

## Diversity & Inclusion



Respect for the people around us and active acceptance of diverse values are important for our sustainable growth. The Nippon Paint Group places great importance on the diversity of employees and other people involved in the business and respects human rights.

### Promotion of diversity

Our Group is committed to fully leveraging the capabilities and potential of women as an important element in promoting diversity, and is promoting activities unique to our partner companies around the world.

In Japan, for example, we have been sending female employees selected through internal entry system to external training programs for cross-industrial exchanges since FY2016. We are working to develop executives by fostering a leadership through collaboration with members in other industries, and by encouraging autonomous career development by providing opportunities to meet a variety of role models. We are also actively promoting the appointment of management and executive personnel with high expertise from outside the company. In FY2020, one female Director of the Board, one Executive Officer & General Counsel, and two female Corporate Officers were appointed to Nippon Paint Holdings.

In addition, we have established flexible working systems, such as working from home (WFH), hourly paid leave, and shorter working hours, tailored to employees' life events including childcare and nursing care for creating a more comfortable workplace environment. Messages from leadership and explanatory meetings are provided to encourage employees to take advantage of these systems. In FY2020, 86.7% of women and 15.8% of men took childcare leave, with the average number of days taken for childcare leave as 301 for women and 44 for men (among employees of Nippon Paint Holdings).

Overseas, the NIPSEA Group is continuously working in Asian countries to improve gender representation in its management team and the Board of Directors. In the past five years, DuluxGroup has doubled the number of women in the senior leadership team of all business divisions implementing programs for increasing the ratio of women in each position level, focusing on improving the gender balance in particular among senior managers. Dunn-Edwards is improving gender representation in its management team and the Board of Directors, and is working on increasing diversity in race.

Percentage of women (global)		
	Employees	Management post
① NIPSEA	25.6%	29.3%
② Dunn-Edwards	25.9%	28.6%
③ DuluxGroup	36.1%	28.4%
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<b>Global total</b>	<b>24.0%</b>	<b>23.8%</b>

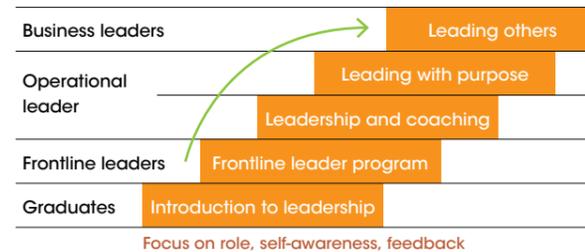
Number of employees			
	2018	2019	2020
<b>Non-consolidated</b>	210	243	<b>342</b>
(average number of temporary employees not included in the above figures)	25	30	<b>45</b>
<b>Japan</b>	3,223	3,373	<b>3,510</b>
<b>Asia</b>	14,287	14,303	<b>15,354</b>
<b>Americas</b>	2,492	2,640	<b>2,581</b>
<b>Oceania</b>	—	3,735	<b>3,826</b>
<b>Other</b>	400	1,919	<b>2,047</b>
<b>Consolidated total</b>	<b>20,402</b>	<b>25,970</b>	<b>27,318</b>

### Human resource development for sustainable growth

The most important management resource that supports our Group's sustainable growth is human resources with unlimited potential. For the development of employees, we are expanding educational programs for various types of employees on a global basis every year.

For example, DuluxGroup is aiming to develop world class leaders by providing a comprehensive suite of transition-based leadership programs to support its people to progress in their careers, from first time leaders through to senior leaders. DuluxGroup also empowers its employees to be the catalyst of their own learning through its professional skills curriculum. They have an ever expanding range of topic areas from Strategic and Business Acumen; Management and Marketing Skills; Developing yourself and your career; Health and Wellbeing; IT skills to Knowing our Business for our employees to access, as they recognize we are all lifelong learners.

#### Leadership programs for all job levels (DuluxGroup)



NIPSEA Group adopts a Group-level learning framework that necessitates the holistic development of its employees with the relevant skills and competencies required at different job levels. They provide an array of training and educational programs in different functional areas, ranging from technical to leadership upskilling. Training programs are tailored at the country level depending on the findings of a yearly training needs analysis. In FY2020, they administered a total of 341,448 training hours for their employees.

