2024 CDP Corporate Questionnaire 2024

Word version

Important: this export excludes unanswered questions
This document is an export of your organization's CDP questionnaire response. It contains all data points for questions that are answered or in progress. There may be questions or data points that you have been requested to provide, which are missing from this document because they are currently unanswered. Please note that it is your responsibility to verify that your questionnaire response is complete prior to submission. CDP will not be liable for any failure to do so.
Terms of disclosure for corporate questionnaire 2024 - CDP

09/25/2024, 04:56 am

Contents

C1. Introduction

(1.1) In which language are you submitting your response?

Select from:

☑ Japanese

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

Select from:

☑ JPY

(1.3) Provide an overview and introduction to your organization.

(1.3.2) Organization type

Select from:

☑ Publicly traded organization

(1.3.3) Description of organization

Japan: 29 Group companies comprising NPHD (headquarters) and its consolidated subsidiaries, with a total of 3,433 employees
Asia: 145 consolidated subsidiaries with a total of 20,444 employees
Oceania: 169 consolidated subsidiaries with a total of 8,066 employees
Americas: 7 consolidated subsidiaries with a total of 2,396 employees [Our Businesses] We are a comprehensive paint and coatings manufacturer providing a broad range of products and services, including automotive coatings, decorative paints (for buildings, bridges, and other large structures), industrial coatings (for construction machinery, agricultural machinery, exterior building materials, office equipment, household electrical appliances, etc.), and paints for marine coatings, auto refinish, DIY, and roads, as well as surface treatments and systems for enhancing painting efficiency.[Revenue by Region]
Japan: 201,493 million yen
Asia (excluding Japan): 771,518 million yen
Oceania: 360,398 million yen
Americas: 109,164 million yen [Revenue by Business Segment]
Automotive Coatings: 182,411 million yen

Decorative Paints: 909,678 million yen
Industrial Coatings: 90,196 million yen
Fine Chemicals: 20,251 million yen
Other Paints: 80,964 million yen
Adjacencies Business: 159,072 million yen Company Name: Nippon Paint Holdings Co., Ltd. (NPHD)
Founded: March 14, 1881
Capital: 671,432 million yen
Number of Employees: 54 (NPHD); 34,393 (Consolidated) (as of December 31, 2023)
Representatives:
Yuichiro Wakatsuki, Director, Representative Executive Officer & Co-President
Wee Siew Kim, Director, Representative Executive Officer & Co-President
[Fixed row]

(1.4) State the end date of the year for which you are reporting data. For emissions data, indicate whether you will be providing emissions data for past reporting years.

(1.4.1) End date of reporting year

December 30, 2023

(1.4.2) Alignment of this reporting period with your financial reporting period

Select from:
☑ Yes

(1.4.3) Indicate if you are providing emissions data for past reporting years

Select from:
☑ Yes

(1.4.4) Number of past reporting years you will be providing Scope 1 emissions data for

Select from:
☑ 4 years

(1.4.5) Number of past reporting years you will be providing Scope 2 emissions data for

Select from:

☑ 2 years

(1.4.6) Number of past reporting years you will be providing Scope 3 emissions data for

Select from:

☑ 3 years

[Fixed row]

(1.4.1) What is your organization’s annual revenue for the reporting period?

1442574

(1.5) Provide details on your reporting boundary.

	Is your reporting boundary for your CDP disclosure the same as that used in your financial statements?
	Select from: ☑ Yes

[Fixed row]

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

ISIN code - bond

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ Yes

(1.6.2) Provide your unique identifier

JP3749400002

ISIN code - equity

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ Yes

(1.6.2) Provide your unique identifier

JP3749400002

CUSIP number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

Ticker symbol

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

SEDOL code

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

LEI number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

D-U-N-S number

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

Other unique identifier

(1.6.1) Does your organization use this unique identifier?

Select from:

☑ No

[Add row]

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

Select all that apply

☑ Japan

(1.8) Are you able to provide geolocation data for your facilities?

	Are you able to provide geolocation data for your facilities?	Comment
	Select from: ☑ Yes, for all facilities	-

[Fixed row]

(1.8.1) Please provide all available geolocation data for your facilities.

Row 1

(1.8.1.1) Identifier

Czech Republic

(1.8.1.2) Latitude

50.0418

(1.8.1.3) Longitude

14.2413

(1.8.1.4) Comment

-

Row 2

(1.8.1.1) Identifier

Guangzhou

(1.8.1.2) Latitude

22.5743

(1.8.1.3) Longitude

113.2139

(1.8.1.4) Comment

-

Row 3

(1.8.1.1) Identifier

Indonesia

(1.8.1.2) Latitude

6.2942

(1.8.1.3) Longitude

107.3034

(1.8.1.4) Comment

-

Row 4

(1.8.1.1) Identifier

Mexico

(1.8.1.2) Latitude

20.5714

(1.8.1.3) Longitude

101.2542

(1.8.1.4) Comment

-

Row 5

(1.8.1.1) Identifier

Hirakata, Japan

(1.8.1.2) Latitude

34.834734

(1.8.1.3) Longitude

135.695993

Row 6

(1.8.1.1) Identifier

Hiroshima, Japan

(1.8.1.2) Latitude

34.362531

(1.8.1.3) Longitude

132.481322

Row 7

(1.8.1.1) Identifier

Tianjin

(1.8.1.2) Latitude

39.0312

(1.8.1.3) Longitude

117.1144

Row 8

(1.8.1.1) Identifier

Taiwan

(1.8.1.2) Latitude

23.0227

(1.8.1.3) Longitude

120.131

Row 9

(1.8.1.1) Identifier

Taketoyo, Japan

(1.8.1.2) Latitude

34.826653

(1.8.1.3) Longitude

136.894034

Row 11

(1.8.1.1) Identifier

South Korea

(1.8.1.2) Latitude

36.4957

(1.8.1.3) Longitude

127.0619

Row 12

(1.8.1.1) Identifier

Türkiye

(1.8.1.2) Latitude

40.5251

(1.8.1.3) Longitude

29.2312

Row 13

(1.8.1.1) Identifier

India

(1.8.1.2) Latitude

28.3227

(1.8.1.3) Longitude

77.1635

Row 14

(1.8.1.1) Identifier

Brazil

(1.8.1.2) Latitude

23.0115

(1.8.1.3) Longitude

46.5926

Row 15

(1.8.1.1) Identifier

Wuhan

(1.8.1.2) Latitude

30.2802

(1.8.1.3) Longitude

114.0903

Row 16

(1.8.1.1) Identifier

Thailand

(1.8.1.2) Latitude

13.4444

(1.8.1.3) Longitude

101.0791

Row 17

(1.8.1.1) Identifier

Saitama, Japan

(1.8.1.2) Latitude

36.129659

(1.8.1.3) Longitude

139.655649

Row 18

(1.8.1.1) Identifier

Tochigi, Japan

(1.8.1.2) Latitude

36.544975

(1.8.1.3) Longitude

139.898712

Row 19

(1.8.1.1) Identifier

Takahama, Japan

(1.8.1.2) Latitude

34.952327

(1.8.1.3) Longitude

136.99029

Row 20

(1.8.1.1) Identifier

UK

(1.8.1.2) Latitude

51.3458

(1.8.1.3) Longitude

1.4527

Row 21

(1.8.1.1) Identifier

USA

(1.8.1.2) Latitude

41.351

(1.8.1.3) Longitude

87.3253

Row 22

(1.8.1.1) Identifier

Hofu, Japan

(1.8.1.2) Latitude

34.016928

(1.8.1.3) Longitude

131.519344

Row 23

(1.8.1.1) Identifier

Nanjing

(1.8.1.2) Latitude

32.1707

(1.8.1.3) Longitude

118.4951

Row 24

(1.8.1.1) Identifier

Okayama, Japan

(1.8.1.2) Latitude

35.048922

(1.8.1.3) Longitude

134.111201

Row 25

(1.8.1.1) Identifier

Chiba, Japan

(1.8.1.2) Latitude

35.537325

(1.8.1.3) Longitude

140.401154
[Add row]

(1.14) In which part of the chemicals value chain does your organization operate?

Other chemicals

☑ Specialty organic chemicals

(1.24) Has your organization mapped its value chain?

(1.24.1) Value chain mapped

Select from:

☑ Yes, we have mapped or are currently in the process of mapping our value chain

(1.24.2) Value chain stages covered in mapping

Select all that apply

☑ Upstream value chain

☑ Downstream value chain

(1.24.3) Highest supplier tier mapped

Select from:

☑ Tier 1 suppliers

(1.24.4) Highest supplier tier known but not mapped

Select from:

☑ All supplier tiers known have been mapped

(1.24.7) Description of mapping process and coverage

We aim to realize MSV (Maximization of Shareholder Value) through sustainable procurement that incorporates ESG principles into our procurement process and decision-making. To achieve this, we proactively engage in communication throughout the value chain so as to ensure responsible product manufacturing based on the concept of product stewardship. We communicate with our major suppliers (upstream stakeholders), who are directly involved in the manufacture of our products, as well as our major customers, who are our business partners, and waste disposal companies (downstream stakeholders). We strive to understand the situation of each stakeholder by keeping track of our stakeholders through questionnaire surveys and other means.
[Fixed row]

(1.24.1) Have you mapped where in your direct operations or elsewhere in your value chain plastics are produced, commercialized, used, and/or disposed of?

	Plastics mapping	Primary reason for not mapping plastics in your value chain	Explain why your organization has not mapped plastics in your value chain
	Select from: ☑ No, but we plan to within the next two years	*Select from:* ☑ Not an immediate strategic priority	*We recognize that reducing the amounts of used and disposed plastic is one of the important challenges facing the global environment, and we are currently exploring an implementation system for mapping.*

[Fixed row]

C2. Identification, assessment, and management of dependencies, impacts, risks, and opportunities

(2.1) How does your organization define short-, medium-, and long-term time horizons in relation to the identification, assessment, and management of your environmental dependencies, impacts, risks, and opportunities?

Short-term

(2.1.1) From (years)

0

(2.1.3) To (years)

3

(2.1.4) How this time horizon is linked to strategic and/or financial planning

In studies of environmental impacts, the period up to Year 2030 is regarded as the medium term and the period up to 2050 as the long term, while a period from zero to three years that corresponds to our medium-term management plan is defined as the "short term" in such studies.

Medium-term

(2.1.1) From (years)

3

(2.1.3) To (years)

10

(2.1.4) How this time horizon is linked to strategic and/or financial planning

In the studies of environmental impacts, the period up to Year 2030 is defined as the medium term and the period up to 2050 as the long term, while a period from three to 10 years is regarded as the "medium term."

Long-term

(2.1.1) From (years)

10

(2.1.2) Is your long-term time horizon open ended?

Select from:

☑ No

(2.1.3) To (years)

30

(2.1.4) How this time horizon is linked to strategic and/or financial planning

Since the period up to Year 2030 is defined as the medium term and the period up to 2050 as the long term in the studies of environmental impacts, a period from 10 to 30 years is defined as the "long term."
[Fixed row]

(2.2) Does your organization have a process for identifying, assessing, and managing environmental dependencies and/or impacts?

(2.2.1) Process in place

Select from:

☑ Yes

(2.2.2) Dependencies and/or impacts evaluated in this process

Select from:

☑ Impacts only

(2.2.4) Primary reason for not evaluating dependencies and/or impacts

Select from:

☑ Not an immediate strategic priority

(2.2.5) Explain why you do not evaluate dependencies and/or impacts and describe any plans to do so in the future

Of the items of materiality we have identified, "Climate Change" and "Resources and Environment" are considered to be of particular importance, and we promote initiatives that focus on impacts on the natural environment. We also recognize the need to understand dependency, which we plan to address in the future through our response to the TNFD.
[Fixed row]

(2.2.1) Does your organization have a process for identifying, assessing, and managing environmental risks and/or opportunities?

	Process in place	Risks and/or opportunities evaluated in this process	Is this process informed by the dependencies and/or impacts process?
	Select from: ☑ Yes	*Select from:* ☑ Both risks and opportunities	*Select from:* ☑ Yes

[Fixed row]

(2.2.2) Provide details of your organization's process for identifying, assessing, and managing environmental dependencies, impacts, risks, and/or opportunities.

Row 1

(2.2.2.1) Environmental issue

Select all that apply

☑ Climate change

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

☑ Impacts

☑ Risks

☑ Opportunities

(2.2.2.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

☑ Downstream value chain

(2.2.2.4) Coverage

Select from:

☑ Full

(2.2.2.5) Supplier tiers covered

Select all that apply

☑ Tier 1 suppliers

(2.2.2.7) Type of assessment

Select from:

☑ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

☑ Annually

(2.2.2.9) Time horizons covered

Select all that apply

☑ Short-term

☑ Medium-term

☑ Long-term

(2.2.2.10) Integration of risk management process

Select from:

☑ Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

☑ Site-specific

☑ Local

☑ Sub-national

☑ National

(2.2.2.12) Tools and methods used

International methodologies and standards

☑ Environmental Impact Assessment

☑ IPCC Climate Change Projections

☑ ISO 14001 Environmental Management Standard

Other

☑ Desk-based research

☑ Materiality assessment

☑ Partner and stakeholder consultation/analysis

(2.2.2.13) Risk types and criteria considered

Acute physical

☑ Cyclones, hurricanes, typhoons

☑ Flood (coastal, fluvial, pluvial, ground water)

☑ Heavy precipitation (rain, hail, snow/ice)

☑ Storm (including blizzards, dust, and sandstorms)

Chronic physical

☑ Water stress

☑ Temperature variability

☑ Precipitation or hydrological variability

☑ Increased severity of extreme weather events

☑ Changing temperature (air, freshwater, marine water)

☑ Changing precipitation patterns and types (rain, hail, snow/ice)

Policy

☑ Carbon pricing mechanisms

☑ Changes to national legislation

Market

☑ Availability and/or increased cost of raw materials

Reputation

☑ Increased partner and stakeholder concern and partner and stakeholder negative feedback

(2.2.2.14) Partners and stakeholders considered

Select all that apply

☑ Customers

☑ Employees

☑ Investors

☑ Regulators

☑ Suppliers

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:

☑ No

(2.2.2.16) Further details of process

In regard to sustainability, a priority issue that we must respond to as a business, five Global Teams have been formed based on the items of materiality, including climate-related issues, directly under the Directors, Representative Executive Officers & Co-Presidents, who have ultimate responsibility, and five business leaders have been taking the initiative in carrying out sustainability initiatives on a global basis since 2022. We identify and assess significant impacts, risks, and opportunities by direct operations and by each segment of the value chain under this structure over time (on a short-, medium-, and long-term basis). Regarding the significance of the identified impacts, risks, and opportunities, we determine the level of their importance based on the rationale, scope, business opportunities, and time frame, using the following criteria: the area most directly related to our operations (raw material usage, energy and water consumption, and CO_2 emissions in the manufacturing process) and external factors (user needs during use and needs for product functions). The Global Teams set targets and develop action plans for the identified climate-related risks, and report on and propose them to the Co-Presidents. At domestic Group companies, it is considered whether to mitigate, transition, accept, and control the identified climate-related risks or invest in the opportunities, and, at the Sustainability Council, a sub-organization of the Responsible Care Committee, business plans and other measures in line with the above targets and action plans are autonomously formulated to proceed with the response. Domestic Group companies report on their activities to the Global Teams for global risk assessments on a short-, medium-, and long-term basis several times a year. The Global Teams report on their progress directly to the Co-Presidents, who in turn report on their progress and suggestions to the Board of Directors whenever necessary (approximately four times a year), thus allowing the Board of Directors to monitor sustainability activities.

Row 2

(2.2.2.1) Environmental issue

Select all that apply

☑ Water

(2.2.2.2) Indicate which of dependencies, impacts, risks, and opportunities are covered by the process for this environmental issue

Select all that apply

☑ Impacts

☑ Risks

☑ Opportunities

(2.2.2.3) Value chain stages covered

Select all that apply

☑ Direct operations

☑ Upstream value chain

☑ Downstream value chain

(2.2.2.4) Coverage

Select from:

☑ Full

(2.2.2.5) Supplier tiers covered

Select all that apply

☑ Tier 1 suppliers

(2.2.2.7) Type of assessment

Select from:

☑ Qualitative and quantitative

(2.2.2.8) Frequency of assessment

Select from:

☑ More than once a year

(2.2.2.9) Time horizons covered

Select all that apply

☑ Short-term

☑ Medium-term

☑ Long-term

(2.2.2.10) Integration of risk management process

Select from:

☑ Integrated into multi-disciplinary organization-wide risk management process

(2.2.2.11) Location-specificity used

Select all that apply

☑ Site-specific

☑ Local

☑ Sub-national

☑ National

(2.2.2.12) Tools and methods used

Commercially/publicly available tools

☑ WRI Aqueduct

☑ Other commercially/publicly available tools, please specify: Supplier Assessment by Global Compact Network Japan

International methodologies and standards

☑ Environmental Impact Assessment

☑ ISO 14001 Environmental Management Standard

Databases

☑ Nation-specific databases, tools, or standards

☑ Regional government databases

Other

☑ Materiality assessment

☑ Partner and stakeholder consultation/analysis

(2.2.2.13) Risk types and criteria considered

Chronic physical

☑ Increased ecosystem vulnerability

☑ Water availability at a basin/catchment level

☑ Water quality at a basin/catchment level

Policy

☑ Increased difficulty in obtaining water withdrawals permit

☑ Introduction of regulatory standards for previously unregulated contaminants

☑ Limited or lack of river basin management

☑ Mandatory water efficiency, conservation, recycling, or process standards

☑ Statutory water withdrawal limits/changes to water allocation

Market

☑ Inadequate access to water, sanitation, and hygiene services (WASH)

(2.2.2.14) Partners and stakeholders considered

Select all that apply

☑ Customers

☑ Local communities

☑ Employees
☑ Investors
☑ Suppliers
☑ Regulators
☑ Other water users at the basin/catchment level

(2.2.2.15) Has this process changed since the previous reporting year?

Select from:
☑ No

(2.2.2.16) Further details of process

We recognize the importance of identifying, understanding, managing, and improving the impact on sustainability, including water issues, throughout the lifecycle of our products. For this reason, we use a variety of tools and methods to identify and assess the impacts, risks, and opportunities related to water issues over time (on a short-, medium-, and long-term basis). The scope of impact assessment covers direct operations and upstream and downstream stakeholders in the value chain. For direct operations, the scope also includes local communities around our plants. Through Responsible Care activities, we aim to understand and manage the impact and safety of the chemical substances we handle. As a management system, we have established a Responsible Care Committee within NPHD, which sets goals and implements action plans and receives supervision and guidance from the Directors of the Board. We also conduct regular management reviews through external ISO 14001 audits and internal Responsible Care audits. To assess risks and opportunities related to our direct operations, we use the Chemicals index of WRI Aqueduct and conduct assessments of our seven major plants in Japan from the present to the future. For sites deemed to be at high risk based on the analysis results, we use hazard maps developed by local governments to conduct a detailed assessment of such risks. For our suppliers, we survey their environmental efforts using the "Supplier ESG Assessment" and the "Procurement Self-Assessment Tool" developed by UNGC Japan in order to identify areas that need improvement. Regarding customers, we work to estimate water risks by exchanging information through product sales and transactions and engagement activities with us.
[Add row]

(2.2.7) Are the interconnections between environmental dependencies, impacts, risks and/or opportunities assessed?

(2.2.7.1) Interconnections between environmental dependencies, impacts, risks and/or opportunities assessed

Select from:
☑ Yes

(2.2.7.2) Description of how interconnections are assessed

To further strengthen our efforts to combat climate change and environmental issues, we promote activities through our Environment & Safety Team to address the items of materiality related to identified environmental challenges. This Team is responsible for the management of environmental impacts, risks, and opportunities through Responsible Care activities. The Team is made up of senior leaders from the environmental and safety departments of each Partner Company Group (PCG), who are tasked with keeping track of the progress of activities across the Group and formulating common indicators. We have also established a Responsible Care Committee, which sets goals and develops specific activity plans. At the Safety and Environment Council and the Product Safety Council, which are Group meetings held in Japan, information is shared among various companies, and activities relating to the environment, safety, and health are promoted through mutual cooperation. In our Responsible Care activities, we are committed to giving consideration to the environment, safety, and health throughout the entire process from the manufacture of our products to their final consumption and disposal. Each company and plant implements the PDCA cycle and identifies areas for improvement through external ISO 14001 audits and internal RC audits. Management reviews are then conducted on a regular basis to ensure continuous improvement. In this way, we understand the impact of greenhouse gas (GHG) emissions on the atmosphere and the impact of chemical substances on water and soil, and evaluate their interrelationships by identifying and managing the risks and opportunities associated with them.
[Fixed row]

(2.3) Have you identified priority locations across your value chain?

(2.3.1) Identification of priority locations

Select from:

☑ Yes, we have identified priority locations

(2.3.2) Value chain stages where priority locations have been identified

Select all that apply

☑ Direct operations

☑ Upstream value chain

(2.3.3) Types of priority locations identified

Sensitive locations

☑ Areas of limited water availability, flooding, and/or poor quality of water

(2.3.4) Description of process to identify priority locations

Large amounts of water are used during the manufacture of our products as well as the raw materials we procure, and most of our upstream plants that we directly operate are located near rivers. In these river basins, any restrictions on water use, flooding, and deterioration of water quality could have a significant impact on our plant operations. Therefore, we assess water risks at our own plants as well as at the factories of the raw materials we procure through primary screening using Aqueduct. In this screening, if the evaluation result of Aqueduct is Medium-high, which is the third of five levels, it is determined that the response priority is high, and we identify risks in detail using the hazard map of the local government.

(2.3.5) Will you be disclosing a list/spatial map of priority locations?

Select from:

☑ Yes, we will be disclosing the list/geospatial map of priority locations

(2.3.6) Provide a list and/or spatial map of priority locations

240709Aqueduct・Priority Sites・Attachment Released in 2.3.pdf

[Fixed row]

(2.4) How does your organization define substantive effects on your organization?

Risks

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Capital expenditures

(2.4.3) Change to indicator

Select from:

☑ % decrease

(2.4.4) % change to indicator

Select from:

☑ 21-30

(2.4.6) Metrics considered in definition

Select all that apply

☑ Time horizon over which the effect occurs

(2.4.7) Application of definition

(1) Damage exceeding 3% of the amount of net assets on a consolidated basis within the Nippon Paint Group's scope of reporting(2) A 10% or greater change in consolidated net sales within the Nippon Paint Group's scope of reporting from the start-of-year net sales forecast for the relevant fiscal year(3) A 30% or greater change in consolidated ordinary profit within the Nippon Paint Group's scope of reporting from the start-of-year ordinary profit forecast for the relevant fiscal year

Opportunities

(2.4.1) Type of definition

Select all that apply

☑ Qualitative

☑ Quantitative

(2.4.2) Indicator used to define substantive effect

Select from:

☑ Revenue

(2.4.3) Change to indicator

Select from:

☑ % decrease

(2.4.4) % change to indicator

Select from:

☑ 21-30

(2.4.6) Metrics considered in definition

Select all that apply

☑ Time horizon over which the effect occurs

(2.4.7) Application of definition

(1) Damage exceeding 3% of the amount of net assets on a consolidated basis within the Nippon Paint Group's scope of reporting(2) A 10% or greater change in consolidated net sales within the Nippon Paint Group's scope of reporting from the start-of-year net sales forecast for the relevant fiscal year(3) A 30% or greater change in consolidated ordinary profit within the Nippon Paint Group's scope of reporting from the start-of-year ordinary profit forecast for the relevant fiscal year
[Add row]

(2.5) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

(2.5.1) Identification and classification of potential water pollutants

Select from:

☑ Yes, we identify and classify our potential water pollutants

(2.5.2) How potential water pollutants are identified and classified

We identify and classify pollutants in relation to hazardous substances and other items specified in the Japanese Water Pollution Prevention Act and the PRTR system. *We monitor wastewater quality at least once a year to ensure compliance with national standards. Measurement is conducted in accordance with the Japanese Industrial Standard (JIS) K 0102 Testing Methods for Industrial Wastewater. For example, one of the general wastewater standards is that the average phosphorus content per day must not exceed 16 mg/L; however, NPHD conducts regular measurements in accordance with its own voluntary standards that are even stricter than this standard. We strive to prevent water pollution through initiatives such as regular water quality management. As a result, no discharges of harmful substances into our waters were confirmed in FY2023.*
[Fixed row]

(2.5.1) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Row 1

(2.5.1.1) Water pollutant category

Select from:
☑ Phosphates

(2.5.1.2) Description of water pollutant and potential impacts

In line with Responsible Care (RC), which is an initiative by the chemical industry and companies that handle chemical substances throughout the world to voluntarily exercise consideration for the environment, safety, and health throughout the processes of chemical product development, manufacturing, distribution, use, final consumption, and disposal, and to publicize the results of their activities and engage in dialogue and communication with society, we have established the Basic Policy for Responsible Care and are working to reduce the use of chemicals that may be harmful to ecosystems and human health, including water pollution. We identify and classify pollutants regarding hazardous substances and other items specified in the Water Pollution Prevention Act. For items and substances that affect the water quality environment, we have established voluntary standards that are stricter than the statutory standards (in accordance with the Water Pollution Prevention Act), and we control them by regularly measuring the water quality. For example, one of the general wastewater standards is that the average phosphorus content per day must not exceed 16 mg/L, and we manage such items and substances in accordance with our own voluntary standards that are even stricter than this standard. If these controlled substances exceed the standard values and are discharged outside the premises, there is concern about the destruction of the ecosystem in public waters, and if they are discharged into the sewage system, the load will exceed the treatment capacity of the sewage treatment facilities, and there is concern about the impact on the community.

(2.5.1.3) Value chain stage

Select all that apply

☑ Direct operations

(2.5.1.4) Actions and procedures to minimize adverse impacts

Select all that apply

☑ Beyond compliance with regulatory requirements

☑ Industrial and chemical accidents prevention, preparedness, and response

(2.5.1.5) Please explain

[Management method through actions and procedures] We ensure regulatory compliance and undergo regular audits by external auditors regarding our direct operations as part of our actions to minimize the adverse effects of chemical pollutants generated during the manufacturing process. Specifically, for the hazardous substances and Designated Substances specified under the Water Pollution Prevention Act, wastewater is measured with documentation of the results, and a pollution control manager checks compliance with the law if necessary. We also receive external audits based on ISO 14001. Under the PRTR system in addition to the Water Pollution Prevention Act, we grasp, manage, and reduce the amounts of Specific Chemical Substances discharged into the environment by annually reporting to the Japanese government from which source and to what extent the chemical substances we use have been discharged into the environment, including water systems, or transported out of our plants in the form of waste. [Definition of successful actions and procedures] We define success as having zero violations of laws and ordinances during the year. In 2023, our target was achieved with zero violations.
[Add row]

C3. Disclosure of risks and opportunities

(3.1) Have you identified any environmental risks which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

Climate change

(3.1.1) Environmental risks identified

Select from:

☑ Yes, both in direct operations and upstream/downstream value chain

Water

(3.1.1) Environmental risks identified

Select from:

☑ Yes, both in direct operations and upstream/downstream value chain

Plastics

(3.1.1) Environmental risks identified

Select from:

☑ No

(3.1.2) Primary reason why your organization does not consider itself to have environmental risks in your direct operations and/or upstream/downstream value chain

Select from:

☑ Not an immediate strategic priority

(3.1.3) Please explain

-
[Fixed row]

(3.1.1) Provide details of the environmental risks identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.1.1.1) Risk identifier

Select from:
☑ Risk1

(3.1.1.3) Risk types and primary environmental risk driver

Policy
☑ Carbon pricing mechanisms

(3.1.1.4) Value chain stage where the risk occurs

Select from:
☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply
☑ Japan

(3.1.1.9) Organization-specific description of risk

At present, anti-global warming tax costs 289 yen for every ton of GHG emissions in Japan. In 2022, our Scope 1 and 2 emissions were approximately 43,000 tons in Japan, which has already triggered an increase in manufacturing energy costs of approximately 12.4 million yen (43,000 t-CO_2 x 289 yen/t-CO_2 = 12.43 million yen) due to carbon price hikes. Given the recent rise in awareness of anti-climate-change measures, this tax is likely to increase. Should this happen, the energy costs of our operations will further increase, and additional costs will be incurred for establishing new infrastructure and developing technology in order to achieve carbon-free operations, which in turn will push up the cost of our goods sold. According to the IEA, if the world achieves further decarbonization (i.e., the 2°C scenario is realized), carbon prices in developed countries, including Japan, will rise to approximately 15,600 yen/t-CO_2 by 2030. When we consider the possibility of our emissions increasing as our business continues to expand, the impact that carbon prices may have on our operational costs becomes worryingly large. Even if we base our assumptions on the "business as usual" scenario (the 4°C scenario), where the current global decarbonization policies remain the same, the present level of expenses will continue to be incurred if we do not further reduce our Scope 1 and 2 emissions in Japan. Specifically, if the Japanese carbon price increased from 289 yen to 15,600 yen, and assuming that Scope 1 and 2 emissions of 43,000 t-CO_2 remained constant through 2030, the manufacturing energy costs associated with carbon prices would increase from 12.4 million yen to 671 million yen, which means that the manufacturing energy costs would be expected to increase from 0.2% to 12.7% of our consolidated operating profit in Japan in 2022 of 5,296 million yen.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Increased capital expenditures

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Medium-term

☑ The risk has already had a substantive effect on our organization in the reporting year

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Very likely

(3.1.1.14) Magnitude

Select from:

☑ High

(3.1.1.15) Effect of the risk on the financial position, financial performance and cash flows of the organization in the

reporting year

Anti-global warming tax costs 289 yen for every ton of GHG emissions in Japan. In 2023, our Scope 1 and 2 emissions were approximately 41,696 t- CO_2 in Japan, which has already triggered an increase in manufacturing energy costs of approximately 12 million yen (41,696 t-CO_2 x 289 yen/t-CO_2 = 12 million yen) due to carbon price hikes. This increased energy cost results in further business operating costs. Furthermore, this necessitates extra expenses for additional investments and the purchase of carbon credits to reduce emissions, resulting in expenditures on both the CAPEX and OPEX sides.

