Initiatives to Support Our Corporate Values

CSR Management

History and Development of Eco-friendly Products

Environmental

For the Global Environment and Safety

P19 Promotion of Responsible Care Activities
P21 Prevention of Global Warming
Waste Reduction and Zero Emissions
P22 Comprehensive Management of Chemical Substances
P23 Air and Water Conservation
P24 Occupational Health and Safety

Social

Living with Society

P25 Maintenance and Improvement of Product Quality
P26 Supply Chain Management
P27 Employee Engagement
P31 Contributions to Local Communities and International Society

Governance

P35 Corporate Governance

CSR Management

Nippon Paint Holdings Group considers that ESG management is to supply new values to stakeholders through the practice of “mutual prosperity,” which is mentioned in the Group’s management philosophy.

In fiscal 2017, our Group selected materialities (crucial issues) for the realization of a sustainable society and the sustainable growth of Nippon Paint Holdings and set CSR targets based on the materialities.

Materiality (crucial issue) selection process

1. Identified the expectations of each stakeholder on our company’s social demand.
2. Analyzed medium- and long-term management issues for our company and grasped crucial issues for the businesses.
3. Analyzed and classified 1 and 2 and according to GRI Guidelines (G4) and grasped the crucial issues to be addressed by our Group in response to social demand.

Analyzed the crucial issues grasped in STEP 1 comprehensively from the two aspects of “importance for stakeholders” and “importance for our Group” and prioritized them.

- Sorted out the results of STEP 2 and selected the crucial issues that our Group should preferentially tackle (materialities).
- Deliberated at Operating Committee of Nippon Paint Holdings, confirmed the adequacy of the materialities, and set CSR targets to be achieved by 2020.

Setting of CSR targets

We re-classified the identified materialities into three fields of governance, environment, and diversity and set the state that we would like to be in 2020 (targets) for each of the three fields.

<table>
<thead>
<tr>
<th>Aspect</th>
<th>State that we would like to be</th>
<th>Issue</th>
<th>Targets for fiscal 2020 (State where they are achieved)</th>
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</thead>
</table>
| Governance   | Safety system capable enough to compete globally | - Share the new management philosophy  
- Establish R&D management systems (Americas, Europe, Asia) | In global  
1. Further develop the new management philosophy  
2. Establish R&D management system (Americas, Europe, Asia)  
3. Implement a new management system (Asia, Europe, America) |
| Environment  | Create value by dealing with environment and expand businesses and earnings | - Create and spread eco-friendly products  
- Proper management of chemical substances | In global  
1. Promote development and expansion of Eco-friendly products  
2. Manage properly and reduce-emission of chemical substances |
| Diversity    | "Diversified knowledge" by getting diverse personnel | - Collaboration among diverse personnel  
- Decision-making should be done by diverse personnel  
- Safe and secured workplace | In global  
1. Build an HR system with uniform standards  
2. Renew highly-skilled personnel and provide diverse work style  
3. Secure personnel that are active to work in a worldwide level  
4. Zero serious accidents |
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CSR Management

Nippon Paint Holdings Group considers that ESG management is to supply new values to stakeholders through the practice of “mutual prosperity,” which is mentioned in the Group’s management philosophy.

In fiscal 2017, our Group selected the key environmental and social issues for the implementation of a sustainable society and the sustainable growth of Nippon Paint Holdings and set CSR targets based on the materialities.

Materiality (crucial issue) selection process

1. Identified the expectations of main stakeholders on our company as social demand.
2. Analyzed medium- and long-term management issues for our company and grasped crucial issues for the business.
3. Analyzed and classified 1 and 2 according to GRI Guidelines (G4) and grasped the crucial issues to be addressed by our Group in response to social demand.

- Evaluated the crucial issues grasped in STEP 1 comprehensively from the two aspects of “importance for stakeholders” and “importance for our Group” and prioritized them.
- Sorted out the results of STEP 2 and selected the crucial issues that our Group should preferentially tackle (materialities).
- Deliberated at Operating Committee of Nippon Paint Holdings, confirmed the adequacy of the materialities, and set CSR targets to be achieved by 2020.

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