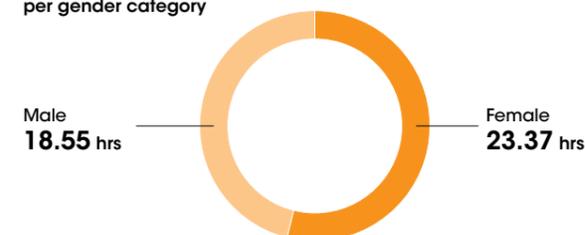
#### Average training hours per year, per employee category (NIPSEA)

Management	24.05 hrs
Executives & Supervisors	30.78 hrs
Rank & File	15.50 hrs

Employee training hours in FY2020



#### Average training hours per year, per gender category



In Japan, with the aim of developing autonomous human resources who can flexibly respond to changes in the global social situation and business environment and continuously contribute to business performance, we provide daily education through business operations and off-the-job education and training, as well as focus on developing management personnel who can exercise leadership and their successors.

For the development of human resources who can succeed on a global level, we have overseas language study programs (English and Chinese), MBA programs, and the doctorate study program. We plan to further increase the pace of activities that nurture global leaders while reinforcing the development of core skills required by global business people.

We are also providing position-based training (education for prospective employees, onboarding training for new employees, follow-up training, fourth-year training, eighth-year training, etc.) for all employees according to their respective roles. In FY2021, we launched business college programs to provide onboarding education for mid-career hires and enhance business literacy of management-level employees.

In FY2021, we also introduced the carrier drive program as part of our efforts to create an autonomous career development environment in which employees can work autonomously and independently on their own career development.

## Improvement of employee engagement

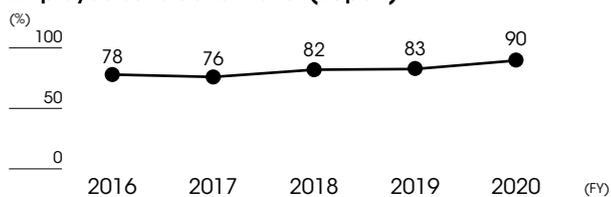
The Nippon Paint Group believes that each and every employee performing his or her duties comfortably and with a sense of satisfaction is the driving force for continuous creation of new value and for increasing corporate competitiveness. Accordingly, we are working to improve employee engagement.

In Japan, we implemented thorough infection control measures to ensure safety and health of employees amid the COVID-19 pandemic, including the establishment of infection prevention guidelines, distribution of masks to employees, provision of disinfectant solutions, active use of work-from-home, and PCR testing of employees who requested the test.

In addition, we renewed the existing role grade system and introduced a job grade system (job-based personnel system) for management-level employees who play a central role in business promotion with the aim of improving employee motivation. We clarified the expected roles and performance requirements for each job, and started compensation benchmarking based on objective indicators.

Furthermore, in order to improve employee engagement and correct problematic issues, we have set up a whistleblowing system "NPHD Group Hotline" for a wide variety of matters ranging from violations of laws and regulations to infringement of human rights such as discrimination. In FY2020, we became a registered operator of the whistleblowing compliance management system certification regime (registration of self-declaration of conformity) under the jurisdiction of the Consumer Affairs Agency. In FY2020, we also established the harassment desk as a contact point for employees to consult on issues of concern, even on minor

### Employee satisfaction level (Japan)\*4



\*4 Survey by Nippon Paint Labor Union

issues encountered in daily work. In FY2020, Group companies in Japan received 19 whistleblowing reports in total and took corrective actions based on investigation results, and dealt with a total of 10 consultations received by the harassment desk.

As a result of these efforts, the employee satisfaction level in Japan has been improving year by year.

## Creating a rewarding workplace

In Japan, we are striving to create a clean, comfortable and attractive workplace environment to build a rewarding workplace. Since FY2020, we have been promoting the "Food Reform Project," a reform of cafeterias in Group companies in Japan. The objective is to build a corporate culture that fosters the creation of new value by fostering refreshment and stimulating communication among employees by renovating the places where all the Group employees in Japan have lunch and breaks to enhance their mental and physical well-being. Under various restrictions imposed by COVID-19, we are steadily refurbishing our plants and other workplaces based on a concept that takes into account the needs of our employees.



Food Reform Project (in Hiroshima, Chiba and Tochigi)

## Basic approach to respecting human rights

Our Group expresses its recognition about issues involving respect for human rights in its materiality. We respect the human rights of employees and other people involved in our business, and are working to address human rights issues.

In accordance with laws and regulations of countries around the world, we aim to eliminate discrimination based on race, religion, gender, age, sexual orientation, disabilities, nationality, etc., and to become a company where people can fully demonstrate their individuality and capabilities.