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Even if we base our assumptions on the "business as usual" scenario (the 4°C scenario), where the current global decarbonization policies remain the same, the present level of expenses will continue to be incurred if we do not further reduce our Scope 1 and 2 emissions in Japan. Since this results in extra expenses for additional investments and the purchase of carbon credits to reduce emissions, we expect that expenditures on both the CAPEX and OPEX sides will incur.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.18) Financial effect figure in the reporting year (currency)

12000000

(3.1.1.21) Anticipated financial effect figure in the medium-term – minimum (currency)

124000000

(3.1.1.22) Anticipated financial effect figure in the medium-term – maximum (currency)

670000000

(3.1.1.25) Explanation of financial effect figure

The IEA estimates that even if the world does not achieve decarbonization consistent with the 2°C scenario, carbon prices will increase from the present values due to policies currently announced around the world. The amount of impact estimated in FY2022 was calculated as follows: Using the carbon price under the 2°C scenario

as the upper limit and the carbon price under the 4°C scenario as the lower limit, the potential financial impact was calculated based on the assumption that Scope 1 and 2 emissions of 43,000 t-CO_2 in 2022 would remain constant through 2030. The IEA predicts that the carbon price will be JPY15,600/t-CO_2 (USD120/t-CO_2 × JPY130/USD = JPY15,600/t-CO_2) in developed countries in 2030 under the 2°C scenario. Under the 4°C scenario, the carbon price is assumed to remain at its present level (in Japan, the current anti-global warming tax will remain in place).· Breakdown of the calculation of the minimum impact: 43,000 t-CO_2 × JPY289/t-CO_2 = JPY12.4 million· Breakdown of the calculation of the maximum impact: 43,000 t-CO_2 × USD120/t-CO_2 × JPY130/USD = JPY670 million· For predicted carbon prices in developed countries in 2030, we referred to the IEA's "World Energy Outlook 2021" APS (Announced Pledges Scenario).

(3.1.1.26) Primary response to risk

Pricing and credits

☑ Promotion/purchase of carbon credits

(3.1.1.27) Cost of response to risk

282000000

(3.1.1.28) Explanation of cost calculation

To address the risk of a carbon tax, we are working to reduce GHG emissions from energy use, and as of FY2022, we implemented the following three initiatives. (1) As a measure to promote extensive energy conservation at existing facilities, we upgraded air conditioners, lighting equipment, and other equipment, resulting in improved energy efficiency in the buildings. The investment in these equipment upgrades amounted to 108 million yen and resulted in a reduction of 118 t-CO_2. (2) Replacing machinery and equipment improved energy efficiency in the production process, leading to a reduction of 500 t-CO_2, with the cost of these capital investments being 144 million yen. (3) As for the introduction of renewable energy by using non-fossil certificates, we have been purchasing non-fossil certificates since 2022, and purchased certificates in FY2022 equivalent to approximately 7% of our Scope 2 domestic emissions in 2019, at a cost of approximately 3 million yen, resulting in a reduction of 2,009 t-CO_2. Furthermore, we plan to gradually increase our ratio of renewable energy to 62.1% by 2030, and the cost of non-fossil certificates in 2030 is expected to be 30 million yen. Therefore, the cost of response was recorded as 108 million yen + 144 million yen + 30 million yen = 282 million yen.

(3.1.1.29) Description of response

(Situation) While considering the impact of a carbon tax on ourselves, as a method of risk management, it is necessary to take measures to reduce emissions at our sites. Additionally, our primary customers are requesting us to achieve a drastic and thorough reduction of CO_2 emissions in the manufacturing process. (Task) As we aim to achieve net zero emissions for the entire Nippon Paint Group by 2050 or 2060, plans for reducing emissions in each scope are in place. For Scopes 1 and 2, we will work on thorough energy conservation, conversion to fuels with low CO_2 emissions, and the procurement of renewable energy, and for Scope 3, we will take measures to reduce supply chain emissions through engagement.(Action) Internal initiatives to reduce CO_2 emissions include extensive energy conservation at existing facilities, conversion to fuels with low CO_2 emissions, and the introduction of renewable energy to domestic sites. With regard to existing facilities, we have made efforts to improve the energy efficiency of buildings and production processes. As for the use of renewable energy, since 2022, we have been procuring renewable energy by

using non-fossil certificates, and plan to convert 62% of our Scope 2 emissions to renewable energy by 2030.(Result) As for the extensive energy conservation at existing facilities and the conversion to fuels with low CO_2 emissions, NPAC's Okayama Plant (automotive coatings), completed in February 2023, is promoting the introduction of state-of-the-art facilities that contribute to energy conservation and low-carbon emissions in the production process, and was expected to reduce energy consumption and CO_2 emissions during FY2023. As for the introduction of renewable energy, we have been procuring renewable energy by using non-fossil certificates since 2022, and purchased certificates in FY2022 equivalent to approximately 7% of our Scope 2 domestic emissions in 2019, at a cost of approximately 3 million yen.

Water

(3.1.1.1) Risk identifier

Select from:

☑ Risk3

(3.1.1.3) Risk types and primary environmental risk driver

Liability

☑ Non-compliance with legislation

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ Japan

(3.1.1.7) River basin where the risk occurs

Select all that apply

☑ Other, please specify: Kinugawa River

(3.1.1.9) Organization-specific description of risk

Our Tochigi Plant, located in Utsunomiya City, Tochigi, manufactures surface treatment agents using raw materials that fall under the category of toxic substances. If a physical risk, including an overflow of the Kinugawa River or the occurrence of a typhoon or torrential rain, materializes, the Tochigi Plant's surface treatment agent manufacturing facilities or wastewater treatment facilities could be inundated. As a result, if wastewater is not treated properly and hazardous substances leak out of the plant, it could result in a pollution incident of the surrounding area. Furthermore, there is a possibility that we may be subject to administrative penalties. The penalty for violation of the Water Pollution Prevention Act and the Sewerage Act is "imprisonment for not more than six months or a fine of not more than 500,000 yen," and violation may result in the payment of the aforementioned fine, restrictions on operations until improvements are made, and expenditures for countermeasures.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Fines, penalties or enforcement orders

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Very likely

(3.1.1.14) Magnitude

Select from:

☑ High

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

The risk of flooding of the Kinugawa River adjacent to the Tochigi Plant may increase due to intensifying abnormal weather. If the plant is flooded and hazardous substances leak before wastewater treatment, the plant may be subject to penalties from the government for a pollution incident. As a penalty for violating the Water Pollution Prevention Act and the Sewerage Act, the company could be subject to disciplinary actions, including a fine of 500,000 yen, and the suspension of operations

until improvements are made, which could result in a reduction in profits due to suspended production. To address these risks, we expect CAPEX expenditures to rise as we upgrade our plant equipment and take measures against flooding.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.21) Anticipated financial effect figure in the medium-term – minimum (currency)

500000

(3.1.1.22) Anticipated financial effect figure in the medium-term – maximum (currency)

300000000

(3.1.1.25) Explanation of financial effect figure

As for the minimum amount, since the penalty for violation of the Water Pollution Prevention Act and the Sewerage Act is "imprisonment for not more than six months or a fine of not more than 500,000 yen," we used the amount of the fine in the case of violation. As for the maximum amount, we assumed a one-month shutdown of the Tochigi Plant due to flood damage and legal violation, and recorded the amount of sales damage. As a result of calculation using the average unit sales price of all products included in our business, it was approximately 0.2% of the domestic sales of Nippon Paint, or 300 million yen.

(3.1.1.26) Primary response to risk

Infrastructure, technology and spending

☑ Improve pollution abatement and control measures

(3.1.1.27) Cost of response to risk

90000000

(3.1.1.28) Explanation of cost calculation

We estimated the amount of investment in equipment taken as measures to prevent leakage into areas surrounding the Tochigi Plant and the Kinugawa River. In the past, there was a case where we needed an estimated amount of 900 million yen for measures at the time of equipment renewal. Since the cost of leakage prevention measures for equipment alone is expected to be much less than this amount, we estimated an amount assuming 10% of this amount.
JPY900 million x 0.1 = JPY90 million

(3.1.1.29) Description of response

Since 2015, we have been repairing deteriorated equipment itself and piping and other ancillary facilities that could cause leakage, investing in equipment to prevent leakage into the Kinugawa River and areas surrounding the Tochigi Plant, and providing education and training to employees to prevent contamination due to human error. In 2022, we focused on employee education activities to prevent contamination due to human error.

Climate change

(3.1.1.1) Risk identifier

Select from:

☑ Risk2

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical

☑ Flooding (coastal, fluvial, pluvial, groundwater)

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ Japan

(3.1.1.9) Organization-specific description of risk

If an increase in the severity and frequency of extreme weather-related events were to occur, damage to our facilities and suppliers' facilities leading to the suspension of production would pose the risk of reduced revenue. Especially for plants located near rivers and coasts, there is a risk of flooding, high tides, and tsunamis. In Japan, cases of water levels crossing dangerous flood thresholds have occurred frequently in recent years, with the Ministry of Land, Infrastructure, Transport and Tourism reporting approximately 470 cases in 2018, a more-than-five-fold increase over the past four years. For this reason, for both ourselves and suppliers with plants located near coasts and rivers, the possibility of being affected by flooding, inundation, and high tides is likely to increase in the future. If we were to sustain damage, the resulting impact (loss) would be substantial, which is why this risk is acknowledged throughout the company, and it is essential that we consider impact assessment and response measures. For example, resins account for 50% and pigments account for 20% of the raw materials for our product, paint. Our Tochigi Plant manufactures products using resins and pigments, which it also purchases from a supplier located along the Arakawa River. According to expert analysis, in the worst case scenario, Typhoon No. 19 in 2019 could have caused the Arakawa River to burst its banks. The frequency and severity of record-breaking rainstorms increase every year, and if suppliers' plants were to be flooded or submerged due to the bursting of riverbanks, we would not be able to receive raw materials, which could affect our manufacturing and/or shut down our operations, having an impact on our customers, which could affect our revenues due to business losses. We continuously asked our customers when necessary to increase their inventory levels prior to FY2021, and continued to do so in FY2022. Specifically, we have asked our distributors and customers to increase their inventories to prepare for flooding. This minimizes the impact on customers in the unlikely event of a flood that affects our plants or those of our suppliers, resulting in the suspension of shipments. Switching to other suppliers to procure raw materials is expected to result in raw material shortages, price hikes, and additional costs for finding new suppliers. If we assume that the expected price hikes and increased procurement costs are equivalent to 10% of the current procurement amount of raw materials for such paint, the amount would be 1,170 million yen, which is equivalent to 2.2% of our consolidated operating profit of 5,296 million yen in Japan in 2022, thus having a significant impact.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Decreased revenues due to reduced production capacity

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Very likely

(3.1.1.14) Magnitude

Select from:

☑ High

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

· Due to intensifying extreme weather, it is considered that our plants and those of our suppliers are more likely to be affected by floods, inundation, and high tides in the future, and we expect operations to be suspended at our plants due to flooding. · Since 70% of the raw materials for our products are sourced from factories that are at risk of flood damage, the supply of raw materials could be halted due to intensifying extreme weather, which may have an impact on our production.· Suspension of raw material supply reduces production volumes. Switching to other suppliers to procure raw materials is expected to result in raw material shortages, price hikes, and additional costs for finding new suppliers. If we assume that the expected price hikes and increased procurement costs are equivalent to 10% of the current procurement amount of raw materials for such paint, the amount would be 1,170 million yen, which is equivalent to 2.2% of our consolidated operating profit of 5,296 million yen in Japan in 2022, thus having a significant impact.· Raw material shortages could lead to price hikes, which may also increase procurement costs.· We anticipate a significant drop in revenues due to decreased sales and increased procurement costs.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.21) Anticipated financial effect figure in the medium-term – minimum (currency)

117000000

(3.1.1.22) Anticipated financial effect figure in the medium-term – maximum (currency)

117000000

(3.1.1.25) Explanation of financial effect figure

A plant producing the primary raw materials for paint is located along the Arakawa River, and according to expert analysis, in the worst case scenario, Typhoon No. 19 in 2019 could have caused the Arakawa River to burst its banks. The frequency and severity of record-breaking rainstorms increase every year, and if suppliers' plants were to be flooded or submerged due to the bursting of riverbanks, we would not be able to receive raw materials, which could affect our manufacturing and/or shut down our operations, having an impact on our customers, which could affect our revenues due to business losses. The period that our manufacturing would be affected was assumed to be one month, based on the total number of days lost due to disrupted activities at business establishments or business stagnation in the Manual for Economic Evaluation of Flood Control Investment, and the amount of potential impact was calculated by dividing the current annual procurement amount of raw materials for the paint in question by 12. 117 million yen for one month (based on an annual amount of 1.4 billion yen)

(3.1.1.26) Primary response to risk

Diversification

☑ Increase supplier diversification

(3.1.1.27) Cost of response to risk

840000000

(3.1.1.28) Explanation of cost calculation

To mitigate the financial impact of flood risks, we are strengthening our resilience related to raw materials procurement. The costs of measures against such risks as of FY2022 were calculated as follows: Increase in raw material costs due to emergency response by suppliers: 835 million yen + Personnel costs for coordinating with dealers and customers to increase product inventories, etc.: 5 million yen = 840 million yen

(3.1.1.29) Description of response

(Situation) We recognize the Arakawa River and other rivers as watersheds for our sites that could have a significant financial and strategic impact on our business. Sites located near these rivers or in coastal areas are expected to suffer impacts such as the suspension or delay of product shipments in the event of flooding.(Task) It is essential that we take actions to minimize the impact of flood risks through engagement.(Action) We continuously asked our customers when necessary to increase their inventory levels prior to FY2021, and have continued to do so. Specifically, we have asked our distributors and customers to increase their inventories to prepare for flooding. This minimizes the impact on customers in the unlikely event of a flood that affects our plants or those of our suppliers, resulting in the suspension of shipments. Switching to other suppliers located outside the Arakawa River basin that are not affected by the flooding to procure raw materials is also expected to result in raw material shortages, price hikes, and additional costs for finding new suppliers. The calculation is based on the assumption that the price hikes and increased procurement costs would be equivalent to 10% of the current procurement amount of raw materials for the paint in question.(Response) We continuously asked our customers when necessary to increase their inventory levels prior to FY2021, and continued to do so in FY2022. Specifically, we have asked our distributors and customers to increase their inventories to prepare for flooding. This minimizes the impact on customers in the unlikely event of a flood that affects our plants or those of our suppliers, resulting in the suspension of shipments. Switching to other suppliers to procure raw materials is expected to result in raw material shortages, price hikes, and additional costs for finding new suppliers. The calculation is based on the assumption that the price hikes and increased procurement costs would be equivalent to 10% of the current procurement amount of raw materials for the paint in question.

Water

(3.1.1.1) Risk identifier

Select from:

☑ Risk2

(3.1.1.3) Risk types and primary environmental risk driver

Acute physical

☑ Flooding (coastal, fluvial, pluvial, groundwater)

(3.1.1.4) Value chain stage where the risk occurs

Select from:

☑ Direct operations

(3.1.1.6) Country/area where the risk occurs

Select all that apply

☑ Japan

(3.1.1.7) River basin where the risk occurs

Select all that apply

☑ Other, please specify: Arakawa River

(3.1.1.9) Organization-specific description of risk

If an increase in the severity and frequency of extreme weather-related events were to occur, damage to our facilities and suppliers' facilities leading to the suspension of production would pose the risk of reduced revenue. Especially for plants located near rivers and coasts, there is a risk of flooding, high tides, and tsunamis. In Japan, cases of water levels crossing dangerous flood thresholds have occurred frequently in recent years, with the Ministry of Land, Infrastructure, Transport and Tourism reporting approximately 470 cases in 2018, a more-than-five-fold increase over the past four years. For this reason, for both ourselves and suppliers with plants located near coasts and rivers, the possibility of being affected by flooding, inundation, and high tides is likely to increase in the future. If we were to sustain damage, the resulting impact (loss) would be substantial, which is why this risk is acknowledged throughout the company, and it is essential that we consider impact assessment and response measures. For example, resins account for 50% and pigments account for 20% of the raw materials for our product, paint. Our Tochigi Plant manufactures products using resins and pigments, which it also purchases from a supplier located along the Arakawa River. According to expert analysis, in the worst case scenario, Typhoon No. 19 in 2019 could have caused the Arakawa River to burst its banks. The frequency and severity of record-breaking rainstorms increase every year, and if

suppliers' plants were to be flooded or submerged due to the bursting of riverbanks, we would not be able to receive raw materials, which could affect our manufacturing and/or shut down our operations, having an impact on our customers, which could affect our revenues due to business losses. We continuously asked our customers when necessary to increase their inventory levels prior to FY2021, and continued to do so in FY2022. Specifically, we have asked our distributors and customers to increase their inventories to prepare for flooding. This minimizes the impact on customers in the unlikely event of a flood that affects our plants or those of our suppliers, resulting in the suspension of shipments. Switching to other suppliers to procure raw materials is expected to result in raw material shortages, price hikes, and additional costs for finding new suppliers. If we assume that the expected price hikes and increased procurement costs are equivalent to 10% of the current procurement amount of raw materials for such paint, the amount would be 1,170 million yen, which is equivalent to 2.2% of our consolidated operating profit of 5,296 million yen in Japan in 2022, thus having a significant impact.

(3.1.1.11) Primary financial effect of the risk

Select from:

☑ Decreased revenues due to reduced production capacity

(3.1.1.12) Time horizon over which the risk is anticipated to have a substantive effect on the organization

Select all that apply

☑ Medium-term

(3.1.1.13) Likelihood of the risk having an effect within the anticipated time horizon

Select from:

☑ Very likely

(3.1.1.14) Magnitude

Select from:

☑ High

(3.1.1.16) Anticipated effect of the risk on the financial position, financial performance and cash flows of the organization in the selected future time horizons

Due to intensifying extreme weather, it is considered that our plants and those of our suppliers are more likely to be affected by floods, inundation, and high tides in the future, and we expect operations to be suspended at our plants due to flooding. Since 70% of the raw materials for our products are sourced from factories that are at risk of flood damage, the supply of raw materials could be halted due to more severe extreme weather, which may have an impact on our production. As a result, there

is a risk that a halt to the supply of raw materials will lead to decreased production volumes or raw material shortages, which may result in price hikes and further procurement costs. These factors are expected to result in reduced sales and increased procurement costs, which could result in a significant decline in profits.

(3.1.1.17) Are you able to quantify the financial effect of the risk?

Select from:

☑ Yes

(3.1.1.21) Anticipated financial effect figure in the medium-term – minimum (currency)

117000000

(3.1.1.22) Anticipated financial effect figure in the medium-term – maximum (currency)

117000000

(3.1.1.25) Explanation of financial effect figure

A plant producing the primary raw materials for paint is located along the Arakawa River, and according to expert analysis, in the worst case scenario, Typhoon No. 19 in 2019 could have caused the Arakawa River to burst its banks. The frequency and severity of record-breaking rainstorms increase every year, and if suppliers' plants were to be flooded or submerged due to the bursting of riverbanks, we would not be able to receive raw materials, which could affect our manufacturing and/or shut down our operations, having an impact on our customers, which could affect our revenues due to business losses. The period that our manufacturing would be affected was assumed to be one month, based on the total number of days lost due to disrupted activities at business establishments or business stagnation in the Manual for Economic Evaluation of Flood Control Investment, and the amount of potential impact was calculated by dividing the current annual procurement amount of raw materials for the paint in question by 12. 117 million yen for one month (based on an annual amount of 1.4 billion yen)

(3.1.1.26) Primary response to risk

Diversification

☑ Increase supplier diversification

(3.1.1.27) Cost of response to risk

840000000

(3.1.1.28) Explanation of cost calculation

Breakdown of cost of response as of FY2022: Increase in raw material costs due to emergency response by suppliers: 835 million yen + Personnel costs for coordinating with dealers and customers to increase product inventories, etc.: 5 million yen = 840 million yen
The total amount of 840 million yen is equivalent to 15.8% of our domestic consolidated operating profit of 5,296 million yen in FY2022, and thus has a significant impact.

(3.1.1.29) Description of response

(Situation) We recognize the Arakawa River and other rivers as watersheds for our sites that could have a significant financial and strategic impact on our business. Sites located near these rivers or in coastal areas are expected to suffer impacts such as the suspension or delay of product shipments in the event of flooding.(Task) It is essential that we take actions to minimize the impact of flood risks through engagement.(Action) We continuously asked our customers when necessary to increase their inventory levels prior to FY2021, and have continued to do so. Specifically, we have asked our distributors and customers to increase their inventories to prepare for flooding. This minimizes the impact on customers in the unlikely event of a flood that affects our plants or those of our suppliers, resulting in the suspension of shipments. Switching to other suppliers located outside the Arakawa River basin that are not affected by the flooding to procure raw materials is also expected to result in raw material shortages, price hikes, and additional costs for finding new suppliers. The calculation is based on the assumption that the price hikes and increased procurement costs would be equivalent to 10% of the current procurement amount of raw materials for the paint in question.(Response) We continuously asked our customers when necessary to increase their inventory levels prior to FY2021, and continued to do so in FY2022. Specifically, we have asked our distributors and customers to increase their inventories to prepare for flooding. This minimizes the impact on customers in the unlikely event of a flood that affects our plants or those of our suppliers, resulting in the suspension of shipments. Switching to other suppliers to procure raw materials is expected to result in raw material shortages, price hikes, and additional costs for finding new suppliers. The calculation is based on the assumption that the price hikes and increased procurement costs would be equivalent to 10% of the current procurement amount of raw materials for the paint in question.
[Add row]

(3.1.2) Provide the amount and proportion of your financial metrics from the reporting year that are vulnerable to the substantive effects of environmental risks.

Climate change

(3.1.2.1) Financial metric

Select from:
☑ OPEX

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as selected in 1.2)

6000000

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

Select from:

☑ Less than 1%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

0

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

Select from:

☑ Less than 1%

(3.1.2.7) Explanation of financial figures

We consider renewable energy costs for addressing carbon taxes for a decarbonized society (such as purchasing non-fossil certificates) to be financial metric vulnerable to transition risks*. In the reporting year, we spent approximately 60,000 yen. The denominator is selling, general, and administrative expenses. 6 million yen/420,247 million yen = 0.0014%*

Water

(3.1.2.1) Financial metric

Select from:

☑ Revenue

(3.1.2.2) Amount of financial metric vulnerable to transition risks for this environmental issue (unit currency as

selected in 1.2)

0

(3.1.2.3) % of total financial metric vulnerable to transition risks for this environmental issue

Select from:

☑ Less than 1%

(3.1.2.4) Amount of financial metric vulnerable to physical risks for this environmental issue (unit currency as selected in 1.2)

4000000000

(3.1.2.5) % of total financial metric vulnerable to physical risks for this environmental issue

Select from:

☑ 1-10%

(3.1.2.7) Explanation of financial figures

Some of buildings at our sites are expected to be inundated due to flooding, and sales amounts at those locations are in line with the financial metric vulnerable to physical risks. The sales of such locations in the reporting year were approximately 4,000 million yen. The denominator is our total sales amount, and the percentage is calculated as follows: 4,000 million yen/201,493 million yen = 2%
[Add row]

(3.2) Within each river basin, how many facilities are exposed to substantive effects of water-related risks, and what percentage of your total number of facilities does this represent?

Row 1

(3.2.1) Country/Area & River basin

Japan

☑ Other, please specify**:** Kinugawa River

(3.2.2) Value chain stages where facilities at risk have been identified in this river basin

Select all that apply

☑ Direct operations

(3.2.3) Number of facilities within direct operations exposed to water-related risk in this river basin

1

(3.2.4) % of your organization's total facilities within direct operations exposed to water-related risk in this river basin

Select from:

☑ 1-25%

(3.2.10) % organization's total global revenue that could be affected

Select from:

☑ 11-20%

(3.2.11) Please explain

We use Aqueduct by the World Resources Institute (WRI) to identify, evaluate, and address water-related risks at our seven major plants in Japan. Specifically, from the perspective of water risk, the location of each plant was assessed on a five-level scale: Low, Low-medium, Medium-high, High, and Extremely high. We have defined that meeting either of the following thresholds indicates water withdrawal from water-stressed areas: "Baseline water stress is High or higher" or "Baseline water depletion is High or higher." As a result of an analysis, no sites were assessed as Extremely high or High for water stress. Therefore, "the proportion of water intake from water-stressed areas" is deemed to be less than 1%. Based on the result, with regard to water-related risks, we have targeted and identified plants where water-related risks have a large financial impact on direct operations. Our Tochigi Plant, located along the Kinugawa River, manufactures surface treatment agents using raw materials that fall under the category of toxic substances. In an event such as flooding or inundation, hazardous substances could leak out of the plant without proper wastewater treatment, leading to contamination of the surrounding area. This has raised concerns about the possibility of paying penalties and losing sales due to suspended operations.

[Add row]

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

	Water-related regulatory violations	Comment
	Select from: ☑ No	-

[Fixed row]

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

Select from:

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

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

[Explanation of our strategy for complying with the systems] Although none of our Group companies is regulated by any of the emissions trading schemes so far, the scale of these schemes is expanding worldwide. This trend makes us think that it will be more likely for us to become subject to such trading systems as more companies are regulated by them. As a basic measure, we strive not to be regulated by these systems by keeping GHG emissions as low as possible even with any increased production volumes and improving energy efficiency.[Examples of application of the above strategy] Our Group emits approximately 41,696 t-CO_2 of greenhouse gases (Scopes 1 and 2) per year, but in light of recent circumstances, we are working to reduce GHG emissions with a focus on dealing with climate change. Each Group develops plans along with targets and aims to achieve them. 1. The NIPSEA Group has installed solar power generation equipment at eight plants in China based on its target of reducing GHG emissions by 15% by 2025. The Group plans to install such equipment in 13 plants in 2023. (Check the current status.)2. The DuluxGroup (Pacific) has implemented plans to improve the energy efficiency of each production site and has prepared for a switch to electric vehicles based on its target of a 50% reduction by 2030. The Group has developed a Business Continuity Plan (BCP) concerning critical supply chains with an analysis of climate change risks and opportunities completed.3. The DuluxGroup (Europe) initiated carbon and energy reporting and established (reviewed) provisional targets in 2023. Cromology has initiated the purchase of 100% renewable electricity across Europe. JUB has begun installing large solar power generation equipment at its Serbian plant, aiming for

completion in 2023, as well as purchasing renewable electricity while anticipating increased purchase volumes in the future. 4. The Japan Group has begun purchasing renewable electricity with a target of reducing GHG emissions by 37% by 2030, and is now in the third year of its calculating emission amounts (Scope 3).5. Dunn-Edwards initiated reporting on GHG emissions (Scopes 1 and 2) in 2023 and plans to set reduction targets. By flexibly combining these measures, we will curb GHG emissions while balancing business needs and compliance with regulatory regimes.

(3.6) Have you identified any environmental opportunities which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future?

	Environmental opportunities identified
Climate change	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized
Water	*Select from:* ☑ Yes, we have identified opportunities, and some/all are being realized

[Fixed row]

(3.6.1) Provide details of the environmental opportunities identified which have had a substantive effect on your organization in the reporting year, or are anticipated to have a substantive effect on your organization in the future.

Climate change

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp1

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Markets

☑ Increased availability of products with reduced environmental impact [other than certified products]

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Direct operations

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Japan

(3.6.1.8) Organization specific description

While global warming is a concern for society as a whole, including our primary customers, and entails physical and regulatory risks, we recognize that strategic responses to this issue can be linked to business expansion opportunities. Eco-friendly products that we have defined include products that can significantly improve energy efficiency in the use of coated materials and reduce the impact of climate change compared to the use of standard products due to the function of paint/coating films; an example of such a product is fuel-efficient ship-bottom paint. LF-Sea and A-LF-Sea, which are currently on the market, can improve fuel efficiency by 4 to 10% by reducing the frictional resistance of the vessels to which they are applied. In addition to fuel efficiency improvement, we developed a new product, FASTAR, with low elution and low VOC performance, which was introduced in 2021. As there is expected to be a growing trend in the shipping business toward environmental impact regulation, including CO_2 emissions reduction, in the future, we aim to expand sales of products that improve the fuel efficiency of vessels. In estimating the financial impact, we assumed that 10% of the revenue from products for the shipping sector of 54,485 million yen (the figure for "Other Paints" in the Japan segment in the Annual Securities Report) would be applicable. Although the revenue from Other Paints includes "Other Coatings" business other than marine coatings and overseas business of marine coatings, we decided to use this figure because the details are confidential.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Increased revenues through access to new and emerging markets

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Medium-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Very likely (90–100%)

(3.6.1.12) Magnitude

Select from:

☑ High

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

In a decarbonized society, sales are likely to increase as the sale of our products that improve the fuel efficiency of ships expands.

