

# Value Creation Process

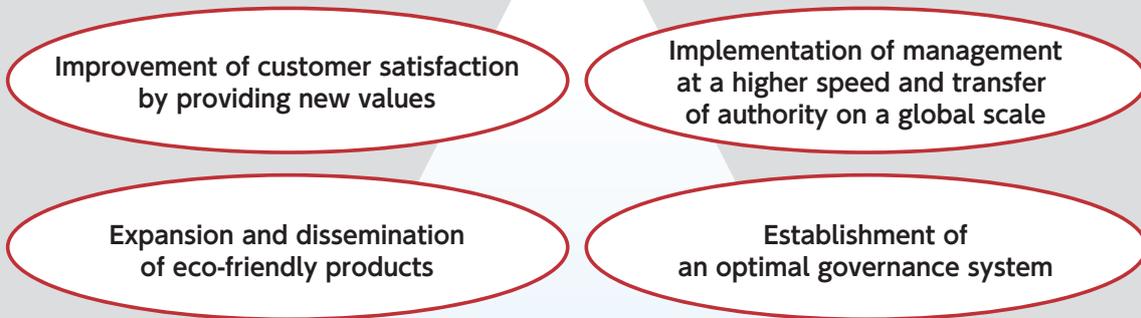


The leading brand bringing colors & joy to everyday life through innovative coating solutions

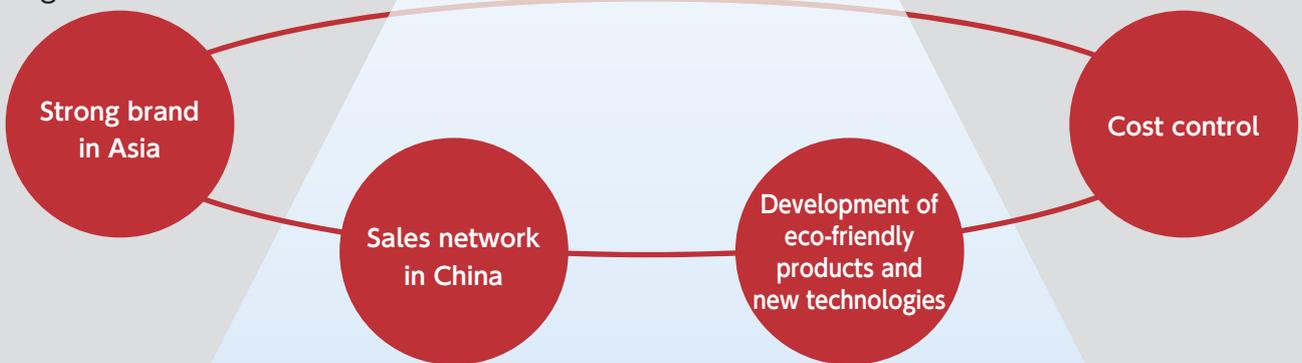


To be the industry leader driven by passionate people using our strong business foundations to create value & inspire all stakeholders

## Priority Issues to Enhance Corporate Value



## Strengths



## Earnings bases that underlie our business activities

### Original management model (NN model)



**Mutual prosperity**  
To achieve long-term growth and mutual prosperity with all of our stakeholders through unmatched performance and constant improvement

**A pioneering spirit**  
To sustain the pioneering spirit that led us to become a leader in the global paint industry and constantly pursue innovation and excellence

**Perseverance**  
To achieve our mission with unwavering perseverance, dynamism and initiative

Nippon Paint Holdings Group has developed its business activities throughout Asia in partnership with Singapore's Wuthelam Group for more than 50 years. This unique management model drives the growth of our Group and also generates synergy with our operating companies in Japan to enhance the value of the Group as a whole. Our Group aims to introduce the model to create values based on the synergy of domestic businesses with the NIPSEA\* business globally in order to achieve the medium-term management plan and our "Mission."

\* NIPSEA: Abbreviation for Nippon Paint South East Asia, which manages businesses in Asia

## Priority Issues to Maximize Shareholders' Value

In our approach, we identify the state that the Group would like to be in 2030, as well as the state that the Group should become in the near future as a stage to achieve the goal, examine what we must do to realize them in a strategic manner, and aim to surely implement the activities.

We consider that our Group should solve four major challenges to achieve its "Mission" amid dramatic changes in the paint industry as well as the environment surrounding the industry. In particular, while environmental regulations have been tightened on a global scale in recent years, it is essential for the Group to respond to environmental regulations and expand and

disseminate eco-friendly products as a paint manufacturer. We also consider that the dissemination of products that help conserve the environment will provide new values to society and enhance the value of the Group.

Nippon Paint Holdings Group has expanded its organization globally since 2015. We will enhance the value of the Group through the implementation of management at a higher speed and governance on a global scale at the same time and through the promotion of the establishment of a system that supports the diversity of human resources and work style reforms.

## Strengths of the Nippon Paint Holdings Group

The strengths of the Group in the paint industry are a strong presence established in the regions and businesses with high growth potential from a global perspective, along with stable earnings bases. More specifically, we have developed solid bases with a strong brand and sales network in Asia, especially China, which has a large market and high growth potential. The building paint business in China, in which we have established a strong presence, has the largest market size and high growth potential and will continue to drive our growth as an earnings base.

With respect to our businesses in Japan, although dramatic growth cannot be expected, they serve as stable earning bases to support the Group as a whole. We secure stable earnings in the mature market especially through quality assurance and cost reduction at each of the product design, material procurement, and product production stages.

## Unique management model

We recognize that our growth in the Asian business, which is the backbone of our Group, is driven by our unique management model called "NN model," which came from the initials of Nippon Paint Holdings and the NIPSEA Group. While continuously improving the components of this model, we will introduce it into other regions where the Group operates its business other than Asia, i.e. on a global scale, in the future. Attaching importance to regional management based on the

proper governance of regional headquarters by the global headquarters, we aim to ensure that the "region x business" matrix management is achieved in a healthy and autonomous manner in each region. We believe that this will build a strong collaboration system, enable optimal allocation of management resources worldwide, and speed up the implementation of management in each region.