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.19) Anticipated financial effect figure in the medium-term - minimum (currency)

2724000000

(3.6.1.20) Anticipated financial effect figure in the medium-term - maximum (currency)

2724000000

(3.6.1.23) Explanation of financial effect figures

[Explanation of financial effect figures] The revenue from "Other Paints" including marine coatings was 54,485 million yen in 2022. Assuming a 5% increase in planned revenue to 57,209 million yen in 2023, we recorded the difference, 2,724 million yen, as the impact (based on our medium-term management plan, which aims for a 5% increase in revenue in the Japan segment in 2023 compared to 2022).Although the revenue from Other Paints includes "Other Coatings" business other than marine coatings and overseas business of marine coatings, we decided to use this figure because the details are confidential. 54,485 million yen × 5% = 2,724 million yen

(3.6.1.24) Cost to realize opportunity

2524000000

(3.6.1.25) Explanation of cost calculation

We define eco-friendly products as products that are expected to improve energy efficiency during paint use, and recorded expenses, such as the development costs of eco-friendly products, as opportunity realization costs. The calculation method and assumptions are as follows: (A) R&D expenses, 2,139 million yen + (B) Capital expenditures, 385 million yen = 2,524 million yen in total. (A) R&D expenses: The R&D expenses of the operating companies that develop and sell the applicable products were estimated and recorded. We calculated the R&D expenses by multiplying the 7,301 million yen in R&D expenses in 2022 for NPHD as a whole in Japan (the figure in the Annual Securities Report) by the ratio of the sales of the operating company in question to our total sales in Japan, 29.3%. Calculation formula: 7,301 million yen × 29.3% = 2,139 million yen
We calculated the ratio of the sales of the operating company in question to our total sales in Japan, 29.3%, by dividing the revenue of 54,485 million yen of "Other Paints" in the Japan segment in 2022 as stated in the Annual Securities Report by the total revenue of 186,062 million yen of the Japan segment as a whole. Although the revenue from Other Paints includes "Other Coatings" business other than marine coatings and overseas business of marine coatings, we decided to use this figure because the details are confidential. (B) Capital expenditures: We expect capital expenditures for 2023 to be 55 billion yen on a consolidated basis. We intend to continue to make capital investments to upgrade eco-friendly products. 55 billion yen × 14% (ratio of revenue in Japan to consolidated revenue) × 5% (ratio of revenue from "Other Paints" including marine coatings in the Japan segment) = 385 million yen

(3.6.1.26) Strategy to realize opportunity

· We have set KPIs for eco-friendly products including fuel-efficient ship-bottom paints, with the aim of expanding sales.(Situation) Shipping companies have been concerned about soaring fuel costs due to the need to reduce CO_2 and SOx emissions, which cause global warming, the rise in heavy oil prices from the second half of 2005, and the request to switch from Fuel Oil C to Fuel Oil A with low sulfur content to comply with stricter SOx emission regulations. Under these circumstances, the Ministry of Land, Infrastructure, Transport and Tourism issued a guideline for reducing CO_2 from international shipping, and we began the development of fuel-efficient anti-fouling paints.(Task) LF-Sea was confirmed to reduce fuel consumption by 4%, and we received requests to further reduce fuel consumption from customers. In addition, the project to develop A-LF-Sea was adopted by the Ministry of Land, Infrastructure, Transport and Tourism for its "Project to Support the Development of Technology to Reduce CO_2 Emissions from Ships." These factors prompted us to develop A-LF-Sea. We introduced LF-Sea as a viscous and smooth biomimetic product inspired by the surfaces of a marine organism (tuna), which are covered with a mucous membrane, and the technical challenge was to find a method to further produce effective smoothness.(Action) The development of A-LF-Sea, an improved version of LF-Sea, was conducted as a joint national project of three companies, Nippon Paint Co., Ltd. (currently Nippon Paint Holdings Co., Ltd.), Nippon Paint Marine Coatings Co., Ltd., and Mitsui O.S.K. Lines, Ltd., sponsored by the Ministry of Land, Infrastructure, Transport and Tourism under ClassNK's joint research theme of "Research and Development of Greenhouse Gas Reduction Technologies in International Shipping." Our development efforts to expand the FASTAR product lineup have been continuing since 2021, and it is planned to introduce products between 2023 and 2024.(Result) As a result, a 10% reduction in fuel consumption was confirmed through the combination of the hydrogel technology of LF-Sea, which was further improved to reduce frictional resistance, and the viscosity control technology for the base coat. Since the introduction of LF-Sea in 2008, LF-Sea and A-LF-Sea have been adopted in more than 4,400 vessels as of May 2023. FASTAR has been adopted in more than 550 vessels (350 of which have adopted the fuel-efficient model) since its introduction in 2021.

Water

(3.6.1.1) Opportunity identifier

Select from:

☑ Opp2

(3.6.1.3) Opportunity type and primary environmental opportunity driver

Products and services

☑ Reduced impact of product use on water resources

(3.6.1.4) Value chain stage where the opportunity occurs

Select from:

☑ Downstream value chain

(3.6.1.5) Country/area where the opportunity occurs

Select all that apply

☑ Japan

(3.6.1.6) River basin where the opportunity occurs

Select all that apply

☑ Other, please specify: Nationwide

(3.6.1.8) Organization specific description

Against the backdrop of rising environmental awareness, there is an increasing need among customers for products and painting equipment that use less water in the painting process. This need is expected to continue to grow in the future, and we expect increased sales opportunities for our products. We are discussing what we can do as a paint manufacturer from a future-oriented perspective to realize the society that we would like to have in 2030. In March 2019, we established the definitions of eco-friendly products, which include, with relation to water, "products that significantly improve the efficiency of the use of resources (including water) and enable the

application of environmentally friendly technologies and industrial processes," and "products that substantially reduce the release of chemical substances into the environment in the coating and surface treatment processes." Through the development and promotion of these eco-friendly products, we strive to contribute to sustainable social development.

(3.6.1.9) Primary financial effect of the opportunity

Select from:

☑ Increased revenues resulting from increased demand for products and services

(3.6.1.10) Time horizon over which the opportunity is anticipated to have a substantive effect on the organization

Select all that apply

☑ Short-term

(3.6.1.11) Likelihood of the opportunity having an effect within the anticipated time horizon

Select from:

☑ Unlikely (0–33%)

(3.6.1.12) Magnitude

Select from:

☑ Low

(3.6.1.14) Anticipated effect of the opportunity on the financial position, financial performance and cash flows of the organization in the selected future time horizons

There is a possibility of increased sales of water-related eco-friendly products, such as "products that significantly improve the efficiency of the use of resources (including water) and enable the application of environmentally friendly technologies and industrial processes."

(3.6.1.15) Are you able to quantify the financial effects of the opportunity?

Select from:

☑ Yes

(3.6.1.17) Anticipated financial effect figure in the short-term - minimum (currency)

432000000

(3.6.1.18) Anticipated financial effect figure in the short-term – maximum (currency)

432000000

(3.6.1.23) Explanation of financial effect figures

Through the advancement of water-saving technology, we can reduce our water consumption, thereby reducing water usage fees to lower costs. Furthermore, by advancing water-saving technology in customers' coating processes, we can strengthen our competitiveness, thereby increasing our market share and sales. Assuming that the products are well received by customers and lead to a 5% increase in sales of the relevant coating segment in Japan (8,636 million yen in FY2022), this would mean an increase in sales of 432 million yen.

(3.6.1.24) Cost to realize opportunity

337000000

(3.6.1.25) Explanation of cost calculation

We have commercialized an eco-friendly next-generation chemical conversion agent for automobile bodies that can achieve a significant reduction in water usage, and have recorded R&D expenses. The R&D expenses of the operating company in question are calculated using the proportion of the operating company's sales relative to the Group's sales in Japan. The calculation formula is as follows: 8,942/201,493 (sales ratio) × 7,597 million yen (Group's R&D expenses) = 337 million yen (operating company's R&D expenses)

(3.6.1.26) Strategy to realize opportunity

We are discussing what we can do as a paint manufacturer from a future-oriented perspective to realize the society that we would like to have in 2030, and in March 2019, we established the definitions of eco-friendly products. There are five definitions of such products, including, with relation to water, "products that significantly improve the efficiency of the use of resources (including water) and enable the application of environmentally friendly technologies and industrial processes," and "products that substantially reduce the release of chemical substances into the environment in the coating and surface treatment processes." Through the development and promotion of these eco-friendly products, we strive to contribute to sustainable social development. The following initiatives are examples of what we have achieved through the development and diffusion of products. (Situation) Auto bodies consist of cold-rolled steel sheets, galvanized steel sheets, and aluminum steel sheets. The electrodeposition coating process follows the cleaning process to remove adhered oil and metal powder, and the chemical conversion process to provide coating film adhesion and corrosion resistance, in which the generation of sludge and the reduction of the large amount of water used during treatment have become environmental

issues for customers. (Task) To solve this problem for customers, we will commercialize an eco-friendly chemical conversion agent for auto body coating that can reduce hazardous substances and industrial waste, and significantly reduce water consumption. (Action) We will develop an eco-friendly chemical conversion agent that has the same performance as commonly adopted zinc phosphate, but does not contain heavy metals or phosphorous compounds that have a negative impact on the environment, and promote research and development, commercialization, and the expansion of introduction so that it can be used by a variety of customers. (Response) As a result of research and development, we have succeeded in commercializing an eco-friendly next-generation chemical conversion agent for automobile bodies. Compared to zinc phosphate, this chemical conversion agent does not require a surface preparation process, produces very little by-product (sludge) during the chemical reaction, and significantly reduces water consumption during treatment. These features can contribute to process shortening, water conservation, and industrial waste reduction. Total R&D expenditures in this region in 2023 were approximately 337 million yen, including for this chemical conversion system.
[Add row]

(3.6.2) Provide the amount and proportion of your financial metrics in the reporting year that are aligned with the substantive effects of environmental opportunities.

Climate change

(3.6.2.1) Financial metric

Select from:
☑ Revenue

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

19200000000

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

Select from:
☑ 1-10%

(3.6.2.4) Explanation of financial figures

Among our products, we offer eco-friendly products that contribute to the efficient use of energy during coating of adherends and lead to the reduction of GHG emissions, and sales of these eco-friendly products to address climate change challenges are aligned with opportunities. Sales of eco-friendly products to address climate

change/Sales of all products: 19,200 million yen/196,800 million yen = Approximately 9.8%

Water

(3.6.2.1) Financial metric

Select from:

☑ Revenue

(3.6.2.2) Amount of financial metric aligned with opportunities for this environmental issue (unit currency as selected in 1.2)

200000000

(3.6.2.3) % of total financial metric aligned with opportunities for this environmental issue

Select from:

☑ Less than 1%

(3.6.2.4) Explanation of financial figures

Among our products, sales of water-related eco-friendly products are aligned with opportunities (products and painting equipment that use less water in the painting process). Sales of eco-friendly products/Sales of all products: 200 million yen/196,800 million yen = Approximately 0.1%"
[Add row]

C4. Governance

(4.1) Does your organization have a board of directors or an equivalent governing body?

(4.1.1) Board of directors or equivalent governing body

Select from:

☑ Yes

(4.1.2) Frequency with which the board or equivalent meets

Select from:

☑ More frequently than quarterly

(4.1.3) Types of directors your board or equivalent is comprised of

Select all that apply

☑ Executive directors or equivalent

☑ Non-executive directors or equivalent

☑ Independent non-executive directors or equivalent

(4.1.4) Board diversity and inclusion policy

Select from:

☑ Yes, and it is publicly available

(4.1.5) Briefly describe what the policy covers

Our Board of Directors is composed of members who, as a whole, possess well-balanced knowledge, experience, and abilities to effectively fulfill their roles and responsibilities. Also, in selecting members, consideration is given to the combination of skills to ensure lively discussions and swift decision-making, as well as diversity (including gender, internationality, and work history) and an appropriate size of the Board.

(4.1.6) Attach the policy (optional)

cg01_j.pdf
[Fixed row]

(4.1.1) Is there board-level oversight of environmental issues within your organization?

	Board-level oversight of this environmental issue	Primary reason for no board-level oversight of this environmental issue	Explain why your organization does not have board-level oversight of this environmental issue
Climate change	*Select from:* ☑ Yes	*Select from:*	*Rich text input [must be under 2500 characters]*
Water	*Select from:* ☑ Yes	*Select from:*	*Rich text input [must be under 2500 characters]*
Biodiversity	*Select from:* ☑ No, but we plan to within the next two years	*Select from:* ☑ No standardized procedure	*Regarding biodiversity, we did not originally have an internally established oversight policy, but are beginning to work on one, taking into account initiatives at other companies.*

[Fixed row]

(4.1.2) Identify the positions (do not include any names) of the individuals or committees on the board with accountability for environmental issues and provide details of the board's oversight of environmental issues.

Climate change

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply
☑ President

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☑ No

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☑ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☑ Approving corporate policies and/or commitments

☑ Monitoring compliance with corporate policies and/or commitments

☑ Overseeing the setting of corporate targets

☑ Monitoring progress towards corporate targets

☑ Overseeing and guiding the development of a business strategy

(4.1.2.7) Please explain

Our corporate governance policy states that we recognize the issues surrounding sustainability, including climate-related issues, as important management issues, and that we will examine the issues to be addressed for the growth of a sustainable society from a global perspective, and based on the results of such examination, we will promote measures in the areas of the environment, society, and governance. Goals related to the environment, society, and governance drafted by the Presidents (Representative Executive Officers & Co-Presidents) are proposed to and approved by the Board of Directors, and are set as the goals of the Nippon Paint Group. In regard to sustainability, a priority issue that we must respond to as a business, five Global Teams have been formed based on the items of materiality, including climate-related issues, directly under the Directors, Representative Executive Officers & Co-Presidents, who have ultimate responsibility, and five business leaders are leading the initiatives on a global basis. In terms of sustainability governance, each leader reports directly to the Co-Presidents (twice a year), who in turn report their progress and suggestions to the Board of Directors whenever necessary, thus allowing the Board of Directors to monitor sustainability activities. In addition, in July 2023, the global sustainability teams, which are organized by theme, were given an opportunity to report directly to the Board of Directors and discussed each theme. Reporting is also made through the Audit Committee and other committees, and the Board of Directors receives reports around four times a year to monitor activities.

Water

(4.1.2.1) Positions of individuals or committees with accountability for this environmental issue

Select all that apply

☑ President

(4.1.2.2) Positions' accountability for this environmental issue is outlined in policies applicable to the board

Select from:

☑ No

(4.1.2.4) Frequency with which this environmental issue is a scheduled agenda item

Select from:

☑ Scheduled agenda item in some board meetings – at least annually

(4.1.2.5) Governance mechanisms into which this environmental issue is integrated

Select all that apply

☑ Overseeing the setting of corporate targets

☑ Monitoring progress towards corporate targets

☑ Approving corporate policies and/or commitments

☑ Overseeing and guiding the development of a business strategy

☑ Monitoring compliance with corporate policies and/or commitments

☑ Reviewing and guiding the assessment process for dependencies, impacts, risks, and opportunities

(4.1.2.7) Please explain

The Representative Executive Officers & Co-Presidents are the persons with the highest level of responsibility for water issues, and oversee the five Global Teams concerning sustainability, which are placed under them. Regarding our corporate governance policy, we recognize the issues surrounding sustainability, including water risks, as important management issues, examine the issues to be addressed for the growth of a sustainable society from a global perspective, and based on the results of such examination, promote measures in the areas of the environment, society, and governance. Goals related to the environment, society, and governance drafted by the Representative Executive Officers & Co-Presidents are proposed to and approved by the Board of Directors, and are set as the goals of the Nippon Paint Group. In regard to sustainability, a priority issue that we must respond to as a business, five Global Teams have been formed based on the items of materiality, including water risks, directly under the Directors, Representative Executive Officers & Co-Presidents, who have ultimate responsibility, and five business leaders are leading the

initiatives on a global basis. In terms of sustainability governance, each leader reports directly to the Co-Presidents (twice a year), who in turn report their progress and suggestions to the Board of Directors whenever necessary, thus allowing the Board of Directors to monitor sustainability activities. In addition, in July 2023, the global sustainability teams, which are organized by theme, were given an opportunity to report directly to the Board of Directors and discussed each theme.
[Fixed row]

(4.2) Does your organization's board have competency on environmental issues?

Climate change

(4.2.1) Board-level competency on this environmental issue

Select from:

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply

☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Engaging regularly with external stakeholders and experts on environmental issues

☑ Integrating knowledge of environmental issues into board nominating process

☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Experience

☑ Management-level experience in a role focused on environmental issues

Water

(4.2.1) Board-level competency on this environmental issue

Select from:

☑ Yes

(4.2.2) Mechanisms to maintain an environmentally competent board

Select all that apply

☑ Consulting regularly with an internal, permanent, subject-expert working group

☑ Engaging regularly with external stakeholders and experts on environmental issues

☑ Integrating knowledge of environmental issues into board nominating process

☑ Regular training for directors on environmental issues, industry best practice, and standards (e.g., TCFD, SBTi)

☑ Having at least one board member with expertise on this environmental issue

(4.2.3) Environmental expertise of the board member

Experience

☑ Management-level experience in a role focused on environmental issues

[Fixed row]

(4.3) Is there management-level responsibility for environmental issues within your organization?

	Management-level responsibility for this environmental issue	Primary reason for no management-level responsibility for environmental issues	Explain why your organization does not have management-level responsibility for environmental issues
Climate change	*Select from:* ☑ Yes	*Select from:*	*Rich text input [must be under 2500 characters]*
Water	*Select from:* ☑ Yes	*Select from:*	*Rich text input [must be under 2500 characters]*
Biodiversity	*Select from:*	*Select from:*	*Regarding biodiversity, we did not originally have an internally established*

	Management-level responsibility for this environmental issue	Primary reason for no management-level responsibility for environmental issues	Explain why your organization does not have management-level responsibility for environmental issues
	☑ No, but we plan to within the next two years	☑ No standardized procedure	*management policy, but are beginning to work on one, taking into account initiatives at other companies.*

[Fixed row]

(4.3.1) Provide the highest senior management-level positions or committees with responsibility for environmental issues (do not include the names of individuals).

Climate change

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ President

(4.3.1.2) Environmental responsibilities of this position

Policies, commitments, and targets

☑ Measuring progress towards environmental corporate targets

☑ Setting corporate environmental targets

Strategy and financial planning

☑ Developing a business strategy which considers environmental issues

(4.3.1.4) Reporting line

Select from:

☑ Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ Half-yearly

(4.3.1.6) Please explain

Our Representative Executive Officers & Co-Presidents perform the duties described below, including those related to climate change. Under our corporate governance structure, the Executive Officers execute the company's business operations based on resolutions of the Board of Directors. Since April 28, 2021, we have adopted a co-president structure to accelerate our global business expansion with the aim of achieving "Maximization of Shareholder Value (MSV)." Under this structure, rules for authority have been simplified and standardized among Partner companies in Japan. With regard to sustainability issues, including climate change, the Representative Executive Officers & Co-Presidents consult with necessary parties before making a final decision, and execute their duties in a flexible manner. Also, "Maximization of Shareholder Value (MSV)" is the sole mission of the Nippon Paint Group. This approach differs from "shareholder primacy" in that the approach aims to maximize shareholder value while fulfilling our responsibilities to stakeholders, such as customers, employees, business partners, and society. In MSV, fulfilling our obligations toward these stakeholders is defined as a top priority. These obligations encompass legal contracts and social and ethical responsibilities as well as the concept of sustainability. Under our internal control system, the Board of Directors delegates the authority for business execution concerning strategically important matters to the Representative Executive Officers & Co-Presidents*, except for those stipulated by laws, regulations, or the Articles of Incorporation and those delegated by the General Meetings of Shareholders. The main division of duties and areas of responsibility among the Representative Executive Officers & Co-Presidents are determined by the Board of Directors, and the detailed design and operation are left to the discretion of the Representative Executive Officers & Co-Presidents to ensure efficiency of execution. The Representative Executive Officers & Co-Presidents entrust the heads of the Partner Company Groups the authority to decide and execute their business and make them accountable for the operation of their internal control systems, in order to allow them to concentrate on their own business management. The Co-Presidents formulate a medium-term management plan for the entire Group, including climate change issues, and regularly report to the Board of Directors on the status of achievement of the plan's targets and the use of budgets, which is obtained by closely exchanging information with the heads of Partner Company Groups. Regarding our corporate governance policy, we recognize the issues surrounding sustainability as important management issues, examine such issues from a global perspective for the growth of a sustainable society, and based on the results of such examination, promote measures in the areas of the environment, society, and governance. Goals related to the environment, society, and governance drafted by the Representative Executive Officers & Co-Presidents are approved by the Board of Directors and are set as the goals of the Nippon Paint Group. Lastly, with regard to the sustainability issues that we must address as priorities, we have established Global Teams based on the items of materiality, including climate change, and five business leaders lead the efforts globally. These Teams report directly to the Co-Presidents (twice a year), who in turn present status updates and proposals to the Board of Directors as necessary (approximately four times a year). The Board of Directors keeps track of the progress of our efforts for sustainability.*

Water

(4.3.1.1) Position of individual or committee with responsibility

Executive level

☑ President

(4.3.1.2) Environmental responsibilities of this position

Dependencies, impacts, risks and opportunities

☑ Assessing environmental dependencies, impacts, risks, and opportunities

Policies, commitments, and targets

☑ Setting corporate environmental targets

(4.3.1.4) Reporting line

Select from:

☑ Reports to the board directly

(4.3.1.5) Frequency of reporting to the board on environmental issues

Select from:

☑ Half-yearly

(4.3.1.6) Please explain

Based on our corporate governance policy, we recognize the issues surrounding sustainability, including water risks, as important management issues, examine the issues to be addressed for the growth of a sustainable society from a global perspective, and based on the results of such examination, promote measures in the areas of the environment, society, and governance. Goals related to the environment, society, and governance drafted by the Representative Executive Officers & Co-Presidents are proposed to and approved by the Board of Directors, and are set as the goals of the Nippon Paint Group. In regard to sustainability, a priority issue that we must respond to as a business, five Global Teams have been formed based on the items of materiality, including water risks, directly under the Directors, Representative Executive Officers & Co-Presidents, and five business leaders are leading the initiatives on a global basis. In terms of sustainability governance, each leader reports directly to the Co-Presidents (twice a year), who in turn report their progress and suggestions to the Board of Directors whenever necessary (approximately four times a year), thus allowing the Board of Directors to monitor sustainability activities. Reporting is also made through the Audit Committee and other committees,

and the Board of Directors receives reports around four times a year to monitor activities.
[Add row]

(4.5) Do you provide monetary incentives for the management of environmental issues, including the attainment of targets?

	Provision of monetary incentives related to this environmental issue	% of total C-suite and board-level monetary incentives linked to the management of this environmental issue	Please explain
Climate change	*Select from:* ☑ Yes	*0*	*We have established a transparent and acceptable compensation system so as to put into practice "Maximization of Shareholder Value (MSV)," and as a fundamental premise, we promote initiatives regarding ESG as a whole. Therefore, it is not possible to provide an answer in the form of a percentage of non-financial incentives.*
Water	*Select from:* ☑ Yes	*0*	*We have established a transparent and acceptable compensation system so as to put into practice "Maximization of Shareholder Value (MSV)," and as a fundamental premise, we promote initiatives regarding ESG as a whole. Therefore, it is not possible to provide an answer in the form of a percentage of non-financial incentives.*

[Fixed row]

(4.5.1) Provide further details on the monetary incentives provided for the management of environmental issues (do not include the names of individuals).

Climate change

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ President

(4.5.1.2) Incentives

Select all that apply

☑ Bonus – set figure

(4.5.1.3) Performance metrics

Targets

☑ Progress towards environmental targets

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

☑ Short-Term Incentive Plan, or equivalent, only (e.g. contractual annual bonus)

(4.5.1.5) Further details of incentives

Regarding the compensation of the Representative Executive Officers & Co-Presidents, their performance of the previous year is comprehensively evaluated from financial and non-financial perspectives to determine the total compensation for the current year on a zero basis. The optimal mix of cash and equity compensation is determined each fiscal year. Encouragement of appropriate and decisive risk-taking for the realization of MSV is important in an overall evaluation. Rather than using a formula comparing against the initial plan, we evaluate the status of the Group management that aims to maximize EPS and PER, based on corporate performance against climate-related sustainability indexes. Specifically, the evaluation covers a range of areas, including improving the profitability of domestic and overseas businesses, establishing a stance in the stock market, strengthening risk management, promoting M&A, transforming corporate culture and management structure, and reinforcing governance and internal control systems. After determining the total amount of compensation, we determine the compensation level and structure that will ensure that the Representative Executive Officers & Co-Presidents remain motivated and incentivized to achieve MSV. In this decision process, consideration is given to the results of benchmarking other companies, the standards of the country of origin, and continuity with previous compensation. We have selected CDP Climate Change Score and other indicators as performance indicators, and believe that maintaining and improving scores for such indicators is effective in recognizing external demands. This encourages improvement in corporate activities and contributes to improved business performance. This also contributes to improving the status of the Group management to achieve MSV by maximizing EPS and PER, which is the mission of the Representative Executive Officers & Co-Presidents, and ultimately functions as an incentive for the management team.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Our incentives are designed to keep the Representative Executive Officers & Co-Presidents motivated to achieve MSV through the overall evaluation of their performance from both financial and non-financial (sustainability, including climate change) perspectives. As we pursue MSV, fulfilling our social responsibilities is a major premise, and working to maintain and improve scores for such indicators as the CDP Climate Change Score is effective in meeting external demands. This helps underscore the justification and necessity for advancing our climate transition plan and serves as a key input into our management resource decisions to achieve our goal of net zero by 2050 and a 37% reduction in Scope 1 and 2 emissions by 2030.

Water

(4.5.1.1) Position entitled to monetary incentive

Board or executive level

☑ President

(4.5.1.2) Incentives

Select all that apply

☑ Bonus – set figure

(4.5.1.3) Performance metrics

Targets

☑ Progress towards environmental targets

(4.5.1.4) Incentive plan the incentives are linked to

Select from:

☑ Short-Term Incentive Plan, or equivalent, only (e.g. contractual annual bonus)

(4.5.1.5) Further details of incentives

Regarding the compensation of the Representative Executive Officers & Co-Presidents, their performance of the previous year is comprehensively evaluated from financial and non-financial perspectives to determine the total compensation for the current year on a zero basis. The optimal ratio of cash compensation and equity compensation is determined for each fiscal year. In the overall evaluation, we do not use a formula that relies on the initial plan so as to encourage appropriate and

decisive risk-taking for the realization of MSV and evaluate the status of the Group management that aims to maximize EPS and PER through ensuring sustainability based on climate-related sustainability indexes and corporate performance. Specifically, the evaluation covers a range of areas, including improving the profitability of domestic and overseas businesses, establishing a position in the stock market, strengthening risk management, promoting M&A, transforming corporate culture, reforming management structure, and reinforcing governance and internal control systems. After determining the total amount of compensation, we determine the optimal mix of cash and equity compensation that will ensure that the Representative Executive Officers & Co-Presidents remain motivated to achieve MSV with incentives that work appropriately. In this decision process, consideration is given to the results of benchmarking other companies, the standards of the country of origin, and consistency with previous compensation. For performance indicators, those such as the CDP Climate Change Score are selected. We believe that maintaining and improving scores for such indicators is effective in responding to external demands, and leads to the improvement of our corporate activities. Through this, we aim to improve corporate performance, to contribute to better Group management that promotes the realization of MSV through the maximization of EPS and PER, which is the mission of the Representative Executive Officers & Co-Presidents, and to make these incentives work well for the management team.

(4.5.1.6) How the position's incentives contribute to the achievement of your environmental commitments and/or climate transition plan

Our incentives are designed to keep the Representative Executive Officers & Co-Presidents motivated to achieve MSV through the overall evaluation of their performance from both financial and non-financial (sustainability, including climate change) perspectives. As we pursue MSV, fulfilling our social responsibilities is a major premise, and working to maintain and improve scores for such indicators as the CDP Water Security Score is effective in meeting external demands. This helps underscore the justification and necessity for promoting the conservation of our water resources and reducing environmental impacts.
[Add row]

(4.6) Does your organization have an environmental policy that addresses environmental issues?

	Does your organization have any environmental policies?
	Select from: ☑ Yes

[Fixed row]

(4.6.1) Provide details of your environmental policies.

Row 1

(4.6.1.1) Environmental issues covered

Select all that apply

☑ Climate change

☑ Water

(4.6.1.2) Level of coverage

Select from:

☑ Organization-wide

(4.6.1.3) Value chain stages covered

Select all that apply

☑ Direct operations

(4.6.1.4) Explain the coverage

The Nippon Paint Group believes that addressing the items of materiality is extremely important in realizing MSV. Of the Group's materiality items, we place emphasis on "Climate Change" and "Resources and Environment" in the area of the environment and believe that the areas of waste and water in particular are essential to business continuity. In light of this, the Group has published its policy on environmental initiatives for realizing MSV as the "Environmental Strategy" on its website. Regarding climate change and water, our Policy states that we manage climate-related risks and seize opportunities through the reduction of GHG emissions, and work to improve the lifecycle and resource circulation of products throughout the supply chain, based on the premise of sustainable resource use and protection of the environment and biodiversity.

(4.6.1.5) Environmental policy content

Environmental commitments

☑ Commitment to a circular economy strategy

☑ Commitment to comply with regulations and mandatory standards

Water-specific commitments

☑ Commitment to control/reduce/eliminate water pollution
☑ Commitment to reduce water consumption volumes
☑ Commitment to reduce water withdrawal volumes

(4.6.1.6) Indicate whether your environmental policy is in line with global environmental treaties or policy goals

Select all that apply
☑ Yes, in line with the Paris Agreement
☑ Yes, in line with Sustainable Development Goal 6 on Clean Water and Sanitation

(4.6.1.7) Public availability

Select from:
☑ Publicly available

(4.6.1.8) Attach the policy

Env Policy.pdf
[Add row]

(4.10) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

(4.10.1) Are you a signatory or member of any environmental collaborative frameworks or initiatives?

Select from:
☑ Yes

(4.10.2) Collaborative framework or initiative

Select all that apply
☑ Task Force on Climate-related Financial Disclosures (TCFD)

(4.10.3) Describe your organization's role within each framework or initiative

The Nippon Paint Group expressed its support for the recommendations (final report) of the Task force on Climate-related Financial Disclosures (TCFD) in September 2021. Aiming to achieve Maximization of Shareholder Value (MSV), we are working to enhance our climate-change-related measures and information disclosure. [Fixed row]

(4.11) In the reporting year, did your organization engage in activities that could directly or indirectly influence policy, law, or regulation that may (positively or negatively) impact the environment?

(4.11.1) External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the environment

Select all that apply

☑ Yes, we engaged indirectly through, and/or provided financial or in-kind support to a trade association or other intermediary organization or individual whose activities could influence policy, law, or regulation

(4.11.2) Indicate whether your organization has a public commitment or position statement to conduct your engagement activities in line with global environmental treaties or policy goals

Select from:

☑ No, but we plan to have one in the next two years

(4.11.5) Indicate whether your organization is registered on a transparency register

Select from:

☑ Yes

(4.11.6) Types of transparency register your organization is registered on

Select all that apply

☑ Non-government register

(4.11.7) Disclose the transparency registers on which your organization is registered & the relevant ID numbers for your organization

The Japan Chemical Industry Association, of which NPHD is a member, is registered on Influencemap.

(4.11.8) Describe the process your organization has in place to ensure that your external engagement activities are consistent with your environmental commitments and/or transition plan

Our major direct and indirect external activities are reported several times a year by the Global Teams to the Co-Presidents and by the Co-Presidents to the Board of Directors, to ensure that they are aligned with Nippon Paint's policies and strategies related to climate change and water. In addition, we have recently received many inquiries from customers and external organizations about our resource strategy, including our environmental performance (the status of GHG emissions and water use). To ensure consistency in our initiatives, the department in charge of ESG promotion and sustainability checks each time whether the content of external responses is consistent with our environmental policy and strategy, and consults with our Global Teams on important items so as to make sure that they are aligned with such policy and strategy. If any inconsistency is found, this process will be repeated again until consistency is ensured through re-consultation with our related parties and stakeholders involved.
[Fixed row]

(4.11.2) Provide details of your indirect engagement on policy, law, or regulation that may (positively or negatively) impact the environment through trade associations or other intermediary organizations or individuals in the reporting year.

Row 1

(4.11.2.1) Type of indirect engagement

Select from:

☑ Indirect engagement via a trade association

(4.11.2.4) Trade association

Asia and Pacific

☑ Japan Chemical Industry Association

(4.11.2.5) Environmental issues relevant to the policies, laws, or regulations on which the organization or individual has taken a position

Select all that apply

☑ Climate change

☑ Water

(4.11.2.6) Indicate whether your organization's position is consistent with the organization or individual you engage with

Select from:

☑ Consistent

(4.11.2.7) Indicate whether your organization attempted to influence the organization or individual's position in the reporting year

Select from:

☑ Yes, we publicly promoted their current position

(4.11.2.8) Describe how your organization's position is consistent with or differs from the organization or individual's position, and any actions taken to influence their position

We belong to the Japan Chemical Industry Association (JCIA), which ensures that our policy is aligned with the policy. The JCIA promotes "an ideal state for the chemical industry as a provider of solutions to global warming issues" and initiatives to prevent air and water pollution. We have publicly declared our support for the Association's policy and initiatives, having confirmed that they are aligned with our strategies and do not differ from international policies and initiatives. Our major direct and indirect external activities are reported several times a year by the Global Teams to the Co-Presidents and by the Co-Presidents to the Board of Directors, to ensure that they are aligned with Nippon Paint's policies and strategies related to climate change and water. In addition, we have recently received many inquiries from customers and external organizations about our resource strategy, including our environmental performance (the status of GHG emissions and water use). To ensure consistency in our initiatives, the department in charge of ESG promotion and sustainability checks each time whether the content of external responses is consistent with our environmental policy and strategy, and consults with our Global Teams on important items so as to make sure that they are aligned with such policy and strategy. If any inconsistency is found, this process will be repeated again until consistency is ensured through re-consultation with our related parties and stakeholders involved.

(4.11.2.9) Funding figure your organization provided to this organization or individual in the reporting year (currency)

0

(4.11.2.11) Indicate if you have evaluated whether your organization's engagement is aligned with global environmental treaties or policy goals

Select from:

☑ Yes, we have evaluated, and it is aligned

(4.11.2.12) Global environmental treaties or policy goals aligned with your organization's engagement on policy, law or regulation

Select all that apply

☑ Paris Agreement

☑ Sustainable Development Goal 6 on Clean Water and Sanitation

[Add row]

(4.12) Have you published information about your organization's response to environmental issues for this reporting year in places other than your CDP response?

Select from:

☑ Yes

(4.12.1) Provide details on the information published about your organization's response to environmental issues for this reporting year in places other than your CDP response. Please attach the publication.

Row 1

(4.12.1.1) Publication

Select from:

☑ In mainstream reports, in line with environmental disclosure standards or frameworks

(4.12.1.2) Standard or framework the report is in line with

Select all that apply

☑ TCFD

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☑ Climate change

(4.12.1.4) Status of the publication

Select from:

☑ Complete

(4.12.1.5) Content elements

Select all that apply

☑ Governance

☑ Risks & Opportunities

☑ Strategy

☑ Emissions figures

☑ Emission targets

(4.12.1.6) Page/section reference

Annual Securities Report (Page 28)

(4.12.1.7) Attach the relevant publication

20240328ir03_j.pdf

(4.12.1.8) Comment

-

Row 2

(4.12.1.1) Publication

Select from:

☑ In mainstream reports

(4.12.1.3) Environmental issues covered in publication

Select all that apply

☑ Water

(4.12.1.4) Status of the publication

Select from:

☑ Complete

(4.12.1.5) Content elements

Select all that apply

☑ Governance

☑ Risks & Opportunities

☑ Strategy

(4.12.1.6) Page/section reference

Annual Securities Report (Page 28)

(4.12.1.7) Attach the relevant publication

20240328ir03_j.pdf

(4.12.1.8) Comment

-
[Add row]

C5. Business strategy

(5.1) Does your organization use scenario analysis to identify environmental outcomes?

Climate change

(5.1.1) Use of scenario analysis

Select from:

☑ Yes

(5.1.2) Frequency of analysis

Select from:

☑ Annually

Water

(5.1.1) Use of scenario analysis

Select from:

☑ Yes

(5.1.2) Frequency of analysis

Select from:

☑ Annually

[Fixed row]

(5.1.1) Provide details of the scenarios used in your organization's scenario analysis.

Climate change

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 8.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ SSP5

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Acute physical

☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 4.0ºC and above

(5.1.1.7) Reference year

2021

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2030

☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Climate change (one of five drivers of nature change)

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

We have identified the worst negative physical impacts anticipated in the future based on the assumption that severe global warming will have the most significant impact of all possible temperature-rising scenarios. In addition, we refer to information such as hazard maps published by the Japanese Ministry of Land, Infrastructure, Transport and Tourism when determining anticipated hazard risks, but it is not guaranteed that there are no hazard risks even at locations where no risks are currently anticipated.

(5.1.1.11) Rationale for choice of scenario

In discussing the possible types and extent of impacts on NPHD if sufficient measures are not taken against climate change and global warming and if direct physical impacts become more severe, we referred to the IPCC Representative Concentration Pathway scenarios and selected RCP 8.5, which anticipates climate to be the largest impact, for the purpose of evaluating our resilience in the light of the maximum impact.

Water

(5.1.1.1) Scenario used

Physical climate scenarios

☑ RCP 8.5

(5.1.1.2) Scenario used SSPs used in conjunction with scenario

Select from:

☑ SSP5

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Acute physical

☑ Chronic physical

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 4.0ºC and above

(5.1.1.7) Reference year

2021

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2030

☑ 2050

(5.1.1.9) Driving forces in scenario

Local ecosystem asset interactions, dependencies and impacts

☑ Changes to the state of nature

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

We have identified the worst negative physical impacts anticipated in the future based on the assumption that severe global warming will have the most significant impact of all possible temperature-rising scenarios. In addition, we refer to information such as hazard maps published by the Japanese Ministry of Land, Infrastructure, Transport and Tourism when determining anticipated hazard risks, but it is not guaranteed that there are no hazard risks even at locations where no risks are currently anticipated.

(5.1.1.11) Rationale for choice of scenario

In our scenario analysis regarding the impact of water risks, we took flood risks into account when examining the impacts of climate change in accordance with the TCFD framework. In the study of the maximum impact expected in the event of a flood, we used the IPCC Representative Concentration Pathway scenarios as reference and selected RCP 8.5, which is expected to have the greatest climate impacts.

Climate change

(5.1.1.1) Scenario used

Climate transition scenarios

☑ IEA NZE 2050

(5.1.1.3) Approach to scenario

Select from:

☑ Qualitative and quantitative

(5.1.1.4) Scenario coverage

Select from:

☑ Organization-wide

(5.1.1.5) Risk types considered in scenario

Select all that apply

☑ Policy

☑ Market

☑ Reputation

☑ Technology

☑ Liability

(5.1.1.6) Temperature alignment of scenario

Select from:

☑ 1.5°C or lower

(5.1.1.7) Reference year

2021

(5.1.1.8) Timeframes covered

Select all that apply

☑ 2030

☑ 2050

(5.1.1.9) Driving forces in scenario

Stakeholder and customer demands

☑ Consumer sentiment

Regulators, legal and policy regimes

☑ Global regulation

Macro and microeconomy

☑ Globalizing markets

(5.1.1.10) Assumptions, uncertainties and constraints in scenario

The IEA NZE 2050, which we have adopted, assumes that carbon neutrality will be achieved by 2050, and takes a backcasting approach in considering energy mix and policy regulations required for the achievement. Based on these assumptions, we have estimated carbon prices in Japan. However, because this scenario assumes a regulatory level higher than that in the policy currently being publicly considered for introduction, it is not guaranteed that the assumed carbon prices will definitely be introduced. In addition, because the reported currency unit is the USD, the impact may be greater than the carbon price burden we have estimated, depending on the exchange rate.

(5.1.1.11) Rationale for choice of scenario

In light of the Paris Agreement and the Glasgow Climate Pact at COP26, there is growing awareness that achieving carbon neutrality by 2050 is a global goal that must be achieved. In response to this, our Group has chosen the NZE 2050 scenario to promote decarbonization efforts as a result of considering anticipated transition risks based on the highest level of societal demands.
[Add row]

(5.1.2) Provide details of the outcomes of your organization's scenario analysis.

Climate change

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Risk and opportunities identification, assessment and management

☑ Strategy and financial planning

☑ Resilience of business model and strategy

☑ Capacity building

☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☑ Organization-wide

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

The IEA 2021 estimates that even if the world does not achieve decarbonization consistent with the 2°C scenario, carbon prices will increase from the present values due to policies currently announced around the world. Using the carbon price under the 2°C scenario as the upper limit and the carbon price under the 4°C scenario as the lower limit, the potential financial impact was calculated based on the assumption that Scope 1 and 2 emissions of 43,000 t-CO_2 in 2022 would remain constant through 2030. The IEA estimates that carbon prices in developed countries in 2030 will be JPY15,600/t-CO_2 (USD120/t-CO_2 × JPY130/USD = JPY15,600/t-CO_2) under the 2°C scenario (APS) and JPY16,900/t-CO_2 (USD130/t-CO_2 × JPY130/USD = JPY16,900/t-CO_2) under the 1.5°C scenario (NZE 2050). Under the 4°C scenario, the carbon price is assumed to remain at its present level (in Japan, the current anti-global warming tax will remain in place).· Breakdown of the calculation of the minimum impact: 43,000 t-CO_2 × JPY289/t-CO_2 = JPY12.4 million· Breakdown of the calculation of the maximum impact: 43,000 t-CO_2 × USD130/t-CO_2 × JPY130/USD = JPY727 million

To avoid this risk, we have decided to continuously introduce more renewable energy according to our renewable energy plans, and to initiate renewable energy purchase. Specifically, we purchased renewable energy in 2022 that was worth 7% of our energy consumption, and decided in 2023 to purchase 21% in 2024 according to the plan to increase the purchase by 7% until 2030. Through this, we plan to initiate off-site solar PPA in 2024.

Water

(5.1.2.1) Business processes influenced by your analysis of the reported scenarios

Select all that apply

☑ Risk and opportunities identification, assessment and management

☑ Resilience of business model and strategy

☑ Capacity building

☑ Target setting and transition planning

(5.1.2.2) Coverage of analysis

Select from:

☑ Organization-wide

(5.1.2.3) Summarize the outcomes of the scenario analysis and any implications for other environmental issues

If an increase in the severity and frequency of extreme weather-related events were to occur, damage to our facilities and suppliers' facilities leading to the suspension of production would pose the risk of reduced revenue. A plant producing the primary raw materials for paint is located along the Arakawa River, and according to expert analysis, in the worst case scenario, Typhoon No. 19 in 2019 could have caused the Arakawa River to burst its banks. The frequency and severity of record-breaking rainstorms increase every year, and if suppliers' plants were to be flooded or submerged due to the bursting of riverbanks, we would not be able to receive raw materials, which could affect our manufacturing and/or shut down our operations, having an impact on our customers, which could affect our revenues due to business losses. Given the impacts of climate change, which may result in more frequent and severe disasters due to extreme weather, we expect that these risks are more likely to occur in the medium to long term. The period that our manufacturing would be affected was assumed to be one month, based on the total number of days lost due to disrupted activities at business establishments or business stagnation in the Manual for Economic Evaluation of Flood Control Investment, and the amount of potential impact was calculated by dividing the current annual procurement amount of raw materials for the paint in question by 12. 117 million yen for one month (based on an annual amount of 1.4 billion yen)
[Fixed row]

(5.2) Does your organization's strategy include a climate transition plan?

(5.2.1) Transition plan

Select from:
☑ Yes, we have a climate transition plan which aligns with a 1.5°C world

(5.2.3) Publicly available climate transition plan

Select from:
☑ Yes

(5.2.4) Plan explicitly commits to cease all spending on, and revenue generation from, activities that contribute to fossil fuel expansion

Select from:

☑ No, but we plan to add an explicit commitment within the next two years

(5.2.6) Explain why your organization does not explicitly commit to cease all spending on and revenue generation from activities that contribute to fossil fuel expansion

Although a transition plan is in place that includes Scope 1 and 2 reduction targets, we are currently unable to commit ourselves to aiming for net zero under Scope 3. We have yet to establish Scope 3 targets and are not involved in activities that lead to increased fossil fuels. However, to commit ourselves to Scope 3, we made Scope 3 calculations in 2021 and have started monitoring emissions across our entire value chain.

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

Select from:

☑ We have a different feedback mechanism in place

(5.2.8) Description of feedback mechanism

When issuing an Integrated Report, we meet with several shareholders and obtain feedback directly from them regarding our transition plan and other details to be disclosed.

(5.2.9) Frequency of feedback collection

Select from:

☑ More frequently than annually

(5.2.10) Description of key assumptions and dependencies on which the transition plan relies

The transition plan formulated by our Group has set targets to reduce Scope 1 and 2 emissions by 37% by 2030 compared to 2019 and to achieve net zero by 2050 (due to the reorganization of our Group, 2019 has been set as the base year). These targets have been established with reference to the emission pathways outlined in the IPCC Special Report 1.5, Japan's NDC (a 46% reduction in 2030 compared to 2013 levels), and the Basic Energy Plan issued by the Agency for Natural Resources and Energy of Japan. For example, taking the results of the Global Stocktake at COP28 into account, it is anticipated that Japan's NDC will be raised in the future, affecting the review process of our Group's targets. In addition, to reduce Scope 1 emissions, we have factored in uncertainties based on the assumption that innovative decarbonization technology will be used in production equipment, which is essential to our business processes.

(5.2.11) Description of progress against transition plan disclosed in current or previous reporting period

Our Group has set targets to reduce Scope 1 and 2 emissions by 37% by 2030 compared to 2019 and to achieve net zero by 2050 (due to the reorganization of our Group, 2019 has been set as the base year). As part of our action plan for the period up to 2030, which is based on these targets, we are primarily promoting energy conservation and the introduction of renewable electricity. Specifically, we plan to increase the use of renewable energy at a rate of 7% of our energy consumption each year from 2022 to 2030, and to produce more than 60% of our domestic electricity consumption from renewable energy by 2030. Our future plans include purchasing renewable electricity (non-fossil certificates) via power companies through the second half of 2024, which has already started, as well as introducing off-site PPA.

(5.2.13) Other environmental issues that your climate transition plan considers

Select all that apply

☑ Water

☑ Biodiversity

(5.2.14) Explain how the other environmental issues are considered in your climate transition plan

Our transition plan incorporates water and biodiversity aspects. For example, while it is possible to reduce the carbon footprint and VOCs throughout the entire lifecycle of paint by using water-based paints, there are concerns that this could lead to an increase in the amount of water used as a raw material in products. Therefore, we believe that it is necessary to consider the overall environmental impact, not just of climate change but also in terms of water and biodiversity, in promoting our business. [Fixed row]

(5.3) Have environmental risks and opportunities affected your strategy and/or financial planning?

(5.3.1) Environmental risks and/or opportunities have affected your strategy and/or financial planning

Select from:

☑ Yes, both strategy and financial planning

(5.3.2) Business areas where environmental risks and/or opportunities have affected your strategy

Select all that apply

☑ Products and services

☑ Upstream/downstream value chain

☑ Investment in R&D

☑ Operations

[Fixed row]

(5.3.1) Describe where and how environmental risks and opportunities have affected your strategy.

Products and services

(5.3.1.1) Effect type

Select all that apply

☑ Risks

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Regarding the decorative paint (for construction work) business, the market is expected to grow by 0.7% per annum between 2019 and 2024 according to data from the World Coating Council. In the architectural and steel structure area, paints for new construction are expected to see negative growth, while demand for paints for repainting is expected to remain stable. For the automotive coatings business, the market is expected to grow by 3.1% per annum from 2019 to 2024 according to the Council's data, and business opportunities are expected to increase due to major changes in the automotive industry. Customers in the automotive and other industries have begun to select low-carbon products for parts and materials procurement since the early 2000s. Since both the construction and automotive industries recognize climate change as an important issue, if they considered us to be a company that did not value climate change action, we would not be chosen by our customers as a supplier, posing the risk of our losing business in the medium and long term. We have reviewed our capital investment plan to ensure that our products can contribute to addressing climate change, especially in terms of the low-carbonization of our manufacturing processes, for customers who are becoming increasingly concerned about climate change action and are committed to low-carbonization of their entire value chains. Specifically, we have secured 40 billion yen for investment in the renewal of existing equipment and 65 billion yen for the establishment of new sites, the expansion of production capacity, and the development of distribution networks over the next three years. We also plan to introduce state-of-the-art equipment to respond to energy conservation and low-carbonization in the production process, which is expected to significantly reduce CO_2 emissions per product. Furthermore, as for existing equipment, efforts are under way to improve production sites and reorganize the supply chain. We plan to establish a new plant in Okayama Prefecture and a color toning plant for decorative paints in Kanagawa Prefecture. These plants will both be smart factories with advanced automation technologies, and are expected to achieve a reduction of energy consumption.

Upstream/downstream value chain

(5.3.1.1) Effect type

Select all that apply

☑ Risks

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

We manufacture and sell paints using large quantities of petrochemical products. Due to this nature of our business, in view of the fact that the petrochemical industry is a large emitter of greenhouse gases, we recognize that CO_2 emissions from purchased raw materials themselves and processing in the value chain have a significant impact on climate change. Among other things, companies in the automotive, construction, and shipping industries, which are our core customers, are rushing to respond to climate change, and if they consider us to be a company that does not value climate change action, we will not be chosen by our customers as a supplier, posing the risk of our losing business in the medium and long term. To increase awareness of our products that can contribute to reducing CO_2 emissions among our customers and end-users, we have increased product exposure through the following: receiving external awards, registering our products as externally certified products, and releasing introductory videos. Specifically, in interviews with bodywork and paint companies that have adopted and introduced our "nax E-CUBE WB," a next-generation water-based paint for automotive refinishes, we asked them the following questions and have released the interviews on YouTube: "Why did you introduce the water-based paint system?"; "What difficulties did you encounter in introducing it?" ; and "What do you think about Nippon Paint's water-based paint system?" The automotive refinish paint naxE3 (E-Cube) series includes a wet-on-wet product that can reduce drying processes and a product with improved drying properties, helping customers reduce their energy consumption. These efforts were successful and we added the E3 PLUS as a new product line in 2020. The fourth E represents "engagement," which means not only employees' attachment to their company but also bonds between bodywork and paint companies and their customers and surrounding communities, leading to the launch of a new product, the "nax E-CUBE Water Borne (WB)" system. We believe that strengthening such engagement will lead to more sustainable business management. For the marine coatings segment, our undertakings to "reduce fuel consumption and CO_2 emissions by spreading low-friction antifouling paint on ship bottoms" was awarded in the Countermeasure Technology Introduction and Dissemination Category of the Minister of the Environment's 2019 Commendation for Global Warming Prevention Activity on December 2, 2019. Our low-friction ship-bottom paint series (LF-Sea and A-LF-Sea) has been used on a cumulative total of more than 2,900 vessels. Our antifouling biocide-free antifouling paint for ship bottoms, Aquaterrass, was nominated for the GREEN4SEA TECHNOLOGY AWARD hosted by a Europe-based non-profit organization SAFETY4SEA in 2020, and won the award in 2021. SAFETY4SEA is a nonprofit organization that fosters, builds, and promotes environmental awareness related to maritime affairs. It introduces practical shipping methods and technologies with low environmental impact for the purpose of raising people's awareness, understanding, and penetration. Receipt of this award is effective in raising increasing recognition of our products among various stakeholders. We received the "2020 Kinka Chemical Society (KCS) Award in Environmental Technology" for the development of technology for a highly durable thermal barrier paint for roads. This award was given from the perspective of contributing to heat island control and global warming prevention, in recognition of the fact that thermal barrier paints absorb light energy from the sun, thereby reducing the rise in road surface temperature, which contributes to global warming, and suppressing the heat island effect. Attsu-9, a thermal barrier paint for roads, was evaluated not only for its durability against vehicle trampling

and the flexibility of the coating film in following the characteristics of asphalt, which deforms due to abrasion, but also for its thermal barrier performance, namely, its ability to lower the surface temperatures of asphalt roads by 10 to 15°C as a measure against the heat island effect in urban areas. This product was certified under the Heat Island Protection Technology Certification System. In addition, it has been adopted for use on metropolitan and national roads, mainly by the Ministry of Land, Infrastructure, Transport and Tourism.

Investment in R&D

(5.3.1.1) Effect type

Select all that apply

☑ Risks

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

Customer requirements include improvements in fuel efficiency in automobiles and ships, improvements in energy efficiency in homes, and energy conservation in the painting process. If we fail to meet these requirements, we may not be chosen by our customers, posing the risk of our losing business in the medium and long term. Therefore, we have reflected customer requests in our materiality items, and focus on the research and development of products that will be effective in reducing environmental impacts in the sectors of automotive coatings, industrial coatings, decorative paints, and marine coatings, based on the identified items of materiality. We are continuing research and development to offer products that contribute to providing climate change countermeasures, and as next-generation technologies, we are considering the research and development and commercialization of infrared-reflective transparent thermal barrier paints (which reflect infrared rays simply by applying them, maintaining indoor comfort, and helping to reduce air conditioner power consumption) and coating technologies that contribute to thermal reuse using chemical heat storage materials (which store heat without equipment, enabling the efficient use of heat energy). We have already commercialized a highly functional hydrophilization/hydrophilic water sliding technology that improves air conditioning efficiency in homes and automobiles, and a self-polishing antifouling paint that helps improve fuel efficiency in vessels.

Operations

(5.3.1.1) Effect type

Select all that apply

☑ Risks

(5.3.1.2) Environmental issues relevant to the risks and/or opportunities that have affected your strategy in this area

Select all that apply

☑ Climate change

☑ Water

(5.3.1.3) Describe how environmental risks and/or opportunities have affected your strategy in this area

In line with the Japanese government's GHG emissions reduction policy, we set "Climate Change," which is one of the items of materiality identified in 2020, as the top priority item. Our Group policy clearly states the Group's commitment to reducing greenhouse gas (GHG) emissions and minimizing business risks, such as flooding caused by advanced climate change. Under these circumstances, we have begun to identify specific issues and consider countermeasures based on the understanding that some steps need to be taken to reduce CO_2 emissions from our operations, as we have a variety of equipment affecting Scope 1 and 2 emissions in our manufacturing processes. For the Group as a whole, for example, we recognize the need to take action from the perspectives of both CO_2 emissions reduction measures and improvement of profitability, and we are already assessing the financial impact of renewable energy procurement and carbon pricing, and considering investments in the adoption of energy-saving equipment and the operation of renewable energy facilities. Additionally, in order to promote the optimal use of various existing energy-using facilities and devices, we are reviewing appropriate operating conditions for compressors, boilers, and other equipment. For offices, we are estimating energy reductions through steady activities in daily operations, such as efforts to turn off air conditioners and office equipment. Our medium-term target is a 37% reduction in the total of Scope 1 and 2 emissions by 2030, and the single-year target is a 6.9% reduction in Scope 2 emissions (an approximately 4.2% reduction in the total of Scope 1 and 2 emissions). As for the completion time of the assessment, the medium-term assessment is scheduled to be completed in 2031, and the assessment of the single-year reduction target for 2022 was scheduled to be completed by the end of 2023.
[Add row]

(5.3.2) Describe where and how environmental risks and opportunities have affected your financial planning.

Row 1

(5.3.2.1) Financial planning elements that have been affected

Select all that apply

☑ Revenues

☑ Capital expenditures

(5.3.2.2) Effect type

Select all that apply

☑ Risks

☑ Opportunities

(5.3.2.3) Environmental issues relevant to the risks and/or opportunities that have affected these financial planning elements

Select all that apply

☑ Climate change

☑ Water

(5.3.2.4) Describe how environmental risks and/or opportunities have affected these financial planning elements

To address the risks and opportunities that are related to climate change and water issues and have been identified through scenario analyses, we have recorded risk prevention costs and opportunity realization costs, which have been incorporated into our financial plans. For example, we expect a carbon tax burden of 727 million yen to be incurred in 2030 as a result of climate change. Since we need to reduce our GHG emissions to counter this, we have set reduction targets with an eye on realizing net zero by 2050. As concrete measures to achieve these targets, we are reducing electricity-derived GHG emissions through measures including the procurement of renewable electricity along with non-fossil certificates, and upgrading to energy-saving equipment. The progress of these measures is monitored against the targets established for each fiscal year, and the necessary expenses for each fiscal year are set aside as part of the financial plan.
[Add row]

(5.4) 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	Methodology or framework used to assess alignment with your organization's climate transition
	Select from: ☑ Yes	*Select all that apply* ☑ Other methodology or framework

[Fixed row]

(5.4.1) Quantify the amount and percentage share of your spending/revenue that is aligned with your organization's climate transition.

Row 1

(5.4.1.1) Methodology or framework used to assess alignment

Select from:

☑ Other, please specify: Company standards

(5.4.1.5) Financial metric

Select from:

☑ OPEX

(5.4.1.6) Amount of selected financial metric that is aligned in the reporting year (currency)

6000000

(5.4.1.7) Percentage share of selected financial metric aligned in the reporting year (%)

0

(5.4.1.8) Percentage share of selected financial metric planned to align in 2025 (%)

0.01

(5.4.1.9) Percentage share of selected financial metric planned to align in 2030 (%)

0.01

(5.4.1.12) Details of the methodology or framework used to assess alignment with your organization's climate transition

We calculated the amount by dividing the cost of renewable energy by our domestic sales in FY2023. 0.003% for 2023, 0.006% for 2025, and 0.014% for 2030
[Add row]

(5.5) 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
	Select from: ☑ Yes	*The development investment (technology development) is also divided by sector. We are piloting a Green Design Review to be implemented into our R&D project management system and reviewed the tabulations.*

[Fixed row]

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

Row 1

(5.5.3.1) Technology area

Select from:

☑ Other, please specify **:** Development of water-based and powder paints, development of highly durable paints

(5.5.3.2) Stage of development in the reporting year

Select from:

☑ Large scale commercial deployment

(5.5.3.3) Average % of total R&D investment over the last 3 years

7

(5.5.3.5) Average % of total R&D investment planned over the next 5 years

8

(5.5.3.6) Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

In the industrial coatings sector, in using water-based paints, the challenge to use renewable energy sources for drying energy must be dealt with; however, water-based paints can promote drastic fossil-free measures by replacing the main solvent in paints with water, which will ultimately be in harmony with climate change countermeasures. In addition, continued promotion of powder coating with a high paint conversion rate can contribute to climate change mitigation by building a process that achieves material saving and low waste.

Row 2

(5.5.3.1) Technology area

Select from:

☑ Other, please specify: Development of low-friction ship-bottom paints, and material-saving and low waste paints

(5.5.3.2) Stage of development in the reporting year

Select from:

☑ Large scale commercial deployment

(5.5.3.3) Average % of total R&D investment over the last 3 years

8

(5.5.3.5) Average % of total R&D investment planned over the next 5 years

9

(5.5.3.6) Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

Reducing energy consumption in the marine transportation sector is an urgent issue, and we have been working from early on to reduce hull resistance by promoting the antifouling function of ship-bottom paints. By continuing and enhancing this project, we will contribute to climate change mitigation.

Row 4

(5.5.3.1) Technology area

Select from:

☑ Other, please specify: Development of materials for rechargeable batteries, process-shortening products, and highly durable products

(5.5.3.2) Stage of development in the reporting year

Select from:

☑ Large scale commercial deployment

(5.5.3.3) Average % of total R&D investment over the last 3 years

6

(5.5.3.5) Average % of total R&D investment planned over the next 5 years

7

(5.5.3.6) Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

In the utilization of variable renewable energy, batteries are required to be more widely used, and we can contribute to climate change mitigation through the development of battery materials. In addition, as a basic function, the longer life of treated products with surface treatment agents can contribute to climate change mitigation.

Row 5

(5.5.3.1) Technology area

Select from:

☑ Other, please specify **:** Development of water-based paints, development of highly durable paints

(5.5.3.2) Stage of development in the reporting year

Select from:

☑ Large scale commercial deployment

(5.5.3.3) Average % of total R&D investment over the last 3 years

4

(5.5.3.5) Average % of total R&D investment planned over the next 5 years

5

(5.5.3.6) Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

In the field of decorative paints, which do not require drying energy, water-based paints can promote drastic fossil-free measures by replacing the main solvent in paints with water, and can also reduce the GHG of the paints themselves, thus directly contributing to climate change mitigation. In addition, developing highly durable products, which can extend the lifecycle of buildings, consequently contributes to LC-GHG reduction in buildings.

Row 6

(5.5.3.1) Technology area

Select from:

☑ Other, please specify: Development of process-shortening products and low-temperature curing products

(5.5.3.2) Stage of development in the reporting year

Select from:

☑ Large scale commercial deployment

(5.5.3.3) Average % of total R&D investment over the last 3 years

14

(5.5.3.5) Average % of total R&D investment planned over the next 5 years

15

(5.5.3.6) Explain how your R&D investment in this technology area is aligned with your climate commitments and/or climate transition plan

In the automotive coatings sector, we are focusing on measures to reduce GHG in our customers' coating processes and will continue to contribute to GHG reduction in automotive production.
[Add row]

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

(5.9.1) Water-related CAPEX (+/- % change)

-0.54

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

0.08

(5.9.3) Water-related OPEX (+/- % change)

-0.13

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

0.05

(5.9.5) Please explain

In FY2023, CAPEX decreased due to the completion of the ongoing drainage system maintenance and plant drainage piping work. In FY2024, it is expected to increase due to the replacement of water piping and pure water production equipment. Although in this fiscal year OPEX decreased from the previous fiscal year, it is expected to increase in the next fiscal year and beyond due to an increase in water consumption and related overhead expenses in line with the expected increase in sales revenue in the new Medium-term Plan.
[Fixed row]

(5.10) Does your organization use an internal price on environmental externalities?

	Use of internal pricing of environmental externalities	Environmental externality priced
	Select from: ☑ Yes	*Select all that apply* ☑ Carbon

[Fixed row]

(5.10.1) Provide details of your organization’s internal price on carbon.

Row 1

(5.10.1.1) Type of pricing scheme

Select from:

☑ Shadow price

(5.10.1.2) Objectives for implementing internal price

Select all that apply

☑ Drive low-carbon investment

(5.10.1.3) Factors considered when determining the price

Select all that apply

☑ Alignment with the price of a carbon tax

☑ Price/cost of voluntary carbon offset credits

(5.10.1.4) Calculation methodology and assumptions made in determining the price

Our calculation uses non-fossil certificate fees per kWh as a prerequisite, and the price is used as a reference value in the consideration of introducing solar power generation and other measures.

(5.10.1.5) Scopes covered

Select all that apply

☑ Scope 2

(5.10.1.6) Pricing approach used – spatial variance

Select from:

☑ Uniform

(5.10.1.8) Pricing approach used – temporal variance

Select from:

☑ Evolutionary

(5.10.1.9) Indicate how you expect the price to change over time

Non-fossil certificate price: This increases gradually every year, and is expected to increase to 300% around 2030. (About 0.5 yen to 1.5 yen)
Carbon price: Although the timing of the increase will be based on changes in Japan's system, the price is expected to increase by approximately 3,400% to around 10,000 yen around 2030, on par with Europe and the U.S. (Currently, the anti-global warming tax is 289 yen in Japan.)

(5.10.1.10) Minimum actual price used (currency per metric ton CO_2e)

1418

(5.10.1.11) Maximum actual price used (currency per metric ton CO_2e)

3073

(5.10.1.12) Business decision-making processes the internal price is applied to

Select all that apply

☑ Operations

☑ Procurement

(5.10.1.13) Internal price is mandatory within business decision-making processes

Select from:

☑ Yes, for some decision-making processes, please specify: Our internal price uses non-fossil certificate fees per kWh as a prerequisite, and is used as a reference value when considering the introduction of solar power generation and other measures. The price is essential as a means of demonstrating cost-effectiveness in making decisions for the promotion of CO_2 reduction.

(5.10.1.14) % total emissions in the reporting year in selected scopes this internal price covers

100

(5.10.1.15) Pricing approach is monitored and evaluated to achieve objectives

Select from:

☑ Yes

(5.10.1.16) Details of how the pricing approach is monitored and evaluated to achieve your objectives

We recognize the issues surrounding sustainability, including climate-related issues, as important management issues, examine the issues to be addressed for the growth of a sustainable society from a global perspective, and based on the results of such examination, promote measures in the areas of the environment, society, and governance. In regard to sustainability, a priority issue that we must respond to as a business, five Global Teams have been formed based on the items of materiality, including climate-related issues, directly under the Directors, Representative Executive Officers & Co-Presidents, who have ultimate responsibility, and five business leaders are leading the initiatives on a global basis. As part of this, internal carbon pricing is also evaluated for its appropriateness in terms of price and usage. In terms of internal carbon pricing and other sustainability challenges, we have an oversight structure in place, in which each leader reports directly to the Co-Presidents (twice a year), who in turn report their progress and suggestions to the Board of Directors whenever necessary (approximately four times a year).
[Add row]

(5.11) Do you engage with your value chain on environmental issues?

Suppliers

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☑ Yes

(5.11.2) Environmental issues covered

Select all that apply

☑ Climate change

☑ Water

Customers

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☑ Yes

(5.11.2) Environmental issues covered

Select all that apply

☑ Water

Investors and shareholders

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☑ No, but we plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

Select from:

☑ Not an immediate strategic priority

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

As a majority of our Scope 3 emissions are from upstream sources, we plan to prioritize engagement with our suppliers first. However, since we recognize that engagement activities with investors and shareholders are also essential for reducing emissions throughout the value chain, we will work on this as an issue we should deal with.

Other value chain stakeholders

(5.11.1) Engaging with this stakeholder on environmental issues

Select from:

☑ No, but we plan to within the next two years

(5.11.3) Primary reason for not engaging with this stakeholder on environmental issues

Select from:

☑ Not an immediate strategic priority

(5.11.4) Explain why you do not engage with this stakeholder on environmental issues

We share information with the Assessing low-Carbon Transition (ACT) Initiative. We also took part in load testing from October 2021 to April 2022, contributing to the establishment of the ACT methodology in the chemical sector. Since this methodology aims to support alignment with the goals of the Paris Agreement and is free for all stakeholders to use, we see it as a way to contribute to global transition plans. Background of this activity: As an example of our climate-related decisions, in July 2020, the ESG Committee, chaired by the President (then President and CEO), identified six items of materiality and decided to set "Climate Change" as the top priority item. We decided to participate in this initiative in order to acquire the knowledge necessary to formulate climate-related strategies and other matters. In addition to using our learning from the ACT Chemical Sector methodology in establishing our emission reduction targets for FY2022 and beyond, we also provided a lecture on the ACT methodology at an event hosted by Codo Advisory, Inc., Japan's first ACT consulting company. We believe that our activities including these contribute to climate transition across society, and we plan to continue these types of activities.
[Fixed row]

(5.11.1) Does your organization assess and classify suppliers according to their dependencies and/or impacts on the environment?

	Assessment of supplier dependencies and/or impacts on the environment
Climate change	*Select from:* ☑ No, we do not currently assess the dependencies and/or impacts of our suppliers, but we plan to do so within the next two years
Water	*Select from:* ☑ No, we do not currently assess the dependencies and/or impacts of our suppliers, but we plan to do so within the next two years

[Fixed row]

(5.11.2) Does your organization prioritize which suppliers to engage with on environmental issues?

Climate change

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☑ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☑ Material sourcing

(5.11.2.4) Please explain

Regarding raw materials purchased by our Group in Japan, we promote collaboration with suppliers with a focus on the top 30 items in terms of CO_2 emissions. Furthermore, since these top 30 items account for a majority of all purchased raw materials (approximately 40%), we have decided to give them priority.

Water

(5.11.2.1) Supplier engagement prioritization on this environmental issue

Select from:

☑ Yes, we prioritize which suppliers to engage with on this environmental issue

(5.11.2.2) Criteria informing which suppliers are prioritized for engagement on this environmental issue

Select all that apply

☑ Material sourcing

(5.11.2.4) Please explain

We are working to understand the present situation regarding raw materials purchased by our Group in Japan by sending questionnaires to all suppliers. We will work

on the development of an engagement plan based on the results. In 2023, we sent a questionnaire to the top 100 raw material suppliers in terms of purchasing amount (accounting for approximately 80% of the total amount) and collected responses, with a plan to expand the scope to 450 companies in 2024.
[Fixed row]

(5.11.5) Do your suppliers have to meet environmental requirements as part of your organization's purchasing process?

	Suppliers have to meet specific environmental requirements related to this environmental issue as part of the purchasing process	Policy in place for addressing supplier non-compliance	Comment
Climate change	*Select from:* ☑ Yes, suppliers have to meet environmental requirements related to this environmental issue, but they are not included in our supplier contracts	*Select from:* ☑ Yes, we have a policy in place for addressing non-compliance	-
Water	*Select from:* ☑ Yes, suppliers have to meet environmental requirements related to this environmental issue, but they are not included in our supplier contracts	*Select from:* ☑ Yes, we have a policy in place for addressing non-compliance	-

[Fixed row]

(5.11.6) Provide details of the environmental requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Climate change

(5.11.6.1) Environmental requirement

Select from:
☑ Implementation of emissions reduction initiatives

(5.11.6.2) Mechanisms for monitoring compliance with this environmental requirement

Select all that apply

☑ Supplier self-assessment

(5.11.6.3) % tier 1 suppliers by procurement spend required to comply with this environmental requirement

Select from:

☑ 100%

(5.11.6.4) % tier 1 suppliers by procurement spend in compliance with this environmental requirement

Select from:

☑ 76-99%

(5.11.6.7) % tier 1 supplier-related scope 3 emissions attributable to the suppliers required to comply with this environmental requirement

Select from:

☑ 100%

(5.11.6.8) % tier 1 supplier-related scope 3 emissions attributable to the suppliers in compliance with this environmental requirement

Select from:

☑ 76-99%

(5.11.6.9) Response to supplier non-compliance with this environmental requirement

Select from:

☑ Retain and engage

(5.11.6.10) % of non-compliant suppliers engaged

Select from:

☑ 100%

(5.11.6.11) Procedures to engage non-compliant suppliers

Select all that apply

☑ Providing information on appropriate actions that can be taken to address non-compliance

(5.11.6.12) Comment

-

Water

(5.11.6.1) Environmental requirement

Select from:

☑ Waste and resource reduction and material circularity

(5.11.6.2) Mechanisms for monitoring compliance with this environmental requirement

Select all that apply

☑ Supplier self-assessment

(5.11.6.3) % tier 1 suppliers by procurement spend required to comply with this environmental requirement

Select from:

☑ 100%

(5.11.6.4) % tier 1 suppliers by procurement spend in compliance with this environmental requirement

Select from:

☑ 76-99%

(5.11.6.9) Response to supplier non-compliance with this environmental requirement

Select from:

☑ Retain and engage

(5.11.6.10) % of non-compliant suppliers engaged

Select from:

☑ 100%

(5.11.6.11) Procedures to engage non-compliant suppliers

Select all that apply

☑ Providing information on appropriate actions that can be taken to address non-compliance

(5.11.6.12) Comment

-

[Add row]

(5.11.7) Provide further details of your organization's supplier engagement on environmental issues.

Climate change

(5.11.7.2) Action driven by supplier engagement

Select from:

☑ Emissions reduction

(5.11.7.3) Type and details of engagement

Innovation and collaboration

☑ Facilitate adoption of a unified climate transition approach with suppliers

(5.11.7.4) Upstream value chain coverage

Select all that apply

☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 76-99%

(5.11.7.6) % of tier 1 supplier-related scope 3 emissions covered by engagement

Select from:

☑ 76-99%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

Of the Scope 3 emissions, Category 1 accounts for the majority, more than 80%, and therefore raw material suppliers are targeted for our engagement. In FY2023, we sent a questionnaire on initiatives toward carbon neutrality to 100 of our major suppliers, requesting their cooperation with the survey. Since these 100 companies account for most of our total raw material purchases, we target them for our engagement as key suppliers. By having our suppliers self-assess their own efforts for carbon neutrality through a questionnaire, we identify and follow up on suppliers who need to make improvements. The results of the questionnaire are evaluated for the carbon foot print values identified for each product as well as the credibility of the values, and companies receiving low evaluation results will be followed up on.[Evaluation criteria for success] The measure of success from this engagement activity is a reduction of at least one low-scoring company (multi-year evaluation).[Results] As the scope of our engagement activity has been expanded since the previous fiscal year, we are currently in the process of evaluating the effectiveness of the activity. Companies with low scores will be followed up on to improve their efforts, and our engagement activity will continue in 2024. We believe that this engagement activity encourages suppliers to strengthen their climate change initiatives and helps create a foundation for future activities, including logistics improvement and cooperative development of products using biomass and other eco-friendly products.

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

Select from:

☑ Yes, please specify the environmental requirement: By requesting our suppliers to answer a questionnaire on sustainability, we raise awareness regarding compliance with laws and regulations related to climate change, and encourage activities to reduce greenhouse gas (GHG) emissions.

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Yes

Water

(5.11.7.2) Action driven by supplier engagement

Select from:

☑ Total water withdrawal volumes reduction

(5.11.7.3) Type and details of engagement

Information collection

☑ Other information collection activity, please specify**:** Collecting information on water management

(5.11.7.4) Upstream value chain coverage

Select all that apply

☑ Tier 1 suppliers

(5.11.7.5) % of tier 1 suppliers by procurement spend covered by engagement

Select from:

☑ 76-99%

(5.11.7.7) % tier 1 suppliers with substantive impacts and/or dependencies related to this environmental issue covered by engagement

Select from:

☑ 76-99%

(5.11.7.9) Describe the engagement and explain the effect of your engagement on the selected environmental action

We send a questionnaire to all of our 650 suppliers (raw material manufacturers) to understand their present situation. Until 2023, we used the Procurement Self-Assessment Tool, a self-assessment questionnaire issued by UNGC Japan, to obtain responses on the environmental initiatives of primary suppliers. We discuss improvements with suppliers who are below the acceptable level, which is less than 18 points out of the total 21 points in the evaluation of their responses. In 2023, we sent a questionnaire to the top 100 raw material suppliers in terms of purchasing amount (accounting for approximately 80% of the total amount) and collected responses.[Evaluation criteria for success] The measure of success from this engagement activity is a reduction of at least one low-scoring company (multi-year evaluation).[Results] As the scope of our engagement activity has been expanded since the previous fiscal year, we are currently in the process of evaluating the effectiveness of the activity. The number of companies receiving low scores has been in decline year by year, and we believe that this activity has led to increased awareness and understanding of environmental issues, including water, among suppliers. In FY2024, we plan to expand the scope of our engagement to 450 companies, and to continue to work to further improve supplier awareness and understanding.

(5.11.7.10) Engagement is helping your tier 1 suppliers meet an environmental requirement related to this environmental issue

Select from:

☑ Yes, please specify the environmental requirement: By requesting our suppliers to answer a questionnaire on sustainability, we raise awareness of compliance with water-related laws and regulations and encourage proper water management.

(5.11.7.11) Engagement is helping your tier 1 suppliers engage with their own suppliers on the selected action

Select from:

☑ Yes

[Add row]

(5.11.9) Provide details of any environmental engagement activity with other stakeholders in the value chain.

Water

(5.11.9.1) Type of stakeholder

Select from:

☑ Customers

(5.11.9.2) Type and details of engagement

Innovation and collaboration

☑ Collaborate with stakeholders on innovations to reduce environmental impacts in products and services

(5.11.9.3) % of stakeholder type engaged

Select from:

☑ 1-25%

(5.11.9.5) Rationale for engaging these stakeholders and scope of engagement

Our Group's products are assumed to be used and processed primarily by our customers. However, if the products contain ingredients that are harmful to the environment, it is possible that our products might cause an environmental impact outside the scope of our business oversight. Therefore, consideration should be given to how our products are used in our customers' work processes in the thought process of reducing the environmental impact in our entire supply chain. We believe that the development of products that meet customer needs through appropriate dialogue can contribute to reducing the environmental impact across the supply chain. Therefore, we consider these stakeholders to be an important target for engagement. The engagement target ratio is set at 5% of the sales ratio of the target business (fine chemicals) in the reporting year.

(5.11.9.6) Effect of engagement and measures of success

We are working with customers to develop new surface treatment agents to contribute to water consumption reduction and water quality conservation. In some cases, general conventional products contain heavy metals (zinc, nickel, and manganese), ions, and phosphorus; however, the new products that we have developed do not include them and can contribute to water quality conservation and water consumption reduction in customers' production lines. As a specific result, the amount of impurities generated (industrial waste and sediment) after the use of the surface treatment agents in customers' production lines will be reduced to one-tenth, thereby contributing to water quality conservation. In addition, customers' production lines can be shortened by 10 to 30%, contributing to a reduction in water consumption as well. In this way, we are working with customers to reduce water-related impacts through the development of products that meet market needs. We regard full completion (100%) of product development as an indicator for the success of this engagement activity.
[Add row]

(5.12) Indicate any mutually beneficial environmental initiatives you could collaborate on with specific CDP Supply Chain members.

Row 1

(5.12.2) Environmental issues the initiative relates to

Select all that apply

☑ Climate change

(5.12.4) Initiative category and type

Innovation

☑ New product or service that reduces customers' operational emissions

(5.12.5) Details of initiative

We work with automakers and raw material manufacturers to reduce emissions through low-carbon products and by shortening the painting process, and to develop low-carbon products aimed at reducing emissions during the use of automobiles. In addition, we work to solve issues such as LCA calculations in collaboration with the Automotive Coating Carbon Neutrality Study Group of the Japan Coating Technology Association, in which automotive OEMs work beyond the boundary of manufacturers to achieve carbon neutrality in the painting sector. (NPAC
[Add row]

(5.13) Has your organization already implemented any mutually beneficial environmental initiatives due to CDP Supply Chain member engagement?

	Explain why your organization has not implemented any environmental initiatives
	-

[Fixed row]

C6. Environmental Performance - Consolidation Approach

(6.1) Provide details on your chosen consolidation approach for the calculation of environmental performance data.

	Consolidation approach used	Provide the rationale for the choice of consolidation approach
Climate change	*Select from:* ☑ Financial control	*This is consistent with the scope of consolidated accounting.*
Water	*Select from:* ☑ Financial control	*This is consistent with the scope of consolidated accounting.*
Plastics	*Select from:* ☑ Financial control	-
Biodiversity	*Select from:* ☑ Financial control	-

[Fixed row]

C7. Environmental performance - Climate Change

(7.1) Is this your first year of reporting emissions data to CDP?

Select from:

☑ No

(7.1.1) 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?
	Select all that apply ☑ No

[Fixed row]

(7.1.2) 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?
	Select all that apply

	Change(s) in methodology, boundary, and/or reporting year definition?
	☑ No

[Fixed row]

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

Select all that apply

☑ 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)

☑ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

☑ The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

☑ Other, please specify: CO_2 conversion factor specified by Keidanren / Japan Chemical Industry Association

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

	Scope 2, location-based	Scope 2, market-based	Comment
	Select from: ☑ We are reporting a Scope 2, location-based figure	*Select from:* ☑ We are reporting a Scope 2, market-based figure	*The location-based emissions were calculated using the CO_2 conversion factor specified in the Carbon Neutrality Action Plan established by Keidanren and the Japan Chemical Industry Association as a uniform emission factor in Japan. The market-based emissions were calculated using the emission factor after adjustment for the electricity menu contracted by each site among emission factors by electric utility (for calculating greenhouse gas emissions of specified emitters).*

[Fixed row]

(7.4) 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?

Select from:

☑ No

(7.5) Provide your base year and base year emissions.

Scope 1

(7.5.1) Base year end

December 31, 2019

(7.5.2) Base year emissions (metric tons CO_2e)

16824.0

(7.5.3) Methodological details

Calculated using the factors specified in the Carbon Neutrality Action Plan established by the Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association

Scope 2 (location-based)

(7.5.1) Base year end

December 31, 2019

(7.5.2) Base year emissions (metric tons CO_2e)

28889.0

(7.5.3) Methodological details

Calculated using the factors specified in the Carbon Neutrality Action Plan established by the Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association

Scope 2 (market-based)

(7.5.1) Base year end

December 31, 2019

(7.5.2) Base year emissions (metric tons CO_2e)

31739.0

(7.5.3) Methodological details

The market-based emissions were calculated using the factors based on *the Act on Promotion of Global Warming Countermeasures (the "Global Warming Countermeasures Act") and the Anti-Global Warming Act (the "residual" emission factors after adjustment by each electric utility).*

Scope 3 category 1: Purchased goods and services

(7.5.1) Base year end

December 31, 2021

(7.5.2) Base year emissions (metric tons CO_2e)

1052051.0

(7.5.3) Methodological details

The amounts of activities for items procured as raw materials and items procured for business were calculated as follows:· Those for semi-finished products and raw materials were calculated by multiplying their purchased weight by the values listed in IDEA Ver. 3.1 as intensity figures.· Those for procured items other than semi-finished products and raw materials were calculated by multiplying their purchase prices by the values listed in the Emission Intensity Database for Calculating

Greenhouse Gas Emissions of Organizations throughout the Supply Chain as the intensity figures. Since the intensity figures in question include those for emissions from the transportation of procured items, the upstream transportation emissions in Category 4 are included in the emissions calculated for this category. In the previous fiscal year, emissions in this category were also calculated on a purchase price basis for semi-finished products and raw materials. Therefore, the calculation method used for this fiscal year and beyond is different from the one used for the previous fiscal year for some items.

Scope 3 category 2: Capital goods

(7.5.1) Base year end

December 31, 2021

(7.5.2) Base year emissions (metric tons CO_2e)

112239

(7.5.3) Methodological details

The amount of activities was calculated by multiplying the amount of fixed assets acquisition (global annual acquisition amount) disclosed in the Annual Securities Report by the value listed in the DB Ver. 3.3 of the Japanese Ministry of the Environment (MOE) as the intensity figure for organic chemical industrial products (excluding petrochemical basic products). The fixed assets in the scope include tangible and intangible fixed assets.

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

(7.5.1) Base year end

December 31, 2021

(7.5.2) Base year emissions (metric tons CO_2e)

7936.0

(7.5.3) Methodological details

The amounts of activities were calculated by multiplying the values of energy consumption data by fuel at all domestic sites of all consolidated subsidiaries subject to the calculation and reporting by the values listed in the MOE's DB Ver. 3.0 and LCA DB (IDEA Ver. 2.3) as the intensity figures by fuel.

Scope 3 category 4: Upstream transportation and distribution

(7.5.1) Base year end

December 31, 2021

(7.5.2) Base year emissions (metric tons CO_2e)

37450.0

(7.5.3) Methodological details

Based on the emissions reported by Nippon Paint ("NPTU") in accordance with the Japanese Act on Rationalizing Energy Use and Shifting to Non-fossil Energy*, we calculated the total emissions from the shipment of our products by estimating the emissions of other domestic Group companies in the scope by comparing the transportation volume between those companies and NPTU. In addition to domestic emissions, we also calculate the emissions from overseas transportation by ship. The amount of activities was calculated by multiplying the total overseas transportation volume (weight) by the value listed in the MOE's DB Ver. 3.0 as the intensity figure for transportation by ship. Total emissions from domestic and overseas transportation were calculated.*

Scope 3 category 5: Waste generated in operations

(7.5.1) Base year end

December 31, 2021

(7.5.2) Base year emissions (metric tons CO_2e)

15609.0

(7.5.3) Methodological details

The amount of activities was calculated by multiplying the annual waste disposal volume for each waste type by the intensity figure for each waste type listed in the MOE's DB Ver. 3.0.

Scope 3 category 6: Business travel

(7.5.1) Base year end

December 31, 2021

(7.5.2) Base year emissions (metric tons CO_2e)

428.0

(7.5.3) Methodological details

The amount of activities was calculated by multiplying the total number of employees on a consolidated basis (Japan) by the intensity figure per employee listed in the MOE's DB Ver. 3.0.

Scope 3 category 7: Employee commuting

(7.5.1) Base year end

December 31, 2021

(7.5.2) Base year emissions (metric tons CO_2e)

1455.0

(7.5.3) Methodological details

The amount of activities was calculated by multiplying the total number of employees in Japan by the largest site-based intensity figure listed in the MOE's DB Ver. 3.0.

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

(7.5.1) Base year end

December 30, 2021

(7.5.2) Base year emissions (metric tons CO_2e)

57395.0

(7.5.3) Methodological details

Of the total annual domestic distribution volume (weight basis), the portion excluding transportation between our sites was calculated as the annual product shipment weight. In accordance with the WBCSD Guidance for the Chemical Sector, it was assumed that, of the annual product shipment volume, 80% was landfilled and 20% was incinerated. The amounts of activities were calculated by multiplying the respective annual product shipment weight by the intensity figure by disposal method listed in the LCA DB (IDEA Ver. 2.3).
[Fixed row]

(7.6) What were your organization's gross global Scope 1 emissions in metric tons CO_2e?

	Gross global Scope 1 emissions (metric tons CO_2e)	End date	Methodological details
Reporting year	*16744*	*Date input [must be between [10/01/2015 - 10/01/2023]*	*Calculated using the factors specified in the Carbon Neutrality Action Plan established by the Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association*
Past year 1	*15669*	*December 30, 2022*	*Calculated using the factors specified in the Carbon Neutrality Action Plan established by the Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association*
Past year 2	*15044*	December 30, 2021	*Calculated using the factors specified in the Carbon Neutrality Action Plan established by the Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association*
Past year 3	*15065*	*December 30, 2020*	*Calculated using the factors specified in the Carbon Neutrality Action Plan established by the Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association*
Past year 4	*16824*	*December 30, 2019*	*Calculated using the factors specified in the Carbon Neutrality Action Plan established by the Ministry of Economy, Trade and Industry and the Japan Chemical Industry Association*

[Fixed row]

(7.7) What were your organization's gross global Scope 2 emissions in metric tons CO_2e?

Reporting year

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO_2e)

27637

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO_2e) (if applicable)

24952

(7.7.4) Methodological details

The location-based emissions were calculated using the CO_2 conversion factor specified in the Carbon Neutrality Action Plan established by Keidanren and the Japan Chemical Industry Association as a uniform emission factor in Japan. The market-based emissions were calculated using the emission factor after adjustment for the electricity menu contracted by each site among emission factors by electric utility (for calculating greenhouse gas emissions of specified emitters).

Past year 1

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO_2e)

27396

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO_2e) (if applicable)

25844

(7.7.3) End date

December 30, 2022

(7.7.4) Methodological details

The location-based emissions were calculated using the CO_2 conversion factor specified in the Carbon Neutrality Action Plan established by Keidanren and the Japan Chemical Industry Association as a uniform emission factor in Japan. The market-based emissions were calculated using the emission factor after adjustment for the electricity menu contracted by each site among emission factors by electric utility (for calculating greenhouse gas emissions of specified emitters).

Past year 2

(7.7.1) Gross global Scope 2, location-based emissions (metric tons CO_2e)

27972

(7.7.2) Gross global Scope 2, market-based emissions (metric tons CO_2e) (if applicable)

28071

(7.7.3) End date

December 30, 2021

(7.7.4) Methodological details

The location-based emissions were calculated using the CO_2 conversion factor specified in the Carbon Neutrality Action Plan established by Keidanren and the Japan Chemical Industry Association as a uniform emission factor in Japan. The market-based emissions were calculated using the emission factor after adjustment for the electricity menu contracted by each site among emission factors by electric utility (for calculating greenhouse gas emissions of specified emitters).
[Fixed row]

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

Purchased goods and services

(7.8.1) Evaluation status

Select from:
☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO_2e)

1021546

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Hybrid method

☑ Spend-based method

☑ Other, please specify: The amounts of activities for items procured as raw materials and items procured for business were calculated as follows:· Those for semi-finished products and raw materials were calculated by multiplying their purchased weight by the values listed in IDEA Ver. 3.2 as intensity figures.· Those for procured items other than semi-finished products and raw materials were calculated by multiplying their purchase prices by the values listed in the Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations throughout the Supply Chain as the intensity figures. Since the intensity figures in question include those for emissions from the transportation of procured items, the upstream transportation emissions in Category 4 are included in the emissions calculated for this category.

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

0

(7.8.5) Please explain

· The amounts of activities for items procured as raw materials and items procured for business were calculated as follows:· Those for semi-finished products and raw materials were calculated by multiplying their purchased weight by the values listed in IDEA Ver. 3.2 as intensity figures.· Those for procured items other than semi-finished products and raw materials were calculated by multiplying their purchase prices by the values listed in the Emission Intensity Database for Calculating Greenhouse Gas Emissions of Organizations throughout the Supply Chain Ver. 3.3, published by the Ministry of the Environment (the "MOE's DB Ver. 3.3") as the intensity figures.· Although emissions in this category were calculated on a purchase price basis also for semi-finished products and raw materials until FY2021, the calculation method used has been changed to the above one for some items since the results for FY2021.

Capital goods

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO_2e)

108614

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Spend-based method

☑ Other, please specify: The amount of activities was calculated by multiplying the amount of fixed assets acquisition (global annual acquisition amount) disclosed in the Annual Securities Report by the value listed in the MOE's DB Ver. 3.3 as the intensity figure for organic chemical industrial products (excluding petrochemical basic products). The fixed assets in the scope include tangible and intangible fixed assets.

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

0

(7.8.5) Please explain

The amount of activities was calculated by multiplying the amount of fixed assets acquisition (global annual acquisition amount) disclosed in the Annual Securities Report by the value listed in the MOE's DB Ver. 3.3 as the intensity figure for organic chemical industrial products (excluding petrochemical basic products). The fixed assets in the scope include tangible and intangible fixed assets.

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

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO_2e)

7731

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Fuel-based method

☑ Other, please specify: The amounts of activities were calculated by multiplying the values of energy consumption data by fuel at all domestic sites of all consolidated subsidiaries subject to the calculation and reporting by the values listed in the MOE's DB Ver. 3.3 and LCA DB (IDEA Ver. 3.2) as the intensity figures by fuel.

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

0

(7.8.5) Please explain

The amounts of activities were calculated by multiplying the values of energy consumption data by fuel at all domestic sites of all consolidated subsidiaries subject to the calculation and reporting by the values listed in the MOE's DB Ver. 3.3 and LCA DB (IDEA Ver. 2.3) as the intensity figures by fuel.

Upstream transportation and distribution

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO_2e)

33104

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Hybrid method

☑ Fuel-based method

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

0

(7.8.5) Please explain

Based on the emissions reported by NPTU in accordance with the Japanese Act on Rationalizing Energy Use and Shifting to Non-fossil Energy*, we calculated the total emissions from the shipment of our products by estimating the emissions of other domestic Group companies in the scope by comparing the transportation volume between those companies and NPTU. In addition to domestic emissions, we also calculate the emissions from overseas transportation by ship. The amount of activities was calculated by multiplying the total overseas transportation volume (weight) by the value listed in the MOE's DB Ver. 3.3 as the intensity figure for transportation by ship. Total emissions from domestic and overseas transportation were calculated.*

Waste generated in operations

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO_2e)

17230

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Waste-type-specific method

☑ Other, please specify: The amount of activities was calculated by multiplying the annual waste disposal volume for each waste type by the intensity figure for each waste type listed in the MOE's DB Ver. 3.3.

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

0

(7.8.5) Please explain

The amount of activities was calculated by multiplying the annual waste disposal volume for each waste type by the intensity figure for each waste type listed in the

MOE's DB Ver. 3.3.

Business travel

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO_2e)

446

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Spend-based method

☑ Other, please specify: The amount of activities was calculated by multiplying the total number of employees on a consolidated basis (Japan) by the intensity figure per employee listed in the MOE's DB Ver. 3.3.

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

0

(7.8.5) Please explain

The amount of activities was calculated by multiplying the total number of employees on a consolidated basis (Japan) by the intensity figure per employee listed in the MOE's DB Ver. 3.3.

Employee commuting

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO_2e)

1516

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Average data method

☑ Site-specific method

☑ Other, please specify: The amount of activities was calculated by multiplying the total number of employees in Japan by the largest site-based intensity figure listed in the MOE's DB Ver. 3.3.

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

0

(7.8.5) Please explain

The amount of activities was calculated by multiplying the total number of employees in Japan by the largest site-based intensity figure listed in the MOE's DB Ver. 3.3.

Upstream leased assets

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Emissions from all assets that we lease are covered by Scopes 1 and 2, and therefore Scope 3 emissions are zero, and this category was excluded from the calculation.(Specific examples) Scope 1 (using fuel that we purchased): Leased vehicles and forklifts / Scope 2 (using electricity that we purchased): Printers, PCs, measuring instruments, and forklifts (rechargeable type)

Downstream transportation and distribution

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Emissions from downstream transportation and distribution were included in Category 4 (upstream transportation and distribution).

Processing of sold products

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

In accordance with the WBCSD Guidance for the Chemical Sector, Category 10 was excluded from the calculation as zero emissions.

Use of sold products

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

In accordance with the WBCSD Guidance for the Chemical Sector, Category 11 was excluded from the calculation as zero emissions.

End of life treatment of sold products

(7.8.1) Evaluation status

Select from:

☑ Relevant, calculated

(7.8.2) Emissions in reporting year (metric tons CO_2e)

49052

(7.8.3) Emissions calculation methodology

Select all that apply

☑ Hybrid method

☑ Average data method

☑ Distance-based method

☑ Other, please specify: Of the total annual domestic distribution volume (weight basis), the portion excluding transportation between our sites was calculated as the annual product shipment weight. In accordance with the WBCSD Guidance for the Chemical Sector, it was assumed that, of the annual product shipment volume, 80% was landfilled and 20% was incinerated. The amounts of activities were calculated by multiplying the respective annual product shipment weight by the intensity figure by disposal method listed in the LCA DB (IDEA Ver. 3.2).

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

0

(7.8.5) Please explain

Of the total annual domestic distribution volume (weight basis), the portion excluding transportation between our sites was calculated as the annual product shipment weight. In accordance with the WBCSD Guidance for the Chemical Sector, it was assumed that, of the annual product shipment volume, 80% was landfilled and 20% was incinerated. The amounts of activities were calculated by multiplying the respective annual product shipment weight by the intensity figure by disposal method listed in the LCA DB (IDEA Ver. 2.3).

Downstream leased assets

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Since we do not own leased assets for rental purposes, we do not have quantified figures or applicable actual operations, and thus this category was excluded from the calculation as zero emissions.

Franchises

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Since there is no franchise agreement concluded, we do not have quantified figures or applicable actual operations, and thus this category was excluded from the calculation as zero emissions.

Investments

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Since there are no investment activities for commercial purposes, we do not have quantified figures or applicable actual operations, and thus this category was excluded from the calculation as zero emissions.

Other (upstream)

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Since this category is not applicable, we do not have quantified figures or applicable actual operations, and thus it was excluded from the calculation as zero emissions.

Other (downstream)

(7.8.1) Evaluation status

Select from:

☑ Not relevant, explanation provided

(7.8.5) Please explain

Since this category is not applicable, we do not have quantified figures or applicable actual operations, and thus it was excluded from the calculation as zero emissions. [Fixed row]

(7.8.1) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

(7.8.1.1) End date

December 30, 2022

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO_2e)

1004908

(7.8.1.3) Scope 3: Capital goods (metric tons CO_2e)

116898

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO_2e)

7553

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO_2e)

34839

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO_2e)

14458

(7.8.1.7) Scope 3: Business travel (metric tons CO_2e)

470

(7.8.1.8) Scope 3: Employee commuting (metric tons CO_2e)

1595

(7.8.1.9) Scope 3: Upstream leased assets (metric tons CO_2e)

0

(7.8.1.10) Scope 3: Downstream transportation and distribution (metric tons CO_2e)

0

(7.8.1.11) Scope 3: Processing of sold products (metric tons CO_2e)

0

(7.8.1.12) Scope 3: Use of sold products (metric tons CO_2e)

0

(7.8.1.13) Scope 3: End of life treatment of sold products (metric tons CO_2e)

52390

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO_2e)

0

(7.8.1.15) Scope 3: Franchises (metric tons CO_2e)

0

(7.8.1.16) Scope 3: Investments (metric tons CO_2e)

0

(7.8.1.17) Scope 3: Other (upstream) (metric tons CO_2e)

0

(7.8.1.18) Scope 3: Other (downstream) (metric tons CO_2e)

0

(7.8.1.19) Comment

-

Past year 2

(7.8.1.1) End date

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO_2e)

1052051

(7.8.1.3) Scope 3: Capital goods (metric tons CO_2e)

112239

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO_2e)

7936

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO_2e)

37450

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO_2e)

15609

(7.8.1.7) Scope 3: Business travel (metric tons CO_2e)

428

(7.8.1.8) Scope 3: Employee commuting (metric tons CO_2e)

1455

(7.8.1.9) Scope 3: Upstream leased assets (metric tons CO_2e)

0

(7.8.1.10) Scope 3: Downstream transportation and distribution (metric tons CO_2e)

0

(7.8.1.11) Scope 3: Processing of sold products (metric tons CO_2e)

0

(7.8.1.12) Scope 3: Use of sold products (metric tons CO_2e)

0

(7.8.1.13) Scope 3: End of life treatment of sold products (metric tons CO_2e)

57395

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO_2e)

0

(7.8.1.15) Scope 3: Franchises (metric tons CO_2e)

0

(7.8.1.16) Scope 3: Investments (metric tons CO_2e)

0

(7.8.1.17) Scope 3: Other (upstream) (metric tons CO_2e)

0

(7.8.1.18) Scope 3: Other (downstream) (metric tons CO_2e)

0

(7.8.1.19) Comment

-

Past year 3

(7.8.1.1) End date

December 30, 2020

(7.8.1.2) Scope 3: Purchased goods and services (metric tons CO_2e)

736831

(7.8.1.3) Scope 3: Capital goods (metric tons CO_2e)

81969

(7.8.1.4) Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO_2e)

7970

(7.8.1.5) Scope 3: Upstream transportation and distribution (metric tons CO_2e)

0

(7.8.1.6) Scope 3: Waste generated in operations (metric tons CO_2e)

17499

(7.8.1.7) Scope 3: Business travel (metric tons CO_2e)

456

(7.8.1.8) Scope 3: Employee commuting (metric tons CO_2e)

1550

(7.8.1.9) Scope 3: Upstream leased assets (metric tons CO_2e)

0

(7.8.1.10) Scope 3: Downstream transportation and distribution (metric tons CO_2e)

42914

(7.8.1.11) Scope 3: Processing of sold products (metric tons CO_2e)

0

(7.8.1.12) Scope 3: Use of sold products (metric tons CO_2e)

0

(7.8.1.13) Scope 3: End of life treatment of sold products (metric tons CO_2e)

66632

(7.8.1.14) Scope 3: Downstream leased assets (metric tons CO_2e)

0

(7.8.1.15) Scope 3: Franchises (metric tons CO_2e)

0

(7.8.1.16) Scope 3: Investments (metric tons CO_2e)

0

(7.8.1.17) Scope 3: Other (upstream) (metric tons CO_2e)

0

(7.8.1.18) Scope 3: Other (downstream) (metric tons CO_2e)

0

(7.8.1.19) Comment

-
[Fixed row]

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

	Verification/assurance status
Scope 1	*Select from:* ☑ No third-party verification or assurance
Scope 2 (location-based or market-based)	*Select from:* ☑ No third-party verification or assurance
Scope 3	*Select from:* ☑ No third-party verification or assurance

[Fixed row]

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

Select from:
☑ Decreased

(7.10.1) 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.

Change in renewable energy consumption

(7.10.1.1) Change in emissions (metric tons CO_2e)

3840

(7.10.1.2) Direction of change in emissions

Select from:

☑ Decreased

(7.10.1.3) Emissions value (percentage)

9.3

(7.10.1.4) Please explain calculation

We purchased 3,840 t-CO_2 worth of renewable electricity reflecting non-fossil certificates. 3,840/41,513 (Scope 1 and 2 emissions in 2022) = 9.25%

Other emissions reduction activities

(7.10.1.1) Change in emissions (metric tons CO_2e)

7

(7.10.1.2) Direction of change in emissions

Select from:

☑ Decreased

(7.10.1.3) Emissions value (percentage)

0.02

(7.10.1.4) Please explain calculation

Other emissions reduction activities resulted in a reduction of 7 t-CO_2. 7/41,513 (Scope 1 and 2 emissions in 2022) = 0.02%

Unidentified

(7.10.1.1) Change in emissions (metric tons CO_2e)

2000

(7.10.1.2) Direction of change in emissions

Select from:

☑ Increased

(7.10.1.3) Emissions value (percentage)

4.82

(7.10.1.4) Please explain calculation

Scope 1 emissions increased by 1,100 t-CO_2 due to increased city gas use, while Scope 2 emissions rose by 900 t-CO_2 because of changes in the electric power company's coefficients, resulting in a total increase of 2,000 t-CO_2. 2,000/41,513 (Scope 1 and 2 emissions in 2022) = 4.82%
[Fixed row]

(7.10.2) Are your emissions performance calculations in 7.10 and 7.10.1 based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Select from:

☑ Market-based

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

Select from:

☑ No

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

Select from:

☑ No

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

	Scope 1 emissions (metric tons CO_2e)	Scope 2, location-based (metric tons CO_2e)	Scope 2, market-based (metric tons CO_2e)
Japan	*16744*	*27637*	*24952*

[Fixed row]

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

Select all that apply

☑ By business division

(7.17.1) Break down your total gross global Scope 1 emissions by business division.

Row 1

(7.17.1.1) Business division

Automotive coatings business

(7.17.1.2) Scope 1 emissions (metric ton CO_2e)

7795

Row 2

(7.17.1.1) Business division

General industrial coatings business

(7.17.1.2) Scope 1 emissions (metric ton CO_2e)

5703

Row 5

(7.17.1.1) Business division

Decorative paints business (for construction and heavy-duty corrosion-resistant structures, etc.)

(7.17.1.2) Scope 1 emissions (metric ton CO_2e)

2748

Row 6

(7.17.1.1) Business division

Surface treatment business

(7.17.1.2) Scope 1 emissions (metric ton CO_2e)

259

Row 7

(7.17.1.1) Business division

Marine paints business (almost all production is outsourced)

(7.17.1.2) Scope 1 emissions (metric ton CO_2e)

158

Row 8

(7.17.1.1) Business division

Export and import business of raw materials and finished products

(7.17.1.2) Scope 1 emissions (metric ton CO_2e)

3

Row 9

(7.17.1.1) Business division

Group supervisory function

(7.17.1.2) Scope 1 emissions (metric ton CO_2e)

78
[Add row]

(7.19) Break down your organization’s total gross global Scope 1 emissions by sector production activity in metric tons CO_2e.

	Gross Scope 1 emissions, metric tons CO_2e	Comment
Chemicals production activities	*16744*	-

[Fixed row]

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

Select all that apply

☑ By business division

(7.20.1) Break down your total gross global Scope 2 emissions by business division.

Row 1

(7.20.1.1) Business division

Automotive coatings business

(7.20.1.2) Scope 2, location-based (metric tons CO_2e)

11036

(7.20.1.3) Scope 2, market-based (metric tons CO_2e)

10425

Row 3

(7.20.1.1) Business division

General industrial coatings business

(7.20.1.2) Scope 2, location-based (metric tons CO_2e)

8023

(7.20.1.3) Scope 2, market-based (metric tons CO_2e)

6707

Row 4

(7.20.1.1) Business division

Decorative paints business (for construction and heavy-duty corrosion-resistant structures, etc.)

(7.20.1.2) Scope 2, location-based (metric tons CO_2e)

6782

(7.20.1.3) Scope 2, market-based (metric tons CO_2e)

6136

Row 5

(7.20.1.1) Business division

Surface treatment business

(7.20.1.2) Scope 2, location-based (metric tons CO_2e)

856

(7.20.1.3) Scope 2, market-based (metric tons CO_2e)

808

Row 6

(7.20.1.1) Business division

Marine paints business (almost all production is outsourced)

(7.20.1.2) Scope 2, location-based (metric tons CO_2e)

378

(7.20.1.3) Scope 2, market-based (metric tons CO_2e)

382

Row 7

(7.20.1.1) Business division

Export and import business of raw materials and finished products

(7.20.1.2) Scope 2, location-based (metric tons CO_2e)

47

(7.20.1.3) Scope 2, market-based (metric tons CO_2e)

41

Row 8

(7.20.1.1) Business division

Group supervisory function

(7.20.1.2) Scope 2, location-based (metric tons CO_2e)

515

(7.20.1.3) Scope 2, market-based (metric tons CO_2e)

453
[Add row]

(7.21) Break down your organization's total gross global Scope 2 emissions by sector production activity in metric tons CO_2e.

	Scope 2, location-based, metric tons CO_2e	Scope 2, market-based (if applicable), metric tons CO_2e	Comment
Chemicals production activities	*27637*	*24952*	-

[Fixed row]

(7.22) Break down your gross Scope 1 and Scope 2 emissions between your consolidated accounting group and other entities included in your response.

Consolidated accounting group

(7.22.1) Scope 1 emissions (metric tons CO_2e)

16744

(7.22.2) Scope 2, location-based emissions (metric tons CO_2e)

27637

(7.22.3) Scope 2, market-based emissions (metric tons CO_2e)

24952

(7.22.4) Please explain

All CDP response boundaries are included in the consolidated accounting group.

All other entities

(7.22.1) Scope 1 emissions (metric tons CO_2e)

0

(7.22.2) Scope 2, location-based emissions (metric tons CO_2e)

0

(7.22.3) Scope 2, market-based emissions (metric tons CO_2e)

0

(7.22.4) Please explain

There are no other entities.
[Fixed row]

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

Select from:
☑ Yes

(7.23.1) Break down your gross Scope 1 and Scope 2 emissions by subsidiary.

Row 1

(7.23.1.1) Subsidiary name

Nippon Paint Automotive Coatings Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Specialty chemicals

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

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO_2e)

7794.6

(7.23.1.13) Scope 2, location-based emissions (metric tons CO_2e)

11036

(7.23.1.14) Scope 2, market-based emissions (metric tons CO_2e)

10425

(7.23.1.15) Comment

-

Row 2

(7.23.1.1) Subsidiary name

Nippon Paint Industrial Coatings Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Specialty chemicals

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

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO_2e)

5703

(7.23.1.13) Scope 2, location-based emissions (metric tons CO_2e)

8023

(7.23.1.14) Scope 2, market-based emissions (metric tons CO_2e)

6707

(7.23.1.15) Comment

-

Row 3

(7.23.1.1) Subsidiary name

Nippon Paint Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Specialty chemicals

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

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO_2e)

2748

(7.23.1.13) Scope 2, location-based emissions (metric tons CO_2e)

6782

(7.23.1.14) Scope 2, market-based emissions (metric tons CO_2e)

6136

(7.23.1.15) Comment

-

Row 4

(7.23.1.1) Subsidiary name

Nippon Paint Surf Chemicals Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Specialty chemicals

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

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO_2e)

259

(7.23.1.13) Scope 2, location-based emissions (metric tons CO_2e)

856

(7.23.1.14) Scope 2, market-based emissions (metric tons CO_2e)

808

(7.23.1.15) Comment

-

Row 5

(7.23.1.1) Subsidiary name

Nippon Paint Marine Coatings Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Specialty chemicals

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

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO_2e)

158

(7.23.1.13) Scope 2, location-based emissions (metric tons CO_2e)

378

(7.23.1.14) Scope 2, market-based emissions (metric tons CO_2e)

382

(7.23.1.15) Comment

-

Row 7

(7.23.1.1) Subsidiary name

Nippon Paint Materials Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Chemicals wholesale & distribution

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

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO_2e)

3

(7.23.1.13) Scope 2, location-based emissions (metric tons CO_2e)

47

(7.23.1.14) Scope 2, market-based emissions (metric tons CO_2e)

41

(7.23.1.15) Comment

-

Row 8

(7.23.1.1) Subsidiary name

Nippon Paint Corporate Solutions Co., Ltd.

(7.23.1.2) Primary activity

Select from:

☑ Other professional services

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

Select all that apply

☑ No unique identifier

(7.23.1.12) Scope 1 emissions (metric tons CO_2e)

78

(7.23.1.13) Scope 2, location-based emissions (metric tons CO_2e)

515

(7.23.1.14) Scope 2, market-based emissions (metric tons CO_2e)

453

(7.23.1.15) Comment

-
[Add row]

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

Row 1

(7.25.1) Purchased feedstock

Select from:
☑ Aromatics extraction

(7.25.2) Percentage of Scope 3, Category 1 t-CO_2e from purchased feedstock

4

(7.25.3) Explain calculation methodology

We used our three-year average rate of 4% from 2020 to 2022.

Row 2

(7.25.1) Purchased feedstock

Select from:

☑ Polymers

(7.25.2) Percentage of Scope 3, Category 1 tCO_2e from purchased feedstock

47

(7.25.3) Explain calculation methodology

We used our three-year average rate of 47% from 2020 to 2022.

Row 3

(7.25.1) Purchased feedstock

Select from:

☑ Specialty chemicals

(7.25.2) Percentage of Scope 3, Category 1 tCO_2e from purchased feedstock

13

(7.25.3) Explain calculation methodology

We used our three-year average rate of 13% from 2020 to 2022.

Row 4

(7.25.1) Purchased feedstock

Select from:

☑ Other base chemicals: Synthetic solvents, general monomers, industrial soda chemicals, etc.

(7.25.2) Percentage of Scope 3, Category 1 tCO_2e from purchased feedstock

11

(7.25.3) Explain calculation methodology

We used our three-year average rate of 11% from 2020 to 2022.
[Add row]

(7.25.1) Disclose sales of products that are greenhouse gases.

Carbon dioxide (CO_2)

(7.25.1.1) Sales, metric tons

0

(7.25.1.2) Comment

-

Methane (CH_4)

(7.25.1.1) Sales, metric tons

0

(7.25.1.2) Comment

-

Nitrous oxide (N_2O)

(7.25.1.1) Sales, metric tons

0

(7.25.1.2) Comment

Hydrofluorocarbons (HFC)

(7.25.1.1) Sales, metric tons

0

(7.25.1.2) Comment

Perfluorocarbons (PFC)

(7.25.1.1) Sales, metric tons

0

(7.25.1.2) Comment

Sulphur hexafluoride (SF_6)

(7.25.1.1) Sales, metric tons

0

(7.25.1.2) Comment

Nitrogen trifluoride (NF_3)

(7.25.1.1) Sales, metric tons

0

(7.25.1.2) Comment

[Fixed row]

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

Row 1

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:
☑ Scope 1

(7.26.4) Allocation level

Select from:
☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on mass of products purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

16700000000

(7.26.9) Emissions in metric tonnes of CO_2e

2381

(7.26.11) Major sources of emissions

Kerosene, Fuel Oil A, liquefied petroleum gas, city gas, and company cars used at work sites and offices

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our calculations were based on the sales amount (Japanese yen) ratio obtained from actual energy purchase volumes. For the CO_2 conversion factor, we used the CO_2 conversion coefficient by the Japan Chemical Industry Association (the same as in the calculation method and the emission coefficient list in the MOE's calculation, reporting, and disclosure system).

(7.26.14) Where published information has been used, please provide a reference

https://ghg-santeikohyo.env.go.jp/calc

Row 2

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 2: location-based

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

16700000000

(7.26.9) Emissions in metric tonnes of CO_2e

3370

(7.26.11) Major sources of emissions

Purchased electricity used at work sites and offices

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our calculations were based on the sales amount (Japanese yen) ratio obtained from actual energy purchase volumes. For the CO_2 conversion factor, we used the CO_2 conversion coefficient by the Japan Chemical Industry Association (the same as in the calculation method and the emission coefficient list in the MOE's calculation, reporting, and disclosure system).

(7.26.14) Where published information has been used, please provide a reference

https://ghg-santeikohyo.env.go.jp/calc

Row 3

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 1

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

3626000000

(7.26.9) Emissions in metric tonnes of CO_2e

517

(7.26.11) Major sources of emissions

Kerosene, Fuel Oil A, liquefied petroleum gas, city gas, and company cars used at work sites and offices

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our calculations were based on the sales amount (Japanese yen) ratio obtained from actual energy purchase volumes. For the CO_2 conversion factor, we used the CO_2 conversion coefficient by the Japan Chemical Industry Association (the same as in the calculation method and the emission coefficient list in the MOE's calculation,

reporting, and disclosure system).

(7.26.14) Where published information has been used, please provide a reference

https://ghg-santeikohyo.env.go.jp/calc

Row 4

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 2: location-based

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

3626000000

(7.26.9) Emissions in metric tonnes of CO_2e

732

(7.26.11) Major sources of emissions

Purchased electricity used at work sites and offices

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our calculations were based on the sales amount (Japanese yen) ratio obtained from actual energy purchase volumes. For the CO_2 conversion factor, we used the CO_2 conversion coefficient by the Japan Chemical Industry Association (the same as in the calculation method and the emission coefficient list in the MOE's calculation, reporting, and disclosure system).

(7.26.14) Where published information has been used, please provide a reference

https://ghg-santeikohyo.env.go.jp/calc

Row 5

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 1

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

2533000000

(7.26.9) Emissions in metric tonnes of CO_2e

361

(7.26.11) Major sources of emissions

Kerosene, Fuel Oil A, liquefied petroleum gas, city gas, and company cars used at work sites and offices

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our calculations were based on the sales amount (Japanese yen) ratio obtained from actual energy purchase volumes. For the CO_2 conversion factor, we used the CO_2 conversion coefficient by the Japan Chemical Industry Association (the same as in the calculation method and the emission coefficient list in the MOE's calculation, reporting, and disclosure system).

(7.26.14) Where published information has been used, please provide a reference

https://ghg-santeikohyo.env.go.jp/calc

Row 6

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 2: location-based

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

2533000000

(7.26.9) Emissions in metric tonnes of CO_2e

511

(7.26.11) Major sources of emissions

Purchased electricity used at work sites and offices

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our calculations were based on the sales amount (Japanese yen) ratio obtained from actual energy purchase volumes. For the CO_2 conversion factor, we used the CO_2 conversion coefficient by the Japan Chemical Industry Association (the same as in the calculation method and the emission coefficient list in the MOE's calculation, reporting, and disclosure system).

(7.26.14) Where published information has been used, please provide a reference

https://ghg-santeikohyo.env.go.jp/calc

Row 7

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 1

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

131130000

(7.26.9) Emissions in metric tonnes of CO_2e

8.6

(7.26.11) Major sources of emissions

Kerosene, Fuel Oil A, liquefied petroleum gas, city gas, and company cars used at work sites and offices

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our calculations were based on the sales amount (Japanese yen) ratio obtained from actual energy purchase volumes. For the CO_2 conversion factor, we used the CO_2 conversion coefficient by the Japan Chemical Industry Association (the same as in the calculation method and the emission coefficient list in the MOE's calculation, reporting, and disclosure system).

(7.26.14) Where published information has been used, please provide a reference

https://ghg-santeikohyo.env.go.jp/calc

Row 8

(7.26.1) Requesting member

Select from:

(7.26.2) Scope of emissions

Select from:

☑ Scope 2: location-based

(7.26.4) Allocation level

Select from:

☑ Company wide

(7.26.6) Allocation method

Select from:

☑ Allocation based on the number of units purchased

(7.26.7) Unit for market value or quantity of goods/services supplied

Select from:

☑ Currency

(7.26.8) Market value or quantity of goods/services supplied to the requesting member

131130000

(7.26.9) Emissions in metric tonnes of CO_2e

17.9

(7.26.11) Major sources of emissions

Purchased electricity used at work sites and offices

(7.26.12) Allocation verified by a third party?

Select from:

☑ No

(7.26.13) Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Our calculations were based on the sales amount (Japanese yen) ratio obtained from actual energy purchase volumes. For the CO_2 conversion factor, we used the CO_2 conversion coefficient by the Japan Chemical Industry Association (the same as in the calculation method and the emission coefficient list in the MOE's calculation, reporting, and disclosure system).

(7.26.14) Where published information has been used, please provide a reference

https://ghg-santeikohyo.env.go.jp/calc
[Add row]

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

Row 1

(7.27.1) Allocation challenges

Select from:

☑ Diversity of product lines makes accurately accounting for each product/product line cost ineffective

(7.27.2) Please explain what would help you overcome these challenges

An NPIU LCA scheme is under development.

Row 2

(7.27.1) Allocation challenges

Select from:

☑ We face no challenges

(7.27.2) Please explain what would help you overcome these challenges

NPAC
[Add row]

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

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

Select from:

☑ No

(7.28.3) Primary reason for no plans to develop your capabilities to allocate emissions to your customers

Select from:

☑ Other, please specify: Due to strategic reasons

(7.28.4) Explain why you do not plan to develop capabilities to allocate emissions to your customers

NPAC: We have already allocated emissions at this point. NPIU: We have too many customers.
[Fixed row]

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

Select from:

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

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

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	*Select from:* ☑ Yes
Consumption of purchased or acquired electricity	*Select from:* ☑ Yes
Consumption of purchased or acquired heat	*Select from:* ☑ No

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of purchased or acquired steam	*Select from:* ☑ No
Consumption of purchased or acquired cooling	*Select from:* ☑ No
Generation of electricity, heat, steam, or cooling	*Select from:* ☑ Yes

[Fixed row]

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

Consumption of fuel (excluding feedstock)

(7.30.1.1) Heating value

Select from:

☑ LHV (lower heating value)

(7.30.1.2) MWh from renewable sources

0

(7.30.1.3) MWh from non-renewable sources

84561

(7.30.1.4) Total (renewable and non-renewable) MWh

84561

Consumption of purchased or acquired electricity

(7.30.1.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

9425

(7.30.1.3) MWh from non-renewable sources

55906

(7.30.1.4) Total (renewable and non-renewable) MWh

65331

Consumption of self-generated non-fuel renewable energy

(7.30.1.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

0

(7.30.1.4) Total (renewable and non-renewable) MWh

0

Total energy consumption

(7.30.1.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.1.2) MWh from renewable sources

9425

(7.30.1.3) MWh from non-renewable sources

140467

(7.30.1.4) Total (renewable and non-renewable) MWh

149892
[Fixed row]

(7.30.3) Report your organization’s energy consumption totals (excluding feedstocks) for chemical production activities in MWh.

Consumption of fuel (excluding feedstocks)

(7.30.3.1) Heating value

Select from:

☑ HHV (higher heating value)

(7.30.3.2) MWh consumed from renewable sources inside chemical sector boundary

0

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

191127

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

0

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

191127

Consumption of purchased or acquired electricity

(7.30.3.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.3.2) MWh consumed from renewable sources inside chemical sector boundary

9425

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

55906

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

0

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

65331

Consumption of self-generated non-fuel renewable energy

(7.30.3.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.3.2) MWh consumed from renewable sources inside chemical sector boundary

0

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

0

Total energy consumption

(7.30.3.1) Heating value

Select from:

☑ Unable to confirm heating value

(7.30.3.2) MWh consumed from renewable sources inside chemical sector boundary

9425

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

247033

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

0

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

256458
[Fixed row]

(7.30.6) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	*Select from:* ☑ No
Consumption of fuel for the generation of heat	*Select from:* ☑ Yes
Consumption of fuel for the generation of steam	*Select from:* ☑ Yes

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of cooling	*Select from:* ☑ Yes
Consumption of fuel for co-generation or tri-generation	*Select from:* ☑ Yes

[Fixed row]

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

Sustainable biomass

(7.30.7.1) Heating value

Select from:

☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

-

Other biomass

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

-

Other renewable fuels (e.g. renewable hydrogen)

(7.30.7.1) Heating value

Select from:

☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

-

Coal

(7.30.7.1) Heating value

Select from:

☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

-

Oil

(7.30.7.1) Heating value

Select from:

☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

-

Gas

(7.30.7.1) Heating value

Select from:

☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

0

(7.30.7.4) MWh fuel consumed for self-generation of heat

0

(7.30.7.5) MWh fuel consumed for self-generation of steam

0

(7.30.7.6) MWh fuel consumed for self-generation of cooling

0

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

0

(7.30.7.8) Comment

-

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

(7.30.7.1) Heating value

Select from:

☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

191127

(7.30.7.4) MWh fuel consumed for self-generation of heat

26012

(7.30.7.5) MWh fuel consumed for self-generation of steam

116132

(7.30.7.6) MWh fuel consumed for self-generation of cooling

46038

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

2944

(7.30.7.8) Comment

-

Total fuel

(7.30.7.1) Heating value

Select from:
☑ HHV

(7.30.7.2) Total fuel MWh consumed by the organization

191127

(7.30.7.4) MWh fuel consumed for self-generation of heat

26012

(7.30.7.5) MWh fuel consumed for self-generation of steam

116132

(7.30.7.6) MWh fuel consumed for self-generation of cooling

46038

(7.30.7.7) MWh fuel consumed for self- cogeneration or self-trigeneration

2944

(7.30.7.8) Comment

-
[Fixed row]

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

Electricity

(7.30.9.1) Total Gross generation (MWh)

2944

(7.30.9.2) Generation that is consumed by the organization (MWh)

2944

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0

Heat

(7.30.9.1) Total Gross generation (MWh)

26012

(7.30.9.2) Generation that is consumed by the organization (MWh)

26012

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0

Steam

(7.30.9.1) Total Gross generation (MWh)

116132

(7.30.9.2) Generation that is consumed by the organization (MWh)

116132

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0

Cooling

(7.30.9.1) Total Gross generation (MWh)

46038

(7.30.9.2) Generation that is consumed by the organization (MWh)

46038

(7.30.9.3) Gross generation from renewable sources (MWh)

0

(7.30.9.4) Generation from renewable sources that is consumed by the organization (MWh)

0
[Fixed row]

(7.30.11) Provide details on electricity, heat, steam, and cooling your organization has generated and consumed for chemical production activities.

Electricity

(7.30.11.1) Total gross generation inside chemicals sector boundary (MWh)

2944

(7.30.11.2) Generation that is consumed inside chemicals sector boundary (MWh)

2944

(7.30.11.3) Generation from renewable sources inside chemical sector boundary (MWh)

0

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

0

Heat

(7.30.11.1) Total gross generation inside chemicals sector boundary (MWh)

26012

(7.30.11.2) Generation that is consumed inside chemicals sector boundary (MWh)

26012

(7.30.11.3) Generation from renewable sources inside chemical sector boundary (MWh)

0

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

0

Steam

(7.30.11.1) Total gross generation inside chemicals sector boundary (MWh)

116132

(7.30.11.2) Generation that is consumed inside chemicals sector boundary (MWh)

116132

(7.30.11.3) Generation from renewable sources inside chemical sector boundary (MWh)

0

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

0

Cooling

(7.30.11.1) Total gross generation inside chemicals sector boundary (MWh)

46038

(7.30.11.2) Generation that is consumed inside chemicals sector boundary (MWh)

46038

(7.30.11.3) Generation from renewable sources inside chemical sector boundary (MWh)

0

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

0

[Fixed row]

(7.30.14) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in 7.7.

Row 1

(7.30.14.1) Country/area

Select from:

☑ Japan

(7.30.14.2) Sourcing method

Select from:

☑ Unbundled procurement of energy attribute certificates (EACs)

(7.30.14.3) Energy carrier

Select from:

☑ Electricity

(7.30.14.4) Low-carbon technology type

Select from:

☑ Renewable energy mix, please specify: Purchase of non-fossil certificates from electric power companies (a mix of hydroelectric, solar, and other power)

(7.30.14.5) Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)

9425

(7.30.14.6) Tracking instrument used

Select from:
☑ Contract

(7.30.14.7) Country/area of origin (generation) of the low-carbon energy or energy attribute

Select from:
☑ Japan

(7.30.14.8) Are you able to report the commissioning or re-powering year of the energy generation facility?

Select from:
☑ Yes

(7.30.14.9) Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

2009

(7.30.14.10) Comment

According to information from the electric power company, it was before the start year mentioned above.
[Add row]

(7.30.16) Provide a breakdown by country/area of your electricity/heat/steam/cooling consumption in the reporting year.

Japan

(7.30.16.1) Consumption of purchased electricity (MWh)

65331

(7.30.16.2) Consumption of self-generated electricity (MWh)

2944

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

0

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

188182

(7.30.16.6) Total electricity/heat/steam/cooling energy consumption (MWh)

256457.00
[Fixed row]

(7.31) Does your organization consume fuels as feedstocks for chemical production activities?

Select from:
☑ No

(7.39) Provide details on your organization's chemical products.

Row 1

(7.39.1) Output product

Select from:
☑ Other, please specify: Paints

(7.39.2) Production (metric tons)

257961

(7.39.3) Capacity (metric tons)

306677

(7.39.4) Direct emissions intensity (metric tons CO_2e per metric ton of product)

0.06

(7.39.5) Electricity intensity (MWh per metric ton of product)

0.2

(7.39.6) Steam intensity (MWh per metric ton of product)

0

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

0

(7.39.8) Comment

The direct emissions intensity was calculated using the CO_2 conversion factor for location-based emissions (the factor specified in the Carbon Neutrality Action Plan established by Keidanren and the Japan Chemical Industry Association). The scope of the calculation is paint products (such as for automobiles, general industrial use, and construction and heavy-duty corrosion-resistant structures). Marine paints are not included in the scope of the calculation because their production is outsourced.

Row 2

(7.39.1) Output product

Select from:

☑ Specialty chemicals

(7.39.2) Production (metric tons)

20303

(7.39.3) Capacity (metric tons)

22819

(7.39.4) Direct emissions intensity (metric tons CO_2e per metric ton of product)

0.01

(7.39.5) Electricity intensity (MWh per metric ton of product)

0.06

(7.39.6) Steam intensity (MWh per metric ton of product)

0

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

0

(7.39.8) Comment

The direct emissions intensity was calculated using the CO_2 conversion factor for location-based emissions (the factor specified in the Carbon Neutrality Action Plan established by Keidanren and the Japan Chemical Industry Association). The scope of the calculation is limited to the surface treatment business.
[Add row]

(7.45) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO_2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Row 1

(7.45.1) Intensity figure

2.07e-7

(7.45.2) Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO_2e)

41696

(7.45.3) Metric denominator

Select from:

☑ unit total revenue

(7.45.4) Metric denominator: Unit total

18606000000

(7.45.5) Scope 2 figure used

Select from:

☑ Market-based

(7.45.6) % change from previous year

0.07

(7.45.7) Direction of change

Select from:

☑ Decreased

(7.45.8) Reasons for change

Select all that apply

☑ Change in renewable energy consumption

☑ Change in revenue

(7.45.9) Please explain

The emissions were down from the previous year to 0.000000223 t-CO_2/yen in 2022 and 0.000000207 t-CO_2/yen in 2023. We believe that this change is due to the introduction of renewable energy reflecting non-fossil certificates, the promotion of energy conservation activities, and increased sales.

Row 2

(7.45.1) Intensity figure

0.1498

(7.45.2) Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO_2e)

41696

(7.45.3) Metric denominator

Select from:

☑ metric ton of product

(7.45.4) Metric denominator: Unit total

278264

(7.45.5) Scope 2 figure used

Select from:

☑ Market-based

(7.45.6) % change from previous year

0.02

(7.45.7) Direction of change

Select from:

☑ Decreased

(7.45.8) Reasons for change

Select all that apply

☑ Change in renewable energy consumption

☑ Change in output

(7.45.9) Please explain

The emissions were down from the previous year to 0.1533 t-CO_2/production volume (t) in 2022 and 0.1498 t-CO_2/production volume (t) in 2023. We believe that this change is due to the introduction of renewable energy reflecting non-fossil certificates, the promotion of energy conservation activities, and increased sales.
[Add row]

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

	Please explain
Row 1	*None*

[Add row]

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

Select all that apply

☑ Absolute target

(7.53.1) Provide details of your absolute emissions targets and progress made against those targets.

Row 1

(7.53.1.1) Target reference number

Select from:

☑ Abs 1

(7.53.1.2) Is this a science-based target?

Select from:

☑ Yes, we consider this a science-based target, but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years

(7.53.1.4) Target ambition

Select from:

☑ 1.5°C aligned

(7.53.1.5) Date target was set

December 30, 2022

(7.53.1.6) Target coverage

Select from:

☑ Country/area/region

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

☑ Methane (CH4)

☑ Nitrous oxide (N2O)

☑ Carbon dioxide (CO_2)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☑ Perfluorocarbons (PFCs)
☑ Hydrofluorocarbons (HFCs)

(7.53.1.8) Scopes

Select all that apply
☑ Scope 1
☑ Scope 2

(7.53.1.9) Scope 2 accounting method

Select from:
☑ Market-based

(7.53.1.11) End date of base year

December 30, 2019

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO_2e)

16824

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO_2e)

31739

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO_2e)

0.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO_2e)

48563.000

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

100

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

100

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

100

(7.53.1.54) End date of target

December 30, 2050

(7.53.1.55) Targeted reduction from base year (%)

100

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO_2e)

0.000

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO_2e)

16744

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO_2e)

24952

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO_2e)

41696.000

(7.53.1.78) Land-related emissions covered by target

Select from:

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

(7.53.1.79) % of target achieved relative to base year

14.14

(7.53.1.80) Target status in reporting year

Select from:

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

Target coverage: All Scope 1 and 2 emissions in Group companies in Japan

(7.53.1.83) Target objective

To accelerate our response to climate change, we will globally engage in emissions reduction activities in line with the net-zero targets and carbon neutrality declarations set by national governments, and contribute to the achievement of net-zero emissions in each region where we operate. Specifically, we will focus on reducing emissions through measures such as introducing renewable energy sources and replacing existing equipment with energy-efficient and electrified equipment.

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

We have established a target of a 100% reduction by 2050, and with our efforts to procure low-carbon energy, our achievement rate was 14% of the target in FY2023.

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

☑ No

Row 2

(7.53.1.1) Target reference number

Select from:

☑ Abs 2

(7.53.1.2) Is this a science-based target?

Select from:

☑ Yes, we consider this a science-based target, but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years

(7.53.1.4) Target ambition

Select from:

☑ 1.5°C aligned

(7.53.1.5) Date target was set

December 30, 2022

(7.53.1.6) Target coverage

Select from:

☑ Country/area/region

(7.53.1.7) Greenhouse gases covered by target

Select all that apply

☑ Methane (CH4)

☑ Nitrous oxide (N2O)

☑ Carbon dioxide (CO_2)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

☑ Perfluorocarbons (PFCs)
☑ Hydrofluorocarbons (HFCs)

(7.53.1.8) Scopes

Select all that apply
☑ Scope 1
☑ Scope 2

(7.53.1.9) Scope 2 accounting method

Select from:
☑ Market-based

(7.53.1.11) End date of base year

December 30, 2019

(7.53.1.12) Base year Scope 1 emissions covered by target (metric tons CO_2e)

16824.0

(7.53.1.13) Base year Scope 2 emissions covered by target (metric tons CO_2e)

31739.0

(7.53.1.31) Base year total Scope 3 emissions covered by target (metric tons CO_2e)

0.000

(7.53.1.32) Total base year emissions covered by target in all selected Scopes (metric tons CO_2e)

48563.000

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

100.0

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

100.0

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

100.0

(7.53.1.54) End date of target

December 30, 2030

(7.53.1.55) Targeted reduction from base year (%)

37

(7.53.1.56) Total emissions at end date of target covered by target in all selected Scopes (metric tons CO_2e)

30594.690

(7.53.1.57) Scope 1 emissions in reporting year covered by target (metric tons CO_2e)

16744

(7.53.1.58) Scope 2 emissions in reporting year covered by target (metric tons CO_2e)

24952

(7.53.1.77) Total emissions in reporting year covered by target in all selected scopes (metric tons CO_2e)

41696.000

(7.53.1.78) Land-related emissions covered by target

Select from:

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

(7.53.1.79) % of target achieved relative to base year

38.22

(7.53.1.80) Target status in reporting year

Select from:

☑ Underway

(7.53.1.82) Explain target coverage and identify any exclusions

Target coverage: All Scope 1 and 2 emissions in Group companies in Japan

(7.53.1.83) Target objective

To accelerate our response to climate change, we will globally engage in emissions reduction activities in line with the net-zero targets and carbon neutrality declarations set by national governments, and contribute to the achievement of net-zero emissions in each region where we operate. Specifically, we will focus on reducing emissions through measures such as introducing renewable energy sources and replacing existing equipment with energy-efficient and electrified equipment.

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

Aiming to achieve a 37% reduction in Scope 1 and 2 emissions by 2030, we plan to reduce emissions by approximately 4.2% every year from 2022 to 2030. With our efforts in low-carbon energy procurement and production, our achievement rate was 38% of the target in 2023.

(7.53.1.85) Target derived using a sectoral decarbonization approach

Select from:

☑ No

[Add row]

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

Select all that apply

☑ Targets to increase or maintain low-carbon energy consumption or production

☑ Net-zero targets

(7.54.1) Provide details of your targets to increase or maintain low-carbon energy consumption or production.

Row 1

(7.54.1.1) Target reference number

Select from:

☑ Low 1

(7.54.1.2) Date target was set

December 30, 2022

(7.54.1.3) Target coverage

Select from:

☑ Country/area/region

(7.54.1.4) Target type: energy carrier

Select from:

☑ Electricity

(7.54.1.5) Target type: activity

Select from:

☑ Consumption

(7.54.1.6) Target type: energy source

Select from:

☑ Renewable energy source(s) only

(7.54.1.7) End date of base year

December 30, 2019

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

68296

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

0

(7.54.1.10) End date of target

December 30, 2030

(7.54.1.11) % share of low-carbon or renewable energy at end date of target

62

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

14

(7.54.1.13) % of target achieved relative to base year

22.58

(7.54.1.14) Target status in reporting year

Select from:

☑ Underway

(7.54.1.16) Is this target part of an emissions target?

It is a part of the short-term (Abs1) and long-term (Abs2) total reduction targets provided in 7.53.1.

(7.54.1.17) Is this target part of an overarching initiative?

Select all that apply

☑ No, it's not part of an overarching initiative

(7.54.1.19) Explain target coverage and identify any exclusions

Target coverage: Electricity consumption of Group companies in Japan

(7.54.1.20) Target objective

To accelerate our response to climate change, we will globally engage in emissions reduction activities in line with the net-zero targets and carbon neutrality declarations set by national governments, and contribute to the achievement of net-zero emissions in each region where we operate. Our target of achieving net zero by 2050 is based on our intention to focus on increasing the utilization rate of renewable energy as part of measures to achieve the target.

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

We promote the introduction of renewable electricity reflecting non-fossil certificates. In FY2022, the percentage of low-carbon energy fell short of the target at 6.9%, but achieved the target of 14% in FY2023, making steady progress.
[Add row]

(7.54.3) Provide details of your net-zero target(s).

Row 1

(7.54.3.1) Target reference number

Select from:

☑ NZ1

(7.54.3.2) Date target was set

December 30, 2022

(7.54.3.3) Target Coverage

Select from:

☑ Country/area/region

(7.54.3.4) Targets linked to this net zero target

Select all that apply

☑ Abs1

(7.54.3.5) End date of target for achieving net zero

December 30, 2050

(7.54.3.6) Is this a science-based target?

Select from:

☑ Yes, we consider this a science-based target, but we have not committed to seek validation of this target by the Science Based Targets initiative within the next two years

(7.54.3.8) Scopes

Select all that apply

☑ Scope 1

☑ Scope 2

(7.54.3.9) Greenhouse gases covered by target

Select all that apply

☑ Methane (CH4)

☑ Nitrous oxide (N2O)

☑ Carbon dioxide (CO_2)

☑ Perfluorocarbons (PFCs)

☑ Hydrofluorocarbons (HFCs)

☑ Sulphur hexafluoride (SF6)

☑ Nitrogen trifluoride (NF3)

(7.54.3.10) Explain target coverage and identify any exclusions

Scope 1 and 2 emissions in Group companies in Japan

(7.54.3.11) Target objective

To accelerate our response to climate change, we will globally engage in emissions reduction activities in line with the net-zero targets and carbon neutrality declarations set by national governments, and contribute to the achievement of net-zero emissions in each region where we operate. Specifically, we will focus on reducing emissions through measures such as introducing renewable energy sources and replacing existing equipment with energy-efficient and electrified equipment.

(7.54.3.12) Do you intend to neutralize any residual emissions with permanent carbon removals at the end of the target?

Select from:

☑ No

(7.54.3.13) Do you plan to mitigate emissions beyond your value chain?

Select from:

☑ No, we do not plan to mitigate emissions beyond our value chain

(7.54.3.17) Target status in reporting year

Select from:

☑ Underway

(7.54.3.19) Process for reviewing target

In regard to sustainability, a priority issue that we must respond to as a business, five Global Teams have been formed based on the items of materiality, including climate-related issues, directly under the Directors, Representative Executive Officers & Co-Presidents, who have ultimate responsibility, and five business leaders are leading the initiatives on a global basis. In terms of sustainability governance, each leader reports directly to the Co-Presidents (twice a year), who in turn report their progress and suggestions to the Board of Directors whenever necessary (approximately four times a year), thus allowing the Board of Directors to monitor sustainability activities. We also keep track of the net zero target through this reporting and oversight process.
[Add row]

(7.55) 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.

Select from:
☑ Yes

(7.55.1) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO_2e savings.

	Number of initiatives	Total estimated annual CO_2e savings in metric tonnes CO_2e (only for rows marked *)
Under investigation	*8*	*`Numeric input*
To be implemented	*0*	*0*
Implementation commenced	*2*	*35*
Implemented	*2*	*3847*
Not to be implemented	*0*	*`Numeric input*

[Fixed row]

(7.55.2) Provide details on the initiatives implemented in the reporting year in the table below.

Row 1

(7.55.2.1) Initiative category & Initiative type

Low-carbon energy consumption

☑ Low-carbon electricity mix

(7.55.2.2) Estimated annual CO_2e savings (metric tonnes CO_2e)

3840

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

Select all that apply

☑ Scope 2 (market-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

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

0

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

6000000

(7.55.2.7) Payback period

Select from:

☑ No payback

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ 1-2 years

(7.55.2.9) Comment

We began purchasing renewable electricity reflecting non-fossil certificates from an electric utility in 2022, and plan to increase renewable energy until 2030. In 2023, we achieved approximately 14% of domestic electricity consumption coming from renewable energy. We plan to continue this procurement as one of our renewable energy procurement methods toward achieving carbon neutrality by 2050.

Row 2

(7.55.2.1) Initiative category & Initiative type

Energy efficiency in buildings

☑ Lighting

(7.55.2.2) Estimated annual CO_2e savings (metric tonnes CO_2e)

7

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

Select all that apply

☑ Scope 2 (location-based)

(7.55.2.4) Voluntary/Mandatory

Select from:

☑ Voluntary

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

936000

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

15668000

(7.55.2.7) Payback period

Select from:

☑ 21-25 years

(7.55.2.8) Estimated lifetime of the initiative

Select from:

☑ Ongoing

(7.55.2.9) Comment

–

[Add row]

(7.55.3) What methods do you use to drive investment in emissions reduction activities?

Row 1

(7.55.3.1) Method

Select from:

☑ Dedicated budget for energy efficiency

(7.55.3.2) Comment

Introduction of the latest energy-saving equipment at the time of equipment replacement

Row 2

(7.55.3.1) Method

Select from:

☑ Compliance with regulatory requirements/standards

(7.55.3.2) Comment

In connection with the Minamata Convention on Mercury, we changed from mercury-containing lighting to LED lighting, which has high energy-saving efficiency.

Row 3

(7.55.3.1) Method

Select from:

☑ Employee engagement

(7.55.3.2) Comment

· Improvement of manufacturing processes and enhancement and maintenance of the operating efficiency of production equipment· Other activities, including frequently turning off lights, adjusting air conditioning temperatures, and “cool-biz” activities (activities to promote more casual office clothing during the summer)
[Add row]

(7.73) Are you providing product level data for your organization’s goods or services?

Select from:

☑ No, I am not providing data

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

Select from:

☑ Yes

(7.74.1) Provide details of your products and/or services that you classify as low-carbon products.

Row 1

(7.74.1.1) Level of aggregation

Select from:

☑ Group of products or services

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

Select from:

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

(7.74.1.3) Type of product(s) or service(s)

Other

☑ Other, please specify**:** Coatings with reduced environmental impact (low-temperature curing, process time shortening, reduction of coating waste, the effect of reducing GHG emissions in the use stage of coated products, etc.)

(7.74.1.4) Description of product(s) or service(s)

We have several product groups divided by customer. Examples of products that can contribute to the reduction of GHG emissions are listed below.[Automotive coatings sector] As continuing examples from last year, products that can contribute to the reduction of GHG emissions include those that can reduce coating energy by shortening the coating process, and those that can reduce the amount of paint used by achieving high coating efficiency with electrodeposition paints. Many of these products are water-based paints, and electrodeposition paints are tin-free. As they achieve the reduction of environmental impact both related to and not related to

climate change, we will continue to promote the introduction of these products into the market.[Industrial coatings sector] Powder paints, water-based and solvent-based high-solids paints, and thermal barrier paints are our representative eco-friendly products. Powder paints have a high paint conversion rate (>80%, vs. 30-50% for liquid paints) and minimize VOC emissions in the coating process. Solvent-based high-solids paints are effective in reducing the number of spray applications for the same film thickness, while thermal barrier paints are applied to roofs and roads to reduce the air conditioning load. The shift to these products continues to progress steadily.[Decorative paints and marine coatings sector] We are continuing to promote further sales expansion of coatings with high weather resistance using inorganic resins, thermal barrier coatings, and rust-preventive coatings that respond to the need for shorter processes. In the marine coatings sector, we are contributing to the reduction of GHG emissions from marine vessels by promoting products that provide high antifouling performance while reducing the elution of antifouling agents contained in paints, and reducing the fuel consumption of marine vessels as usual.[Fine chemicals, etc.] In the surface treatment agents field, we are developing zircon chemical conversion systems, which further reduce the amount of metal used and waste generated while maintaining the same performance as before, as well as spray-type treatment agents that eliminate treatment baths and reduce water consumption and fuels for temperature control. We are continuing to expand our lineup of products that reduce the operating load of air conditioners by applying antifouling coatings to the aluminum fins of air conditioners. Furthermore, we are testing the Sustainability Scoreboard (scoring system), which is used to evaluate products, and have reviewed the product aggregate classification.

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

Select from:

☑ No

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

10
[Add row]

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

Select from:

☑ No

C9. Environmental performance - Water security

(9.1) Are there any exclusions from your disclosure of water-related data?

Select from:

☑ No

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

Water withdrawals – total volumes

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

We check total volumes of water withdrawals by aggregating metered volumes and volumes on purchase slips for each water source.

(9.2.4) Please explain

There is one site that takes in seawater, but the amount of water withdrawals is not measured. At other sites, withdrawal amounts are measured.

Water withdrawals – volumes by source

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

We check the total volumes of water withdrawals by source by aggregating metered volumes and volumes on purchase slips for each water source.

(9.2.4) Please explain

There is one site that takes in seawater, but the amount of water withdrawals is not measured. At other sites, withdrawal amounts are measured.

Water withdrawals quality

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

The local waterworks bureau in each area takes measurements in accordance with the water quality standards specified in the "ministry ordinance on water quality standards" based on Article 4 of the Water Supply Act of Japan.

(9.2.4) Please explain

There is one site that takes in seawater, but the water quality is not measured. Water quality is measured at other sites.

Water discharges – total volumes

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Yearly

(9.2.3) Method of measurement

We calculate water discharges by deducting amounts used for products from metered volumes of discharges and withdrawals.

(9.2.4) Please explain

Except for a few small sites, discharge volumes are measured.

Water discharges – volumes by destination

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Yearly

(9.2.3) Method of measurement

We calculate water discharges by deducting amounts used for products from metered volumes of discharges and withdrawals.

(9.2.4) Please explain

We conduct monitoring at all relevant facilities at least once a year.

Water discharges – volumes by treatment method

(9.2.1) % of sites/facilities/operations

Select from:
☑ 100%

(9.2.2) Frequency of measurement

Select from:
☑ Monthly

(9.2.3) Method of measurement

We monitor the amount of wastewater treated at the wastewater treatment plants with meters, etc.

(9.2.4) Please explain

We conduct monitoring at all relevant facilities at least once a year.

Water discharge quality – by standard effluent parameters

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Yearly

(9.2.3) Method of measurement

We follow the JIS K 0102 Testing Methods for Industrial Wastewater.

(9.2.4) Please explain

We conduct monitoring at least once a year of our business sites subject to the Japanese Sewerage Act and the Water Pollution Prevention Act. Monitoring has not been conducted at our sales and other offices that are not subject to the above laws.

Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

We follow the JIS K 0102 Testing Methods for Industrial Wastewater.

(9.2.4) Please explain

We conduct monitoring at least once a year of our business sites subject to the Japanese Sewerage Act and the Water Pollution Prevention Act. Monitoring has not been conducted at our sales and other offices that are not subject to the above laws.

Water discharge quality – temperature

(9.2.1) % of sites/facilities/operations

Select from:

☑ 76-99

(9.2.2) Frequency of measurement

Select from:

☑ Monthly

(9.2.3) Method of measurement

We follow the JIS K 0102 Testing Methods for Industrial Wastewater.

(9.2.4) Please explain

We conduct monitoring at least once a year of our business sites subject to the Japanese Sewerage Act and the Water Pollution Prevention Act. Monitoring has not been conducted at our sales and other offices that are not subject to the above laws.

Water consumption – total volume

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Yearly

(9.2.3) Method of measurement

We define water consumption as the volume of water used as a raw material for products, and the amount is entirely managed by the production control system.

(9.2.4) Please explain

We conduct monitoring at all relevant facilities at least once a year.

Water recycled/reused

(9.2.1) % of sites/facilities/operations

Select from:
☑ Less than 1%

(9.2.2) Frequency of measurement

Select from:
☑ Monthly

(9.2.3) Method of measurement

Reuse of cleaning water and activities to reduce the amount of water used are implemented at each site.

(9.2.4) Please explain

Reuse of cleaning water and activities to reduce the amount of water used are implemented at each site.

The provision of fully-functioning, safely managed WASH services to all workers

(9.2.1) % of sites/facilities/operations

Select from:

☑ 100%

(9.2.2) Frequency of measurement

Select from:

☑ Yearly

(9.2.3) Method of measurement

Pursuant to the "Inspection Methods for Management of Private Water Supply Facilities and Other Necessary Matters" (July 23, 2003, Ministry of Health, Labour and Welfare [MHLW] Public Notice No. 262) (Laws/Regulations Search III. Health, Chapter 1 Health, MHLW), we outsource inspection to third-party organizations certified by the MHLW Minister.

(9.2.4) Please explain

We conduct monitoring at all relevant facilities at least once a year.
[Fixed row]

(9.2.2) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

Total withdrawals

(9.2.2.1) Volume (megaliters/year)

461

(9.2.2.2) Comparison with previous reporting year

Select from:

☑ Higher

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in efficiency

(9.2.2.4) Five-year forecast

Select from:

☑ Higher

(9.2.2.5) Primary reason for forecast

Select from:

☑ Increase/decrease in business activity

(9.2.2.6) Please explain

[Reasons for change from the previous year] · In 2023, due to an increase in production volumes, the amount of water mixed into products and the amount of cooling water and cleaning water used during manufacturing increased. Since the range of change from the previous year was 5.4%, we selected "Higher."· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."[Explanations as to how the volume might change in the future] Water withdrawals are expected to increase due to the global trend toward shifting to water-based paints to reduce VOCs (for the prevention of air pollution and human health hazards) and our expected increase in the use of water as a raw material for water-based paints and for tank cleaning, etc., in line with the increase in paint production volume.

Total discharges

(9.2.2.1) Volume (megaliters/year)

314.62

(9.2.2.2) Comparison with previous reporting year

Select from:

☑ Much higher

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in efficiency

(9.2.2.4) Five-year forecast

Select from:

☑ Higher

(9.2.2.5) Primary reason for forecast

Select from:

☑ Increase/decrease in business activity

(9.2.2.6) Please explain

[Reasons for change from the previous year] · In 2023, with the increase in production, since the use of water for tank cleaning, boiler cooling, and other purposes during manufacturing increased, discharges after treatment at our wastewater treatment facilities increased. The range of change from the previous year was 15.4%, which is more than 10%; therefore, we selected "Much higher."· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."[Explanations as to how the volume might change in the future] With the increase in production, the use of water for tank cleaning and other purposes is also expected to increase, as is the use of boiler cooling water and other water, and the volume of wastewater after treatment by our wastewater treatment facilities is also expected to increase.

Total consumption

(9.2.2.1) Volume (megaliters/year)

146.38

(9.2.2.2) Comparison with previous reporting year

Select from:

☑ Much lower

(9.2.2.3) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in efficiency

(9.2.2.4) Five-year forecast

Select from:

☑ Higher

(9.2.2.5) Primary reason for forecast

Select from:

☑ Increase/decrease in business activity

(9.2.2.6) Please explain

[Reasons for change from the previous year] · In 2023, water consumption decreased due to the efficient use of water. The range of change from the previous year was 11.1%, which is more than 10%; therefore, we selected "Much lower."· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."[Explanations as to how the volume might change in the future] Water consumption is expected to increase due to the global trend toward shifting to water-based paints to reduce VOCs (for the prevention of air pollution and human health hazards) and our expected increase in the use of water as a raw material for water-based paints, in line with the increase in paint production volume.
[Fixed row]

(9.2.4) Indicate whether water is withdrawn from areas with water stress, provide the volume, how it compares with the previous reporting year, and how it is forecasted to change.

(9.2.4.1) Withdrawals are from areas with water stress

Select from:

☑ No

(9.2.4.8) Identification tool

Select all that apply

☑ WRI Aqueduct

(9.2.4.9) Please explain

Once a year, we verify whether or not all water withdrawal sources are in areas with water stress using WRI Aqueduct. An area that falls under any of the following criteria is defined as an area with water stress.- Baseline water stress: High (40–80%) or more - Baseline water depletion: High (50–75%) or more
As a result of the verification, it was found that no water had been withdrawn from areas with water stress.
[Fixed row]

(9.2.7) Provide total water withdrawal data by source.

Fresh surface water, including rainwater, water from wetlands, rivers, and lakes

(9.2.7.1) Relevance

Select from:

☑ Not relevant

(9.2.7.5) Please explain

Since good quality water is essential for paint production, fresh surface water cannot be used in production processes.

Brackish surface water/Seawater

(9.2.7.1) Relevance

Select from:

☑ Not relevant

(9.2.7.5) Please explain

Since good quality water is essential for paint production, brackish surface water or seawater cannot be used in production processes.

Groundwater – renewable

(9.2.7.1) Relevance

Select from:

☑ Relevant

(9.2.7.2) Volume (megaliters/year)

0.79

(9.2.7.3) Comparison with previous reporting year

Select from:

☑ Much lower

(9.2.7.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in efficiency

(9.2.7.5) Please explain

· One of our 11 main production sites in Japan withdraws groundwater for use in production processes. Because groundwater alone cannot meet our water demand, we also use supply water and industrial water.· Renewable groundwater withdrawals have decreased due to improved water efficiency.· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is “About the same.” When the range of change is 5% or more, it is “Higher” or “Lower.” When the range of change is 10% or more, it is “Much higher” or “Much lower.”

Groundwater – non-renewable

(9.2.7.1) Relevance

Select from:

☑ Not relevant

(9.2.7.5) Please explain

It cannot be used because the quality and quantity of paints are inconsistent.

Produced/Entrained water

(9.2.7.1) Relevance

Select from:

☑ Not relevant

(9.2.7.5) Please explain

It cannot be used because the quality and quantity of paints are inconsistent.

Third party sources

(9.2.7.1) Relevance

Select from:

☑ Relevant

(9.2.7.2) Volume (megaliters/year)

460.21

(9.2.7.3) Comparison with previous reporting year

Select from:

☑ Higher

(9.2.7.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.7.5) Please explain

· At our 11 main production sites in Japan, we use third-party sources (for supply water and industrial water) for production processes (cooling boilers, air conditioners, cleaning tanks, etc.) and for dilution of paint materials. As such, third-party sources are important for our business. Although many of our color toning plants do not require as much supply water as the main sites, they still use supply water and thus it is essential for their manufacturing processes.· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."
[Fixed row]

(9.2.8) Provide total water discharge data by destination.

Fresh surface water

(9.2.8.1) Relevance

Select from:

☑ Relevant

(9.2.8.2) Volume (megaliters/year)

131.82

(9.2.8.3) Comparison with previous reporting year

Select from:

☑ About the same

(9.2.8.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.8.5) Please explain

· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."· The three plants in Japan discharge water mainly to the Egawa River (Aichi Takahama), the Magamegawa River (Chiba), and the Shijiharagawa River (Kitahiroshima) in accordance with the wastewater treatment method and the facility establishment status in their respective locations.· The amount of water discharged into rivers decreased slightly from the previous year's 137 ML, but is still "About the same" according to the above definition.

Brackish surface water/seawater

(9.2.8.1) Relevance

Select from:

☑ Not relevant

(9.2.8.5) Please explain

In accordance with the wastewater treatment method and the facility establishment status in each plant location, each plant does not require water discharge in their locations, so there is no discharge of brackish water into surface water or sea water.

Groundwater

(9.2.8.1) Relevance

Select from:

☑ Not relevant

(9.2.8.5) Please explain

No water discharge into groundwater

Third-party destinations

(9.2.8.1) Relevance

Select from:

☑ Relevant

(9.2.8.2) Volume (megaliters/year)

182.79

(9.2.8.3) Comparison with previous reporting year

Select from:

☑ Much higher

(9.2.8.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.8.5) Please explain

· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."· In areas where public sewage systems managed by local governments or wastewater treatment plants in industrial parks are in place, our plants discharge wastewater to these facilities.· The volume of wastewater discharged to third-party discharge destinations has increased significantly from the previous year's 135 ML due to increased production.
[Fixed row]

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

Tertiary treatment

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Relevant

(9.2.9.2) Volume (megaliters/year)

204.26

(9.2.9.3) Comparison of treated volume with previous reporting year

Select from:

☑ Higher

(9.2.9.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.9.5) % of your sites/facilities/operations this volume applies to

Select from:

☑ 11-20

(9.2.9.6) Please explain

· In light of cost effectiveness, we treat wastewater at our own wastewater treatment plants (tertiary treatment only) when the treatment can meet legal (such as the Water Pollution Prevention Act) and voluntary standard values, thus requiring no primary and secondary treatment. When more advanced treatment is required, we outsource the treatment to an outside specialist.· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."

Secondary treatment

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Not relevant

(9.2.9.6) Please explain

· In light of cost effectiveness, we treat wastewater at our own wastewater treatment plants (tertiary treatment only) when the treatment can meet legal (such as the Water Pollution Prevention Act) and voluntary standard values, thus requiring no primary and secondary treatment. When more advanced treatment is required, we outsource the treatment to an outside specialist.

Primary treatment only

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Not relevant

(9.2.9.6) Please explain

· In light of cost effectiveness, we treat wastewater at our own wastewater treatment plants (tertiary treatment only) when the treatment can meet legal (such as the Water Pollution Prevention Act) and voluntary standard values, thus requiring no primary and secondary treatment. When more advanced treatment is required, we outsource the treatment to an outside specialist.

Discharge to the natural environment without treatment

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Relevant

(9.2.9.2) Volume (megaliters/year)

24.72

(9.2.9.3) Comparison of treated volume with previous reporting year

Select from:

☑ Much lower

(9.2.9.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.9.5) % of your sites/facilities/operations this volume applies to

Select from:

☑ 21-30

(9.2.9.6) Please explain

· We discharge mainly rainwater to public waters. Since rainwater discharged through this method can meet legal (Water Pollution Prevention Act, etc.) and voluntary standard values, treatment is unnecessary.· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."

Discharge to a third party without treatment

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Relevant

(9.2.9.2) Volume (megaliters/year)

85.65

(9.2.9.3) Comparison of treated volume with previous reporting year

Select from:

☑ Much higher

(9.2.9.4) Primary reason for comparison with previous reporting year

Select from:

☑ Increase/decrease in business activity

(9.2.9.5) % of your sites/facilities/operations this volume applies to

Select from:

☑ 51-60

(9.2.9.6) Please explain

· We mainly discharge rainwater to the sewage system.· Since the water discharged is mainly rainwater, treatment is unnecessary.· Wastewater used for manufacturing is treated at our wastewater treatment plants (primary treatment), and there are no cases in which we outsourced the treatment to outside specialists. The wastewater meets legal and voluntary standard values.· The range of change from the previous year is defined as follows: When the range of change is less than 5%, it is "About the same." When the range of change is 5% or more, it is "Higher" or "Lower." When the range of change is 10% or more, it is "Much higher" or "Much lower."

Other

(9.2.9.1) Relevance of treatment level to discharge

Select from:

☑ Not relevant

(9.2.9.6) Please explain

No other treatment
[Fixed row]

(9.2.10) Provide details of your organization's emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

(9.2.10.1) Emissions to water in the reporting year (metric tons)

1.03

(9.2.10.2) Categories of substances included

Select all that apply

☑ Nitrates

☑ Phosphates

(9.2.10.4) Please explain

We are monitoring total nitrogen and total phosphorus concentrations. The effluent water in FY2023 contained 0.96 tons of total nitrogen and 0.07 tons of total phosphorus. No emissions of hazardous substances were discharged to areas with water stress. All discharged water meets legal standards. We recognize that these substances are a burden to water and will continue to work to reduce them.
[Fixed row]

(9.3) In your direct operations and upstream value chain, what is the number of facilities where you have identified substantive water-related dependencies, impacts, risks, and opportunities?

Direct operations

(9.3.1) Identification of facilities in the value chain stage

Select from:

☑ Yes, we have assessed this value chain stage and identified facilities with water-related dependencies, impacts, risks, and opportunities

(9.3.2) Total number of facilities identified

1

(9.3.3) % of facilities in direct operations that this represents

Select from:

☑ 1-25

(9.3.4) Please explain

Considering direct operations and the value chain, we relocated plant functions from a coastal location (Hiroshima Prefecture) to an inland location (Okayama Prefecture) to avoid damage from typhoons and flooding in 2022, and the plant's full-scale operations began in FY2023.

Upstream value chain

(9.3.1) Identification of facilities in the value chain stage

Select from:

☑ No, we have not assessed this value chain stage for facilities with water-related dependencies, impacts, risks, and opportunities, but we are planning to do so in the next 2 years

(9.3.4) Please explain

We are currently assessing facilities that have water-related dependencies, impacts, risks, and opportunities along our value chain.
[Fixed row]

(9.3.1) For each facility referenced in 9.3, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Row 1

(9.3.1.1) Facility reference number

Select from:

☑ Facility 1

(9.3.1.2) Facility name (optional)

Tochigi Plant, Nippon Paint Co., Ltd.

(9.3.1.3) Value chain stage

Select from:

☑ Direct operations

(9.3.1.4) Dependencies, impacts, risks, and/or opportunities identified at this facility

Select all that apply

☑ Risks

(9.3.1.5) Withdrawals or discharges in the reporting year

Select from:

☑ Yes, withdrawals and discharges

(9.3.1.7) Country/Area & River basin

Japan

☑ Other, please specify**:** Kinugawa River

(9.3.1.8) Latitude

36.544581

(9.3.1.9) Longitude

139.99125

(9.3.1.10) Located in area with water stress

Select from:

☑ No

(9.3.1.13) Total water withdrawals at this facility (megaliters)

87.2

(9.3.1.14) Comparison of total withdrawals with previous reporting year

Select from:

☑ About the same

(9.3.1.15) Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

(9.3.1.16) Withdrawals from brackish surface water/seawater

0

(9.3.1.17) Withdrawals from groundwater - renewable

0

(9.3.1.18) Withdrawals from groundwater - non-renewable

0

(9.3.1.19) Withdrawals from produced/entrained water

0

(9.3.1.20) Withdrawals from third party sources

87.2

(9.3.1.21) Total water discharges at this facility (megaliters)

72.7

(9.3.1.22) Comparison of total discharges with previous reporting year

Select from:

☑ About the same

(9.3.1.23) Discharges to fresh surface water

0

(9.3.1.24) Discharges to brackish surface water/seawater

0

(9.3.1.25) Discharges to groundwater

0

(9.3.1.26) Discharges to third party destinations

72.7

(9.3.1.27) Total water consumption at this facility (megaliters)

14.4

(9.3.1.28) Comparison of total consumption with previous reporting year

Select from:

☑ Much lower

(9.3.1.29) Please explain

We verify whether all water withdrawal sources are in areas with water stress using WRI Aqueduct. An area that falls under any of the following criteria is defined as an area with water stress.- Baseline water stress: High (40–80%) or more
- Baseline water depletion: High (50–75%) or more
As a result of the verification, it was found that no water had been withdrawn from areas with water stress. Regarding water withdrawals, we are supplied with tap water and industrial water by local governments only. Regarding water discharges, we discharge wastewater only to wastewater treatment plants in industrial parks after treatment at our own wastewater treatment plants. We calculate water consumption by subtracting water discharges from water withdrawals.
[Add row]

(9.3.2) For the facilities in your direct operations referenced in 9.3.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

No third-party verification has been conducted at the Tochigi Plant.

Water withdrawals – volume by source

(9.3.2.1) % verified

Select from:
☑ Not verified

(9.3.2.3) Please explain

No third-party verification has been conducted at the Tochigi Plant.

Water withdrawals – quality by standard water quality parameters

(9.3.2.1) % verified

Select from:

☑ Not verified

(9.3.2.3) Please explain

No third-party verification has been conducted at the Tochigi Plant.

Water discharges – total volumes

(9.3.2.1) % verified

Select from:

☑ Not verified

(9.3.2.3) Please explain

No third-party verification has been conducted at the Tochigi Plant.

Water discharges – volume by destination

(9.3.2.1) % verified

Select from:

☑ Not verified

(9.3.2.3) Please explain

No third-party verification has been conducted at the Tochigi Plant.

Water discharges – volume by final treatment level

(9.3.2.1) % verified

Select from:

☑ Not verified

(9.3.2.3) Please explain

No third-party verification has been conducted at the Tochigi Plant.

Water discharges – quality by standard water quality parameters

(9.3.2.1) % verified

Select from:

☑ Not verified

(9.3.2.3) Please explain

No third-party verification has been conducted at the Tochigi Plant.

Water consumption – total volume

(9.3.2.1) % verified

Select from:

☑ Not verified

(9.3.2.3) Please explain

No third-party verification has been conducted at the Tochigi Plant.
[Fixed row]

(9.4) Could any of your facilities reported in 9.3.1 have an impact on a requesting CDP supply chain member?

Select from:

☑ We do not have this data but we intend to collect it within two years

(9.5) Provide a figure for your organization’s total water withdrawal efficiency.

(9.5.1) Revenue (currency)

201493000000

(9.5.2) Total water withdrawal efficiency

437078091.11

(9.5.3) Anticipated forward trend

· We set a 5% annual growth target for revenue from 2021 to 2023, and there was an increase in production and water use associated with the target. In addition, the percentage of water-based paint sales to total sales, the amount of water used as a raw material, and the total water withdrawal also increased, and could not be canceled out by efficient use of water, and a decrease in water withdrawal efficiency was unavoidable. This trend is predicted to continue in the coming years. We view acute risks, including supply suspension from suppliers due to damage from flooding and tornadoes, and chronic risks, including Japan’s tropical climate due to global warming, as the main future physical risks associated with climate change, and such disasters could lead to water quality degradation and challenges in accessing water resources.· We have listed the efficient utilization of water resources as one of the items of materiality of “Resources and Environment.” In 2022, we formed five Global Teams based on the items of materiality, including water-related issues, directly under the Directors, Representative Executive Officers & Co-Presidents, who have ultimate responsibility. These Global Teams established the Global Policy related to water: “We strive to use water efficiently and manage wastewater responsibly.” We will implement specific initiatives, including thorough management of water consumption and wastewater discharge, effective use and reuse of water, and water conservation following this Policy.
[Fixed row]

(9.6) Do you calculate water intensity for your activities in the chemical sector?

Select from:
☑ Yes

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

Row 1

(9.6.1.1) Product type

Other chemicals

☑ Specialty organic chemicals

(9.6.1.2) Product name

Coatings (for automobiles)

(9.6.1.3) Water intensity value (m3/denominator)

1.66

(9.6.1.4) Numerator: water aspect

Select from:

☑ Total water withdrawals

(9.6.1.5) Denominator

Select from:

☑ Ton

(9.6.1.6) Comparison with previous reporting year

Select from:

☑ Lower

(9.6.1.7) Please explain

Numerator: Total water withdrawals for the production of automotive coatings; Denominator: Production volume of automotive coatings[Reason for change in volume compared to last year] Production volume dropped due to the spread of COVID-19, but as the outbreak was contained with strengthened response capabilities, production volume has recovered, resulting in improved water intensity values.[How the indicator is used internally] In 2020, we identified various items of materiality (key issues) for us, which included "Resources and Environment," whereby we aim to make effective and efficient use of water and other resources. Reducing water intensity will lead to the effective use of resources through improved water-saving technology, and will also contribute to the Maximization of Shareholder Value (MSV), our sole mission, from the perspective of reducing manufacturing costs.[Future trend in water intensity values] Our strategy to reduce VOC emissions from paints is expected to continue, and water intensity is expected to increase in the future. Against the backdrop of the global trend toward stricter VOC regulations, a shift from solvent-based paints to water-based paints, which are more effective in reducing VOCs, is expected to continue. As a result, the amount of water used as a raw material is expected to increase, and water intensity is expected to rise. On the other hand, the reduction of water consumption through the improvement and development of water-based paint formulation design and the continued consideration of reducing water consumption in the paint manufacturing process, including the use of recycled water, will contribute, albeit slightly, to the decrease in water intensity.[Strategy in place for reducing water intensity] Water intensity can be broadly classified into two categories: water intensity used in the manufacturing process and water intensity used for raw materials. As a strategy to reduce the water intensity of the former, some plants began to manage and monitor the amount of water used for equipment washing, and to recycle cooling and other water in order to reduce water withdrawals. In addition, water conservation checks have been incorporated into safety patrols (checking for leaks and overflows), and effective use of rainwater and water treated at wastewater treatment plants has been initiated. With regard to the reduction of water intensity of the latter, while an increase in water intensity for the amount of water (water withdrawals) used as a raw material is unavoidable with the shift to water-based paints, the reduction of water content per product is under consideration through the development and replacement of products with high heating residual content for paints.

Row 2

(9.6.1.1) Product type

Other chemicals

☑ Specialty organic chemicals

(9.6.1.2) Product name

Coatings (for general industrial applications, primarily for construction machinery)

(9.6.1.3) Water intensity value (m3/denominator)

0.89

(9.6.1.4) Numerator: water aspect

Select from:

☑ Total water withdrawals

(9.6.1.5) Denominator

Select from:

☑ Ton

(9.6.1.6) Comparison with previous reporting year

Select from:

☑ Higher

(9.6.1.7) Please explain

Numerator: Total water withdrawals for the production of general industrial coatings (primarily for construction machinery); Denominator: Production volume of general industrial coatings (primarily for construction machinery)[Reason for change in volume compared to last year] Status quo, no particular changes[How the indicator is used internally] In 2020, we identified various items of materiality (key issues) for us, which included "Resources and Environment," whereby we aim to make effective and efficient use of water and other resources. Reducing water intensity will lead to the effective use of resources through improved water-saving technology, and will also contribute to the Maximization of Shareholder Value (MSV), our sole mission, from the perspective of reducing manufacturing costs.[Future trend in water intensity values] As a strategy to reduce water intensity, we will aggressively replace existing paints with powder paints, which do not contain water as a raw material. As a result of this activity, water intensity is expected to trend downward in the future.[Strategy in place for reducing water intensity] We invested approximately 900 million yen to double the production capacity of the Chiba Plant (for powder paints). Powder paints do not use organic solvents and allow the recovery and reuse of uncoated paints with zero waste; in addition, their production is labor-saving and is easily automated. With these features, the powder paint market is expected to grow, and we targeted a 35% increase in powder paint business sales by 2023, five years after the start of operations. As another strategy to reduce water intensity, we are considering methods to reduce water consumption during equipment washing. Specifically, we have begun efforts to reduce water consumption by decreasing the amount of water used for and the frequency of the equipment washing process, and by recycling cooling water, etc. Furthermore, for products other than powder paints, we are considering a paint recovery system that does not use water or chemicals.

Row 3

(9.6.1.1) Product type

Other chemicals

☑ Specialty organic chemicals

(9.6.1.2) Product name

Decorative paints (for buildings)

(9.6.1.3) Water intensity value (m3/denominator)

1.7

(9.6.1.4) Numerator: water aspect

Select from:

☑ Total water withdrawals

(9.6.1.5) Denominator

Select from:

☑ Ton

(9.6.1.6) Comparison with previous reporting year

Select from:

☑ About the same

(9.6.1.7) Please explain

Numerator: Total water withdrawals for the production of paints for buildings; Denominator: Production volume of paints for buildings[Reason for change in volume compared to last year] Production volume dropped due to the spread of COVID-19, but as the outbreak was contained with strengthened response capabilities, production volume has recovered, resulting in improved water intensity values.[How the indicator is used internally] In 2020, we identified various items of materiality (key issues) for us, which included "Resources and Environment," whereby we aim to make effective and efficient use of water and other resources. Reducing water intensity will lead to the effective use of resources through improved water-saving technology, and will also contribute to the Maximization of Shareholder Value (MSV), our sole mission, from the perspective of reducing manufacturing costs.[Future trend in water intensity values] Our strategy to reduce VOC emissions from paints is

expected to continue, and water intensity is expected to increase in the future.[Strategy in place for reducing water intensity] As a strategy to reduce water intensity, we have reduced the amount of cleaning water used in the color toning process by increasing the proportion of color toning conducted in oil cans (mixing colors in final sale containers) to reduce the number of times equipment, etc. is washed, thereby achieving a reduction in water consumption. While an increase in water intensity for the amount of water (water withdrawals) used as a raw material is unavoidable with the shift to water-based paints, we have begun efforts to reduce water withdrawals by reducing the amount of water used other than as a raw material, including reviewing the equipment washing method and process and recycling cooling water, etc.

Row 4

(9.6.1.1) Product type

Other chemicals

☑ Specialty organic chemicals

(9.6.1.2) Product name

Surface treatment agents

(9.6.1.3) Water intensity value (m3/denominator)

1.17

(9.6.1.4) Numerator: water aspect

Select from:

☑ Total water withdrawals

(9.6.1.5) Denominator

Select from:

☑ Ton

(9.6.1.6) Comparison with previous reporting year

Select from:

☑ About the same

(9.6.1.7) Please explain

Numerator: Total water withdrawals for the production of surface treatment agents; Denominator: Production volume of surface treatment agents[Reason for change in volume compared to last year] Production volume dropped due to the spread of COVID-19, but as the outbreak was contained with strengthened response capabilities, production volume has recovered, resulting in improved water intensity values.[How the indicator is used internally] In 2020, we identified various items of materiality (key issues) for us, which included "Resources and Environment," whereby we aim to make effective and efficient use of water and other resources. Reducing water intensity will lead to the effective use of resources through improved water-saving technology, and will also contribute to the Maximization of Shareholder Value (MSV), our sole mission, from the perspective of reducing manufacturing costs.[Future trend in water intensity values] With regard to water intensity as a raw material for products, reducing water content, i.e., reducing water intensity, is difficult due to the upper limit for product safety management. This is why reductions in water consumption and water intensity in the manufacturing process are only marginal. While always evaluating water usage by customers, we are constantly making efforts to develop products that will lead to a reduction in the number of washing cycles.[Strategy in place for reducing water intensity] As a strategy to reduce water intensity, we are considering increasing the content of active ingredients in treatment agents and reducing the amount of water used in the equipment washing process. We are also working to develop products that meet market needs, including a pretreatment system for coating-type paints that can reduce water consumption and protect water quality, and that does not require water washing.
[Add row]

(9.12) Provide any available water intensity values for your organization's products or services.

	Product name
Row 1	-

[Add row]

(9.13) Do any of your products contain substances classified as hazardous by a regulatory authority?

	Products contain hazardous substances
	Select from: ☑ Yes

[Fixed row]

(9.13.1) What percentage of your company's revenue is associated with products containing substances classified as hazardous by a regulatory authority?

Row 1

(9.13.1.1) Regulatory classification of hazardous substances

Select from:

☑ Candidate List of Substances of Very High Concern for Authorisation above 0.1% by weight (EU Regulation)

(9.13.1.2) % of revenue associated with products containing substances in this list

Select from:

☑ Less than 10%

(9.13.1.3) Please explain

Since the calculation of the percentage of sales of our products containing such substances is still under way, an approximate sensory value was used in this questionnaire. We have already implemented entrance control when such substances are used in our products (promoted on a company-wide basis under our own framework called "Green 30"). We plan to calculate the percentage of sales of products containing such substances by dividing the sales volume (tons) of such products by the sales volume (tons) of all products. We are also studying EU REACH, UK REACH, etc.

[Add row]

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

(9.14.1) Products and/or services classified as low water impact

Select from:

☑ Yes

(9.14.2) Definition used to classify low water impact

Standards and thresholds:
When our products are used in customers' production plants: using a conventional product as the standard (baseline), reduction in water consumption from process shortening by replacing the conventional product with a new product
Eco-friendly next-generation chemical conversion agents for the automotive sector: Cold-rolled steel sheets, galvanized steel sheets, and aluminum sheets are used for automobile bodies. Before the electrodeposition coating process, the cleaning process to remove adhered oil and metal powder, and the chemical conversion process to provide coating film adhesion and corrosion resistance are performed. The environmentally friendly chemical conversion treatment process uses an environmentally friendly chemical conversion agent whose performance is equivalent to that of zinc phosphate (a generally used substance) and which is free from substances that adversely affect the environment, including heavy metals, such as nickel and manganese, and phosphorus compounds. Compared to zinc phosphate, this chemical conversion agent does not require a surface preparation process, produces very little by-product (sludge) during the chemical reaction, and significantly reduces water consumption during treatment. These features can contribute to process shortening, water consumption reduction, and industrial waste reduction.

(9.14.4) Please explain

For example, if a conventional product requires six processes, our product can reduce the number of processes to five. While this may vary depending on the customer production plant, if each process uses the same amount of water, since our product can eliminate one process, water consumption can be reduced by 10 to 20%.
[Fixed row]

(9.15) Do you have any water-related targets?

Select from:

☑ Yes

(9.15.1) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	*Select from:* ☑ Yes	*Rich text input [must be under 1000 characters]*
Water withdrawals	*Select from:* ☑ Yes	*Reduction in water withdrawals*
Water, Sanitation, and Hygiene (WASH) services	*Select from:* ☑ Yes	*Improvement of water, sanitation, and hygiene (WASH) services*
Other	*Select from:* ☑ No, and we do not plan to within the next two years	*We have not set targets for any other water-related categories.*

[Fixed row]

(9.15.2) Provide details of your water-related targets and the progress made.

Row 1

(9.15.2.1) Target reference number

Select from:

☑ Target 1

(9.15.2.2) Target coverage

Select from:

☑ Organization-wide (direct operations only)

(9.15.2.3) Category of target & Quantitative metric

Water pollution

☑ Increase in the proportion of wastewater that is safely treated

(9.15.2.4) Date target was set

03/30/2019

(9.15.2.5) End date of base year

03/30/2018

(9.15.2.6) Base year figure

0

(9.15.2.7) End date of target year

03/30/2023

(9.15.2.8) Target year figure

1

(9.15.2.9) Reporting year figure

1

(9.15.2.10) Target status in reporting year

Select from:

☑ Achieved

(9.15.2.11) % of target achieved relative to base year

100

(9.15.2.12) Global environmental treaties/initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Sustainable Development Goal 6

(9.15.2.13) Explain target coverage and identify any exclusions

It covers the entire scope of direct operations and has no exclusions.

(9.15.2.15) Actions which contributed most to achieving or maintaining this target

We believe we have achieved the target because we ensure wastewater management in accordance with the JIS K 0102 Testing Methods for Industrial Wastewater. We conduct monitoring at least once a year of our business sites subject to the Japanese Sewerage Act and the Water Pollution Prevention Act.

(9.15.2.16) Further details of target

Our products, which are paints, and raw materials are often in liquid form, and many of them are hazardous, poisonous, or controlled substances under the law. In the event of a leakage of liquid hazardous materials, there is a possibility that they will diffuse directly into the soil and groundwater, which would have a significant impact on the environment. To that end, we have set a target of zero pollution accidents to comply with various laws and regulations, including the Water Pollution Prevention Act. As a standard for achieving the target, the starting point of each year is set as 0, and when the target is achieved, it is set as 1.

Row 2

(9.15.2.1) Target reference number

Select from:

☑ Target 2

(9.15.2.2) Target coverage

Select from:

☑ Organization-wide (direct operations only)

(9.15.2.3) Category of target & Quantitative metric

Water withdrawals

☑ Reduction in withdrawals per unit of production

(9.15.2.4) Date target was set

December 31, 2022

(9.15.2.5) End date of base year

December 30, 2019

(9.15.2.6) Base year figure

159

(9.15.2.7) End date of target year

December 30, 2030

(9.15.2.8) Target year figure

143

(9.15.2.9) Reporting year figure

150

(9.15.2.10) Target status in reporting year

Select from:

☑ Underway

(9.15.2.11) % of target achieved relative to base year

56

(9.15.2.12) Global environmental treaties/initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Sustainable Development Goal 6

(9.15.2.13) Explain target coverage and identify any exclusions

It covers the entire scope of direct operations and has no exclusions.

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

We have listed the efficient utilization of water resources as one of the items of materiality of "Resources and Environment." In 2022, we formed five Global Teams based on the items of materiality, including water-related issues, directly under the Directors, Representative Executive Officers & Co-Presidents, who have ultimate responsibility. These Global Teams established the Global Policy related to water: "We strive to use water efficiently and manage wastewater responsibly." We set a 5% annual growth target for revenue from 2021 to 2023, and there was an increase in production and water use associated with the target. At the same time, we have succeeded in reduction in terms of water intensity through the efficient use of water and other measures. This trend is predicted to continue in the coming years. To ensure "efficient utilization of water resources," we will implement specific initiatives, including thorough management of water consumption and wastewater discharge, effective use and reuse of water, and water conservation.

(9.15.2.16) Further details of target

We have listed the efficient utilization of water resources as one of the items of materiality of "Resources and Environment." In 2022, we formed five Global Teams based on the items of materiality, including water-related issues, directly under the Directors, Representative Executive Officers & Co-Presidents, who have ultimate responsibility. These Global Teams established the Global Policy related to water: "We strive to use water efficiently and manage wastewater responsibly." Under this policy, we aim to reduce water usage by 10% in water intensity (water usage/production volume) by 2030 compared to 2021.

Row 3

(9.15.2.1) Target reference number

Select from:

☑ Target 3

(9.15.2.2) Target coverage

Select from:

☑ Organization-wide (direct operations only)

(9.15.2.3) Category of target & Quantitative metric

Water, Sanitation, and Hygiene (WASH) services

☑ Increase in the proportion of employees using safely managed sanitation services, including a hand-washing facility with soap and water

(9.15.2.4) Date target was set

December 31, 2022

(9.15.2.5) End date of base year

December 30, 2022

(9.15.2.6) Base year figure

0

(9.15.2.7) End date of target year

December 30, 2023

(9.15.2.8) Target year figure

100

(9.15.2.9) Reporting year figure

100

(9.15.2.10) Target status in reporting year

Select from:

☑ Achieved and maintained

(9.15.2.12) Global environmental treaties/initiatives/ frameworks aligned with or supported by this target

Select all that apply

☑ Sustainable Development Goal 6

(9.15.2.13) Explain target coverage and identify any exclusions

It covers the entire scope of direct operations and has no exclusions.

(9.15.2.15) Actions which contributed most to achieving or maintaining this target

We have established a goal of providing clean water as well as promoting and establishing proper hygiene practice for all employees. We recognize that a sanitary environment has a significant impact on human health and believe that it is an essential element of a safe and sanitary working environment; therefore, we have set a standard of providing an environment with access to clean water for all employees and strive to adhere to this standard.

(9.15.2.16) Further details of target

We have established a goal of providing clean water as well as promoting and establishing proper hygiene practice for all employees. We recognize that a sanitary environment has a significant impact on human health and believe that it is an essential element of a safe and sanitary working environment; therefore, we have set a standard of providing an environment with access to clean water for all employees and strive to adhere to this standard.
[Add row]

C10. Environmental performance - Plastics

(10.1) Do you have plastics-related targets, and if so what type?

	Targets in place
	Select from: ☑ Yes

[Fixed row]

C11. Environmental performance - Biodiversity

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

(11.2.1) Actions taken in the reporting period to progress your biodiversity-related commitments

Select from:

☑ Yes, we are taking actions to progress our biodiversity-related commitments

(11.2.2) Type of action taken to progress biodiversity- related commitments

Select all that apply

☑ Land/water protection

☑ Education & awareness

☑ Law & policy

[Fixed row]

(11.3) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?
	Select from: ☑ No, we do not use indicators, but plan to within the next two years

[Fixed row]

C13. Further information & sign off

(13.1) Indicate if any environmental information included in your CDP response (not already reported in 7.9.1/2/3, 8.9.1/2/3/4, and 9.3.2) is verified and/or assured by a third party?

	Other environmental information included in your CDP response is verified and/or assured by a third party	Primary reason why other environmental information included in your CDP response is not verified and/or assured by a third	Explain why other environmental information included in your CDP response is not verified and/or assured by a third party
	Select from: ☑ No, but we plan to obtain third-party verification/assurance of other environmental information in our CDP response within the next two years	*Select from:* ☑ Not an immediate strategic priority	*Reducing GHG emissions from our business operations is a priority for us. Therefore, we recognize that our top priority is to obtain third-party verification on Scopes 1, 2, and 3, and to advance activities toward achieving our targets.*

[Fixed row]

(13.2) 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.

	Additional information
	-

[Fixed row]

(13.3) Provide the following information for the person that has signed off (approved) your CDP response.

(13.3.1) Job title

President

(13.3.2) Corresponding job category

Select from:

☑ President

[Fixed row]

(13.4) Please indicate your consent for CDP to share contact details with the Pacific Institute to support content for its Water Action Hub website.

Select from:

☑ No